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ACHIEVING RESULTS

Mesilla Valley Public Housing Authority

Financial Statements and Independent Auditors' Report

For the Year Ended June 30, 2017

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

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INTRODUCTORY SECTION

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MESILLA VALLEY PUBLIC HOUSING AUTHORITY
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MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Directory of Officials
June 30, 2017

Board of Commissioners

Chairman	Shelly Sanders
Vice Chairman-Resident Commissioner	Elizabeth Bardwell
Commissioner	Felix Cordero
Commissioner	Marcos Montes
Commissioner	Joseph Figueroa

Administrative Officials

Executive Director	Juan Olvera
Deputy Director/Operations Director	Lorena Rivera
Accountant	Laura Ramos

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Board of Commissioners of
Mesilla Valley Public Housing Authority
and
The Office of Management and Budget

Report on Financial Statements

We have audited the accompanying financial statements of Mesilla Valley Public Housing Authority (the "Housing Authority") and its component units as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements and the supplementary information of Robledo Ridge, LLLP (RR), Cimmaron, LP (Cimmaron I), Cimmaron II Apartments, LP (Cimmaron II), Desert Palms Apartments, LP, (DP), Falcon Ridge, LP (FR), Montana Senior Village, LLC (MSV), MSV II, LP (MSV II) and Stone Mountain Place, LP (SMP) for the year ended December 31, 2016, which are component units of the Housing Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for RR, Cimmaron I, Cimmaron II, DP, FR, MSV, MSV II and SMP, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority and its component units as of June 30, 2017, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 17 and Schedules I and II on pages 124 and 125, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Combining Financial Statements, Supporting Schedules III through IV required by 2.2.2 NMAC, and Schedule V Financial Data Schedule (primary government amounts only) as required by the U.S Department of Housing and Urban Development are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Combining Financial Statements, and Supporting Schedules III, IV, and V (primary government amounts only) in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Program Detail Financial Statements and Supporting Schedules III, IV, and V (primary government amounts only) are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section and the component unit section of Schedule V has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
September 19, 2017

As management of the Mesilla Valley Public Housing Authority (the "Housing Authority") we offer the readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the financial statements of the Housing Authority and additional information provided.

Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $11,188,803 (*net position*). Of this amount, $7,297,783 (*unrestricted net position*) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was $7,297,783 or 77.7% of the total Housing Authority operating expenses.

Authority Financial Statements

The Housing Authority's mission is to lead the public effort in providing safe, affordable housing and associated services that provide opportunities to eligible persons in the City of Las Cruces and Doña Ana County.

The Housing Authority, as of June 30, 2017, manages 289 residential units that are leased to low-income families and individuals. In addition, the Housing Authority also oversees the regulatory portion and subsidizes rent for HUD Section 8 Housing Voucher of 1,627 units.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in FY 2016 focuses on the financial activities of the Housing Authority as a whole.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements Used in Fiscal Year 2017

The Housing Authority is presenting its fiscal year 2017 discussion and analysis based on the financial results of its enterprise programs in four basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

The statement of net position reports all financial and capital assets of the Housing Authority and is presented in a format where assets plus deferred outflows equal liabilities plus deferred inflows plus net position.

The statement of revenues, expenses and changes in net position (similar to an income statement) includes operating revenues, such as charges for services, operating, grants and miscellaneous revenues. Operating expenses include administration, tenant services, utilities, ordinary maintenance & operations, general, housing assistance payments and depreciation. Non-operating revenues include interest income, capital grants, and gain on disposal of assets. The statement's focus is the change in net position, which is similar to net income or loss.

Financial Statements Used in Fiscal Year 2017 (continued)

The statement of cash flows is included, which discloses net cash provided (used) in operating activities, net cash provided (used) in capital and related financing activities, net cash provided (used) in noncapital and related financing activities, and net cash provided (used) in investing activities, if applicable.

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Housing Authority's net position and changes in net position in full compliance with GASB 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

Housing Authority's Programs

The Housing Authority maintains five federal programs within its operations. The detailed program financial statements provide separate information for the Low-Rent Public Housing, the Section 8 Housing Choice Vouchers Program, the Section 8 New Construction and Substantial Rehabilitation Program, the Resident Opportunity and Supportive Services of the Housing Authority, and the Capital Fund Projects. The Family Self Sufficiency program, is maintained in both the Section 8 program.

Individual program financial statements can be found at Statements A-1 through A-3 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 31-121 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority assets and deferred outflows exceeded liabilities and deferred inflows by $11,188,803 at the close of the most recent fiscal year.

A portion of the Housing Authority's net position (33 percent) reflects its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Housing Authority use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2017	June 30, 2016
Assets		
Current assets	$ 5,417,035	$ 4,856,159
Restricted assets	321,586	317,007
Capital assets, net of accumulated depreciation	4,989,137	4,969,711
Other noncurrent assets	3,133,942	3,282,244
Total assets	13,861,700	13,425,121
Deferred outflows	581,384	92,995
Total assets and deferred outflows	$ 14,443,084	$ 13,518,116
Liabilities and Net Position		
Current liabilities (payble from current assets)	$ 297,522	$ 217,537
Current liabilities (payable from restricted assets)	115,544	105,209
Non-current liabilities	2,823,464	2,300,236
Total liabilities	3,236,530	2,622,982
Deferred inflows	17,751	39,988
Net investment in capital assets	3,684,978	3,565,216
Restricted for program activities	206,042	211,798
Unrestricted	7,297,783	7,078,132
Total net position	11,188,803	10,855,146
Total liabilities, deferred inflows, and net position	$ 14,443,084	$ 13,518,116

The authority has *restricted net position* in the amount of $206,042 which is restricted for use in the Authority's Housing Choice Voucher Program.

The remaining balance of *unrestricted net position* of $7,297,783 may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

There was an increase of $219,651 (3.1 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year.

There was an increase of $119,762 in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this increase is attributable to ongoing utilization of capital assets (depreciation expense) and dispositions of assets being a smaller amount than the Housing Authority's additions to capital assets during the fiscal year.

Government-wide Financial Analysis (continued)

Housing Authority activities: Key elements of Housing Authority activities are as follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2017	June 30, 2016
Operating revenues:		
Tenant rent	$ 842,528	$ 752,604
Operating subsidies and grants	8,291,143	7,922,789
Total operating revenues	9,133,671	8,675,393
Operating expenses:		
Housing assistance payments	6,585,431	6,300,546
Administration	1,792,082	1,657,550
Maintenance and operations	554,444	437,383
Utilities	195,474	150,786
Depreciation	234,690	232,770
Miscellaneous	29,606	3,283
Total operating expenses	9,391,727	8,782,318
Operating (loss)	(258,056)	(106,925)
Non-operating revenues (expenses):		
Other revenue	2,898	4,250
Interest income	64,981	67,094
Interest expense	(84,635)	(90,445)
Developer fees	18,021	74,388
Management fees and other income	36,665	3,600
Gain (loss) on sale of assets	60,975	111,526
Total non-operating revenues (expenses)	98,905	170,413
Capital grants	492,808	186,640
Change in net position	333,657	250,128
Net position, beginning of year	10,855,146	10,605,018
Net position, end of year	$ 11,188,803	$ 10,855,146

Total operating revenues increased $458,278 (5.28 percent) during the year. Most of this increase is the increase in operating subsidies and grants.

Government-wide Financial Analysis (continued)

Increases in several categories of operating expenses reflect the increases in ongoing residential tenant operations and maintenance. Operating expenses overall increased $609,409 (6.93 percent) from the prior year. The majority of this increase occurred in housing assistance payments.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2016, amounts to $3,684,978 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings.

Major capital asset events during the current fiscal year included the following:

Ongoing tenant dwelling renovations were completed with new structural improvements for the Low Rent Housing Program totaling $218,373 were placed in service during the current fiscal year. There were also equipment additions in the Low Rent Housing, Section 8 Housing Choice Voucher, and Local Housing programs totaling $45,742 that were placed in service during the current year. There was no construction in progress additions in the current fiscal year.

The Housing Authority's Capital Assets

	June 30, 2017	June 30, 2016
Land	$ 1,387,405	$ 1,395,176
Site Improvements	2,523,744	2,538,500
Structures	9,067,030	9,085,063
Equipment	535,120	489,378
Accumulated depreciation	(8,524,162)	(8,485,875)
Capital assets, net	$ 4,989,137	$ 5,022,242

Additional information on the Housing Authority's capital assets can be found on page 40 of this report.

Long-term debt

At the end of the current fiscal year, Housing Authority had notes payable from Wells Fargo Bank in the amount of $1,304,159, noncurrent compensated absences outstanding in the amount of $61,609 and a net pension liability of $1,557,721. Additional information of the Housing Authority's long-term debt can be found on pages 41-43 of this report.

Economic Factors

Rental occupancy rates of the Housing Authority's Low-Rent Public Housing Program remains at capacity and has remained stable with slight variations over the past five years. The Housing Authority continues to be High Performers in the Public Housing Assessment System.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Mesilla Valley Public Housing Authority at 926 South San Pedro, Las Cruces, New Mexico 88001.

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BASIC

FINANCIAL STATEMENTS

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Net Position
June 30, 2017

	Primary Government	Robledo Ridge, LLLP	Cimmaron, LP
ASSETS			
Current assets			
Cash and cash equivalents	$ 4,732,474	$ 129,401	$ 13,532
Restricted cash and cash equivalents	321,586	-	-
Accounts receivable, net	10,799	7,180	185
Accounts receivable - other	4,924	1,027	-
Grants receivable	50,847	-	-
Inventory	6,776	-	-
Prepaid expenses	611,215	25,506	15,338
Total current assets	5,738,621	163,114	29,055
Noncurrent assets			
Capital assets, net	4,989,137	9,214,116	4,290,489
Receivables from component units, net	1,599,654	-	-
Mortgage receivables, noncurrent, net	1,199,464	-	-
Restricted deposits and funded reserves	-	104,548	291,537
Other noncurrent assets	334,824	43,959	15,185
Total noncurrent assets	8,123,079	9,362,623	4,597,211
Total assets	13,861,700	9,525,737	4,626,266
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date	86,882	-	-
Changes in assumptions	91,340	-	-
Net difference between projected and actual investment earnings on pension plan investments	286,617	-	-
Difference between expected and actual experience	77,830	-	-
Changes in proportion	38,715	-	-
Total deferred outflows of resources	581,384	-	-
Total assets and deferred outflows of resources	$ 14,443,084	$ 9,525,737	$ 4,626,266

The accompanying notes are an integral part of these financial statements.

Component Units as of December 31, 2016

Cimmaron II Apartments, LP	Desert Palms Apartments, LP	Falcon Ridge, LP	Montana Senior Village, LLC	MSV II, LP	Stone Mountain Place, LP
$ 11,366	$ 97,690	$ 48,593	$ 136,101	$ 330,356	$ 25,755
-	-	-	-	-	-
16	1,722	69,790	-	-	1,682
-	-	15,000	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
25,992	12,379	8,403	8,241	10,870	20,513
37,374	111,791	141,786	144,342	341,226	47,950
8,974,993	2,757,801	7,631,194	1,409,128	2,912,227	7,055,714
-	-	-	-	-	-
-	-	-	-	-	-
552,373	228,119	985,042	159,757	604,889	388,345
7,024	4,594	43,159	-	-	-
9,534,390	2,990,514	8,659,395	1,568,885	3,517,116	7,444,059
9,571,764	3,102,305	8,801,181	1,713,227	3,858,342	7,492,009
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 9,571,764	$ 3,102,305	$ 8,801,181	$ 1,713,227	$ 3,858,342	$ 7,492,009

The accompanying notes are an integral part of these financial statements.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Net Position
June 30, 2017

	Primary Government	Robledo Ridge, LLLP	Cimmaron, LP
LIABILITIES			
Current liabilities			
Accounts payable	$ 150,657	$ 102,249	$ 31,661
Prepaid tenant rent	13,728	6,613	901
Accrued payroll	32,812	-	-
Notes payable, current portion	100,325	33,824	10,995
Total current liabilities	297,522	142,686	43,557
Current liabilities (payable from restricted assets)			
Tenant deposits	92,546	18,332	26,571
FSS deposits	22,998	-	-
Total current liabilities (payable from restricted assets)	115,544	18,332	26,571
Non-current liabilities			
Compensated absences	61,909	-	-
Development fees/asset management fees	-	800,883	84,704
Notes payable, net of current portion	1,203,834	2,962,272	1,105,370
Accrued interest	-	32,931	113,991
Net pension liability	1,557,721	-	-
Total non-current liabilities	2,823,464	3,796,086	1,304,065
Total liabilities	3,236,530	3,957,104	1,374,193
DEFERRED INFLOWS OF RESOURCES			
Change in assumptions	261	-	-
Difference between expected and actual experience	15,202	-	-
Change in proportion	2,288	-	-
Total deferred inflows of resources	17,751	-	-
NET POSITION			
Net investment in capital assets	3,684,978	6,218,020	3,174,124
Restricted for program activities	206,042	86,216	264,966
Unrestricted	7,297,783	(735,603)	(187,017)
Total net position	11,188,803	5,568,633	3,252,073
Total liabilities, deferred inflows of resources and net position	$ 14,443,084	$ 9,525,737	$ 4,626,266

The accompanying notes are an integral part of these financial statements.

Component Units as of December 31, 2016

Cimmaron II Apartments, LP	Desert Palms Apartments, LP	Falcon Ridge, LP	Montana Senior Village, LLC	MSV II, LP	Stone Mountain Place, LP
$ 35,210	$ 168,253	$ 51,499	$ 132,796	$ 327,024	$ 39,497
3,103	4,923	462	3,890	6,436	11,382
	-	-	-	-	-
10,112	25,527	49,159	20,091	42,436	23,198
48,425	198,703	101,120	156,777	375,896	74,077
39,203	36,052	38,649	18,477	32,411	39,648
-	-	-	-	-	-
39,203	36,052	38,649	18,477	32,411	39,648
-	-	-	-	-	-
165,013	247,411	166,073	-	4,406	222,586
1,322,585	1,800,082	3,064,446	1,396,032	2,972,804	2,463,264
-	161,670	-	311,840	84,628	-
-	-	-	-	-	-
1,487,598	2,209,163	3,230,519	1,707,872	3,061,838	2,685,850
1,575,226	2,443,918	3,370,288	1,883,126	3,470,145	2,799,575
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,642,296	932,192	4,517,589	(6,995)	(103,013)	4,569,252
513,170	192,067	946,393	141,280	572,478	348,697
(158,928)	(465,872)	(33,089)	(304,184)	(81,268)	(225,515)
7,996,538	658,387	5,430,893	(169,899)	388,197	4,692,434
$ 9,571,764	$ 3,102,305	$ 8,801,181	$ 1,713,227	$ 3,858,342	$ 7,492,009

The accompanying notes are an integral part of these financial statements.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2017

	Primary Government	Robledo Ridge, LLLP	Cimmaron, LP
Operating revenues			
Rental revenue	$ 743,845	$ 485,957	$ 356,323
Other tenant revenue	98,683	7,450	14,549
Operating subsidies and grants	8,291,143	-	-
Total operating revenues	9,133,671	493,407	370,872
Operating expenses			
Housing assistance payments	6,585,431	-	-
Administration	1,792,082	126,763	74,201
Maintenance and operations	554,444	113,425	146,836
Utilities	195,474	22,808	50,096
Depreciation	234,690	263,515	147,298
Amortization	-	3,791	3,796
Miscellaneous	29,606	34,080	13,377
Total operating expenses	9,391,727	564,382	435,604
Operating income (loss)	(258,056)	(70,975)	(64,732)
Non-operating revenues (expenses)			
Other revenues	2,898	152	-
Interest income	64,981	99	202
Interest expense	(84,635)	(133,344)	(79,199)
Developer fees	18,021	-	-
Management fees and other income	36,665	-	-
Gain (loss) on assets held for sale	60,975	-	-
Total non-operating revenues (expenses)	98,905	(133,093)	(78,997)
Capital grants	492,808	-	-
Change in net position	333,657	(204,068)	(143,729)
Total net position - beginning of year	10,855,146	5,772,701	3,395,802
Equity transfers in (out) and capital contributions	-	-	-
Total net position - end of year	$ 11,188,803	$ 5,568,633	$ 3,252,073

The accompanying notes are an integral part of these financial statements.

Component Units as of December 31, 2016

Cimmaron II Apartments, LP	Desert Palms Apartments, LP	Falcon Ridge, LP	Montana Senior Village, LLC	MSV II, LP	Stone Mountain Place, LP
$ 506,163	$ 454,452	$ 489,689	$ 287,666	$ 452,027	$ 531,203
16,442	26,649	18,438	5,297	7,384	9,211
-	-	153,528	-	-	-
522,605	481,101	661,655	292,963	459,411	540,414
-	-	-	-	-	-
116,744	95,229	107,119	53,975	84,007	104,669
194,766	186,042	198,674	104,127	148,685	190,520
67,165	32,564	30,834	13,603	31,308	35,360
299,998	136,547	269,862	112,316	213,494	257,797
727	3,928	4,932	1,466	5,306	2,886
10,529	15,526	185,866	7,625	25,629	16,312
689,929	469,836	797,287	293,112	508,429	607,544
(167,324)	11,265	(135,632)	(149)	(49,018)	(67,130)
37	-	-	-	-	-
132	204	147	145	113	359
(92,689)	(123,401)	(80,186)	(93,306)	(109,568)	(136,373)
-	-	-	-	-	-
-	-	-	-	-	1,501
-	-	-	-	-	-
(92,520)	(123,197)	(80,039)	(93,161)	(109,455)	(134,513)
-	-	-	-	-	-
(259,844)	(111,932)	(215,671)	(93,310)	(158,473)	(201,643)
8,296,382	770,319	5,661,564	(76,589)	546,670	4,894,077
(40,000)	-	(15,000)	-	-	-
$ 7,996,538	$ 658,387	$ 5,430,893	$ (169,899)	$ 388,197	$ 4,692,434

The accompanying notes are an integral part of these financial statements.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2017

	Primary Government	Robledo Ridge, LLLP	Cimmaron, LP
Cash flows from operating activities:			
Cash received from tenant rents	$ 888,924	$ 490,378	$ 355,033
Cash payments to employees for services	(1,608,640)	(92,192)	(53,512)
Cash payments to suppliers for goods and services	(7,859,640)	(178,565)	(231,154)
Subsidy grants and other receipts	8,284,387	5,545	14,549
Net cash provided (used) by operating activities	(294,969)	225,166	84,916
Cash flows from noncapital financing activities			
Miscellaneous income (expense)	98,666	(427)	-
Net cash provided (used) by noncapital financing activities	98,666	(427)	-
Cash flows from capital and related financing activities:			
Capital contributions (distributions)	-	-	-
Proceeds from debt and deferred fees	-	-	-
Acquisition of capital assets	(264,115)	-	-
Capital grants	460,430	-	-
Principal payments on long-term debt	(100,336)	(30,679)	(7,330)
Interest payments on long-term debt	(84,635)	(122,013)	(65,647)
Net cash provided (used) by capital and related financing activities	11,344	(152,692)	(72,977)
Cash flows from investing activities:			
Reserves collected	-	(27,433)	(17,782)
Developer fee escrow	-	-	137
Proceeds from sale of assets held for sale	151,374	-	-
Interest received on investments	64,981	99	202
Net cash provided (used) by investing activities	216,355	(27,334)	(17,443)
Net increase (decrease) in cash and cash equivalents	31,396	44,713	(5,504)
Cash and cash equivalents - beginning of year	5,022,664	84,688	19,036
Cash and cash equivalents - end of year	$ 5,054,060	$ 129,401	$ 13,532

The accompanying notes are an integral part of these financial statements.

Component Units as of December 31, 2016

Cimmaron II Apartments, LP	Desert Palms Apartments, LP	Falcon Ridge, LP	Montana Senior Village, LLC	MSV II, LP	Stone Mountain Place, LP
$ 510,781	$ 463,462	$ 487,735	$ 287,191	$ 451,972	$ 538,907
(87,327)	(68,214)	(68,347)	(40,930)	(61,711)	(91,772)
(304,731)	(192,614)	(454,652)	(33,006)	58,332	(275,369)
16,479	26,649	171,340	5,297	7,384	10,712
135,202	229,283	136,076	218,552	455,977	182,478
37	-	(15,000)	-	-	-
37	-	(15,000)	-	-	-
(40,000)	-	(15,000)	-		-
-	-	-	-	-	-
(12,499)	(7,646)	(15,924)	-	-	-
-	-	-	-	-	-
(7,102)	(22,617)	(19,624)	(21,312)	(34,219)	(18,942)
(92,689)	(104,154)	(75,542)	(73,816)	(103,568)	(136,373)
(152,290)	(134,417)	(126,090)	(95,128)	(137,787)	(155,315)
(121)	(13,956)	8,102	(9,531)	(29,412)	(27,025)
(27,531)	5,703	(27,692)	-	128	(26,867)
-	-	-	-	-	-
132	204	147	145	113	359
(27,520)	(8,049)	(19,443)	(9,386)	(29,171)	(53,533)
(44,571)	86,817	(24,457)	114,038	289,019	(26,370)
55,937	10,873	73,050	22,063	41,337	52,125
$ 11,366	$ 97,690	$ 48,593	$ 136,101	$ 330,356	$ 25,755

The accompanying notes are an integral part of these financial statements.

	Primary Government	Robledo Ridge, LLLP	Cimmaron, LP
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (258,056)	$ (70,975)	$ (64,732)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	234,690	267,306	151,094
Noncash pension expense	110,183	-	-
Noncash expenses related to tax credits	-	30	-
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Accounts receivable	(10,495)	2,467	353
Mortgages receivable	36,820	-	-
Prepaid expenses	(494,492)	(3,336)	(1,109)
Inventory	3,306	-	-
Accounts payable	109,002	29,625	953
Accrued expenses	-	-	-
Accrued payroll expenses	(37,971)	-	-
Prepaid tenant rent	12,980	439	(1,702)
Accrued compensated absences	5,954	-	-
Deferred outflows-subsequent contributions	(7,225)	-	-
Tenant deposits	335	(390)	59
Net cash provided (used) by operating activities	$ (294,969)	$ 225,166	$ 84,916

The accompanying notes are an integral part of these financial statements.

Component Units as of December 31, 2016

Cimmaron II Apartments, LP	Desert Palms Apartments, LP	Falcon Ridge, LP	Montana Senior Village, LLC	MSV II, LP	Stone Mountain Place, LP
$ (167,324)	$ 11,265	$ (135,632)	$ (149)	$ (49,018)	$ (67,130)
300,725	140,475	274,794	113,782	218,800	260,683
-	-	-	-	-	-
-	-	-	-	-	1,501
1,128	6,924	(1,163)	351	-	2,338
-	-	-	-	-	-
(1,871)	(970)	(257)	(962)	(845)	(1,489)
-	-	-	-	-	-
(983)	69,503	(249)	106,356	287,095	(20,292)
-	-	-	-	-	-
-	-	-	-	-	-
2,071	1,825	155	(1,198)	(1,717)	6,059
-	-	-	-	-	-
-	-	-	-	-	-
1,456	261	(1,572)	372	1,662	808
$ 135,202	$ 229,283	$ 136,076	$ 218,552	$ 455,977	$ 182,478

The accompanying notes are an integral part of these financial statements.

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NOTE 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

Mesilla Valley Public Housing Authority (the "Housing Authority") is a public housing authority that provides affordable housing to low-income families. The programs are primarily funded with federal grants and tenant rents. The Housing Authority exists under an intergovernmental agreement between the City of Las Cruces, New Mexico and Doña Ana County. The agreement established the Housing Authority and it commenced its operations as of January 1, 2012.

The reporting entity for the Housing Authority is based upon criteria established by the Governmental Accounting Standards Board (GASB). All functions of the Housing Authority for which it exercises oversight responsibility are included. The indicators that an oversight responsibility exists includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and special financing relationships.

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2017.

This summary of significant accounting policies of the Housing Authority is presented to assist in the understanding of the Housing Authority's financial statements. The financial statements and notes are the representation of the Housing Authority's management, who is responsible for their integrity and objectivity. The financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

Activities of the Housing Authority

The Housing Authority manages the following units:

HUD Public Housing (Contract FW5434)	
Scattered sites, Development II and modernization programs	248 units
Villa Sereno	1 unit
New Construction Housing (NMOZ-0002-0004)	
Burley Court	40 units

The Housing Authority also oversees the regulatory portion and subsidizes rent for the following program:

HUD Section 8 Housing	
Voucher (Contract FW5374V)	1,627 units

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency.

NOTE 1. Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Housing Authority is able to exercise oversight responsibilities.

Discretely-Presented Component Units

Robledo Ridge, LLLP (RR), Cimmaron, LP (Cimmaron I), Cimmaron II Apartments, LP (Cimmaron II), Desert Palms Apartments, LP (DP), Falcon Ridge, LP (FR), Montana Senior Village, LLC (MSV), MSV, II LP (MSV II), and Stone Mountain Place, LP (SMP) were formed to acquire, construct and rehabilitate, and operate apartment buildings for rental to low-income tenants. The Housing Authority is the managing member of MSV, is the sole member of Montana Street, LLC (MSV II's general partner), is the sole member of Stone Mountain Place, LLC (SMP's general partner), is the sole member of Falcon Ridge, LLC (FR's general partner), is the sole member of Cimmaron Apartments I, LLC (Cimmaron I's general partner), is the sole member of Cimmaron Apartments, LLC (Cimmaron II's general partner), is the sole member of Desert Palms Apartments, LLC (DP's general partner) and is a partner in Robledo Ridge, LLLP. The criteria provided in Government Accounting Standards Board Statements No. 14, No. 39 and No. 61 has been considered and MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR meet the criteria for inclusion as component units of the Housing Authority.

RR, Cimmaron I, Cimmaron II, DP, FR, MSV, MSV II, and SMP, have a December 31 fiscal year-end, and in accordance with GASB Statement No. 14, the reporting entity (which reports using the Housing Authority's fiscal year) should incorporate financial statements for the component unit's fiscal year ending during the reporting entity's fiscal year. Accordingly, these financial statements do not include the first six months of the calendar year of 2017 of the financial operations of the component units. See Note 14 for more information.

B. Basis of Accounting and Measurement Focus

The Housing Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting and Measurement Focus (continued)

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The Housing Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets plus deferred outflows net of total liabilities plus deferred inflows) are segregated into net investment in capital assets; restricted; and unrestricted components.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are operating subsidies and grants, and charges to customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash flow statements for the component units reconcile to operating cash only and do not include changes in restricted cash and cash equivalents. The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents.

Revenue Recognition: Dwelling rental revenues are recorded as rents become due. Rental payments received in advance are deferred until earned.

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Housing Authority has entered into contracts with U.S. Department of Housing and Urban Development (HUD) to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions within the public housing program. Such contributions are reflected as operating grants revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as the lives of capital assets. Accordingly, actual results could differ from those estimates. Significant estimates in the Housing Authority's financial statements include depreciation on capital assets, the current portion of accrued compensated absences, the net pension liability and related deferred inflows/outflows, and the allowance for uncollectible mortgage, component unit receivables, and accounts receivable.

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Deposits and Investments: The Housing Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an Agency of the United States. The Housing Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments, such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized. However, any portion of PHA/IHA funds not insured by a Federal insurance organization shall be fully (100%) and continuously collateralized with specific and identifiable U.S Government or Agency securities prescribed by HUD. If the securities pledged are United States government securities, they are pledged at market value.

Fair Value Measurements: The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2017, there are no items are required to be valued using valuation techniques.

Accounts Receivable: All trade receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible. Mortgage receivables are shown net of an allowance for doubtful accounts which is comprised of all mortgages receivable where the Authority is in a subordinate position. Component unit receivables are shown net of an allowance for doubtful accounts which is composed of component unit receivables which management has estimated to be uncollectable.

Inventory: The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditures at the time of consumption. Inventory for the Housing Authority is valued at cost using the First In, First Out Method.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and detail financial statements. This balance also includes prepayments of housing assistance payments to landlords paid on June 30, 2017, which relate to rental assistance for July of 2017.

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Capital Assets: Capital assets, which include property, plant, and equipment, are defined by the Housing Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. The Housing Authority does have an exception for ranges and refrigerators, which are capitalized regardless of the cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

Assets	Years
Site improvements	40 – 50
Structures	40 – 50
Equipment	5 – 10

Deferred Outflows of Resources: In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

The Housing Authority has five types of items that qualify for reporting in this category. Accordingly, the items, contributions subsequent to measurement date of $86,882, change in assumptions of $91,340, net difference between projected and actual investment earnings of $286,617, difference between expected and actual experience of $77,380, and change in proportion of $38,715 are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the appropriate future period when the outflow occurs.

Compensated Absences: Housing Authority employees are entitled to be compensated for accrued vacation and sick leave time off, which is reported as an expense and a liability of the program that will fund it. There is no cap on the number of sick leave hours that can be accumulated. When an employee separates from employment with the Housing Authority in good standing, the employee is eligible to receive 1/8 of accumulated sick leave between 160 to 1,000 hours. If the employee has accumulated less than 160 hours, they are not entitled to any pay out of sick leave at separation of employment. Any hours accumulated over 1,000 are also not compensated. There is no cap on the number of annual leave hours that are paid out when an employee separates from employment in good standing.

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Deferred Inflows of Resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources. The Housing Authority has four types of items that qualify for reporting in this category. Accordingly, change in assumptions of $261, difference between expected and actual experience of $15,202, and change in proportion of $2,288 are reported in the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position: Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

a. **Net investment in capital assets** – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

b. **Restricted net position** – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. **Unrestricted net position** – Net position that does not meet the definition of "restricted" or "net investment in capital assets."

Unrestricted and Restricted Revenues: When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. Summary of Significant Accounting Policies (continued)

D. Budgets

The Housing Authority's budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of the anticipated revenue and expenditures. Annual budgets of the Housing Authority are prepared prior to June 1 and must be approved by resolution of the Board of Commissioners. Once the budget has been formally approved, any amendments must also be approved by the Board of Commissioners.

E. New Accounting Standards Adopted

During the year ended June 30, 2017, the Housing Authority adopted GASB Statement No. 77 *Tax Abatement Disclosures* and GASB Statement No. 80 *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14.* These two Statements are required to be implemented as of June 30, 2017, if applicable. These implementation of these statements did not have a significant impact on the Housing Authority because they had no tax abatements for disclosure and the component units of the Housing Authority do not qualify under the blending requirements of Statement No. 80.

NOTE 2. Deposits and Investments

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing Authority properly followed State investment requirements as of June 30, 2017.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Housing Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution. The only funds held in a non-interest bearing account are the funds in the rent account, which are then transferred to an interest-bearing account on a monthly basis.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asking price on United States treasury bills of the same maturity on the day of deposit.

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

All of the Housing Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of $250,000 for demand deposit accounts and $250,000 for time and savings accounts.

NOTE 2. Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978) and requirements set forth by HUD. At June 30, 2017, $4,779,043 of the Housing Authority's bank balance of $5,079,595 was exposed to custodial credit risk. Although the $4,779,043 was uninsured, all of this amount was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law.

	Wells Fargo Bank, N.A.	Citizen's Bank of Las Cruces	Total
Total amount of deposits	$ 5,029,043	$ 50,552	$ 5,079,595
FDIC Coverage	(250,000)	(50,552)	(300,552)
Total uninsured public funds	4,779,043	-	4,779,043
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Housing Authority's name	4,779,043	-	4,779,043
Uninsured and uncollateralized	$ -	$ -	$ -
Collateral requirement (100% of uninsured public funds)	$ 4,779,043	$ -	$ 4,779,043
Pledged securities	5,479,065	-	5,479,065
Over (under) collateralization	$ 700,022	$ -	$ 700,022

Reconciliation to Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Housing Authority's statement of net position as follows:

Cash and cash equivalents	$ 4,732,474
Restricted cash and cash equivalents	321,586
Subtotal	5,054,060
Add: Outstanding checks and other reconciling items	26,285
Less: Petty cash	(750)
Bank balance of deposits	$ 5,079,595

NOTE 3. Component Unit and Other Receivable

The following is a reconciliation of amounts due to the Housing Authority from its component units from December 31, 2016 (component units' year-end) to June 30, 2017 (Housing Authority's year-end). Reconciling items include timing differences and an allowance for doubtful accounts based on management's assessment of the collection of certain receivables from Robledo Ridge and MSV II:

MSV payables to Housing Authority (December 31, 2016)	
Note payable	$ 487,250
Land note payable	50,000
	537,250
MSV II payables to Housing Authority (December 31, 2016)	
Authority loan payable	800,000
Authority AHP loan payable	500,000
	1,300,000
SMP payables to Housing Authority (December 31, 2016)	
Developer fees payable	185,546
Falcon Ridge payables to Housing Authority (December 31, 2016)	
Developer fees payable	21,365
Cimmaron I payables to Housing Authority (December 31, 2016)	
Developer fees payable	80,000
Cimmaron II payables to Housing Authority (December 31, 2016)	
Developer fees payable	38,519
Desert Palms payables to Housing Authority (December 31, 2016)	
Developer fees payable	50,807
Robledo Ridge payables to Housing Authority (December 31, 2016)	
Line of credit payable	645,976
Developer fees payable	309,887
	955,863
Net payables to Housing Authority at December 31, 2016	3,169,350
Reconciling items:	
Allowance for doubtful accounts	(1,938,476)
Accrued interest through June 30, 2017	368,780
Housing Authority net receivable from component units, at June 30, 2017	$ 1,599,654
Other receivables:	
Spay and Neuter Animal Program (SNAP)	
Note receivable	$ 10,171
Accrued Interest	6,818
Non-current receivables:	
New Mexico Housing Corporation (NMHC)	
Note receivable, net of allowance	$ 297,735

See Note 7 for further detail on other receivables and other assets.

NOTE 4. Capital Assets

The following summarizes changes in capital assets activity during fiscal year 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Public housing	$ 8,903,219	$ 241,244	$ (149,338)	$ 8,995,125
Less accumulated depreciation	(7,244,437)	(138,951)	139,339	(7,244,049)
Net public housing	1,658,782	102,293	(9,999)	1,751,076
Section 8 housing	8,280	11,436	-	19,716
Less accumulated depreciation	(3,376)	(1,486)	-	(4,862)
Net Section 8 housing	4,904	9,950	-	14,854
Section 8 new construction	1,934,890	-	-	1,934,890
Less accumulated depreciation	(520,040)	(26,748)	-	(546,788)
Net Section 8 new construction	1,414,850	(26,748)	-	1,388,102
Local housing projects	2,552,133	11,435	-	2,563,568
Less accumulated depreciation	(660,958)	(67,505)	-	(728,463)
Net local housing projects	1,891,175	(56,070)	-	1,835,105
Net capital assets	$ 4,969,711	$ 29,425	$ (9,999)	$ 4,989,137

Capital assets	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets not being depreciated:				
Land	$ 1,395,176	$ -	$ (7,771)	$ 1,387,405
Total capital assets not being depreciated	1,395,176	-	(7,771)	1,387,405
Other capital assets				
Site improvements	2,530,905	-	(7,161)	2,523,744
Structures	8,983,063	218,373	(134,406)	9,067,030
Equipment	489,378	45,742	-	535,120
Total other capital assets at cost	12,003,346	264,115	(141,567)	12,125,894
Less accumulated depreciation:				
Site improvements	(1,660,428)	(96,661)	4,933	(1,752,156)
Structures	(6,289,710)	(128,100)	134,406	(6,283,404)
Equipment	(478,673)	(9,929)	-	(488,602)
Subtotal	(8,428,811)	(234,690)	139,339	(8,524,162)
Net capital assets being depreciated	3,574,535	29,425	(2,228)	3,601,732
Net capital assets	$ 4,969,711	$ 29,425	$ (9,999)	$ 4,989,137

Depreciation expense for the year ended June 30, 2017 totaled $234,690.

NOTE 5. Long-Term Liabilities

The following summarizes changes in long-term debt activity during fiscal year 2017:

Description	Issue Date	Interest Rates (%)	Maturity Date	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Amount Due Within One Year
Note payable Wells Fargo Bank	9/10/2012	6.00%	9/15/2027	$ 289,899	$ -	$ 18,563	$ 271,336	$ 18,078
Note payable Wells Fargo Bank	4/15/2005	8.13%	4/15/2025	254,430	-	19,000	235,430	18,740
Note payable Wells Fargo Bank	8/15/2013	6.00%	11/15/2027	209,535	-	13,069	196,466	12,572
Note payable Wells Fargo Bank	8/15/2013	6.00%	7/15/2027	589,399	-	38,472	550,927	40,935
Note payable Land	12/02/1998	2.00%	12/1/2027	61,232	-	11,232	50,000	10,000
Total				$ 1,404,495	$ -	$ 100,336	$ 1,304,159	$ 100,325

These liabilities are collateralized by the property purchased with the funds.

Compensated absences liability at year end was $61,609.

Debt service requirements on long-term debt at June 30, 2017, are as follows:

Year Ending June 30,	Notes Payable Principal	Notes Payable Interest
2018	$ 100,325	$ 79,414
2019	106,770	73,171
2020	113,480	66,062
2021	121,002	58,436
2022	128,874	50,464
2023-2027	708,958	120,774
2028	24,750	283
	$ 1,304,159	$ 448,604

NOTE 6. Contingent Liabilities

Legal Proceedings - The Housing Authority is subject to various legal proceedings that arise in the ordinary course of the Housing Authority's operations. In the opinion of the Housing Authority's management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the Housing Authority.

Federal Grants - The Housing Authority receives federal grants for various specific purposes. These grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowance, if any, will not be material to the financial statements.

NOTE 7. Mortgage Receivables and Other Noncurrent Assets

The Housing Authority owns mortgages on fourteen properties which they sold and originated the mortgage. These mortgages, in the amount of $1,199,464, carry interest rates ranging from 0% to 4.5% and mature during the period 2039 through 2042. They are all collateralized by the mortgaged property.

The Housing Authority also owns subordinate mortgages on other properties totaling $1,255,386. The Housing Authority's total mortgages receivable is $2,454,850, and there is a current allowance on the mortgage receivables in the amount of $1,255,386, leaving a net receivable of $1,199,464.

Other assets consist of the other receivables (SNAP note payable - $10,171) and non-current receivables (NMHC note payable, net - $297,735) listed in Note 3. Additionally, the Housing Authority has assets held for sale in the amount of $20,100 and accrued interest receivable in the amount of $6,818, for a total of $334,824 in noncurrent assets.

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan

Plan Description. The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2016 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Mesilla Valley Public Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.pdf. The PERA coverage option that applies to Mesilla Valley Public Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from Mesilla Valley Public Housing Authority were $86,882 for the year ended June 30, 2017 and there was $54,364 in employer paid members benefits that were "picked up" by the employer for the year ended June 30, 2017.

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2016.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Mesilla Valley Public Housing Authority's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division Municipal General, at June 30, 2017, the Mesilla Valley Public Housing Authority reported a liability of $1,557,721 for its proportionate share of the net pension liability. At June 30, 2016, the Housing Authority's proportion was 0.0975 percent, which changed from its proportion measured as of June 30, 2015 of 0.0926 percent.

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

For the year ended June 30, 2017, the Mesilla Valley Public Housing Authority recognized PERA Fund Division Municipal General pension expense of $189,891. At June 30, 2017, the Mesilla Valley Public Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 91,340	$ 261
Net difference between projected and actual earnings on pension plan investments	286,617	-
Changes in proportion and differences between Mesilla Valley Public Housing Authority contributions and proportionate share of contributions	38,715	2,288
Difference between expected and actual experience	77,830	15,202
Mesilla Valley Housing Authority contributions subsequent to the measurement date	86,882	-
Total	$ 581,384	$ 17,751

$86,882 reported as deferred outflows of resources related to pensions resulting from Mesilla Valley Public Housing Authority contributions subsequent to the measurement date June 30, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	($107,515)
2018	(107,515)
2019	(188,074)
2020	(73,647)
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2015 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2016. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2015, actuarial valuation.

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.48% annual rate, net of investement experience
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.48 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the (name of employer)'s net pension liability in each PERA Fund Division that (name of employer) participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Mesilla Valley Public Housing Authority's proportionate share of the net pension liability	$ 2,322,425	$ 1,557,721	$ 923,439

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan. The Housing Authority had payables to PERA totaling $7,127 as of June 30, 2017.

NOTE 9. Risk Management

The Housing Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the previous three years.

NOTE 10. Concentrations

A significant portion of the revenues of the Housing Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Housing Authority's continued compliance with grant provisions and the continuance of the grant programs by this United States Governmental agency.

NOTE 11. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is September 19, 2017 which is the date on which the financial statements were available to be issued. No issues were noted for disclosure at September 19, 2017.

NOTE 12. Subsequent Pronouncements

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Housing Authority does not expect this pronouncement to have a material effect on the financial statements as they do not participate in such a plan.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In January 2017, GASB Statement No. 84 *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Authority is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

NOTE 13. Changes in Classification

In the prior year combining financial statements, the ROSS Program was presented within the Local Housing Projects combining financial statements and it was presented on a yearly grant basis. In the current year detail financial statements, this program was moved from the Local Housing Projects into the program detail financial statements. In the prior year financial statements each annual program allocation was separately displayed. In the current year, all program years have been combined into one program column in all Detail financial statements. The total prior year net position of ($7,301) was not changed during this reclassification.

NOTE 14. Component Units

As described in Note 1, the reporting entity includes of several component units as defined under GASB Statement No. 14, amended by No. 39 and No. 61. The component units have a calendar year end and are comprised of Montana Senior Village, LLC (MSV), MSV II, LP (MSV II), Stone Mountain Place, LP (SM P), Falcon Ridge, LP (FR), Cimmaron, LP (Cimmaron I), Cimmaron II Apartments, LP (Cimmaron II), Desert Palms Apartments, LP (DP) and Robledo Ridge, LLLP (RR). The Housing Authority is the managing member of MSV, is the sole member of Montana Street, LLC (MSV II's general partner), is the sole member of Stone Mountain Place, LLC (SMP's general partner), is the sole member of Falcon Ridge, LLC (FR's general partner), is the sole member of Cimmaron Apartments I, LLC (Cimmaron I's general partner), is the sole member of Cimmaron Apartments, LLC (Cimmaron II's general partner), is the sole member of Desert Palms Apartments, LLC (DP's general partner) and is a partner of Robledo Ridge, LLLP.

The criteria provided in GASB Statement No. 14, amended by GASB Statements No. 39 and No. 61, has been considered and MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR meet the criteria for inclusion as component units of the Housing Authority. The component units continued operations for the first six months of 2016 and that financial information is not included within the basic financial statements of the Housing Authority. The last issued audited financial statements of the component units were as of December 31, 2016. MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR do not meet the requirements for blending and will be reported as discretely-presented component units. The following represent the disclosures from the audited financial statements of each entity.

NOTE A - ORGANIZATION

Robledo Ridge Limited Liability Limited Partnership was organized in 2011 as a Limited Partnership to develop, construct, own, maintain, and operate a 71-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Robledo Ridge Apartments. The Partnership provides housing to low income families and receives payments from the Department of Housing and Urban Development (HUD) in the form of housing assistance payments pursuant to a Section 8 Housing Assistance Payment Contract. The Project is regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods pursuant to the provisions of the mortgage, Housing Assistance Program Contract, and related Regulatory Agreement. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Robledo Ridge Apartments are vested in the Partners. The Partnership has hired Mesilla Valley Public Housing Authority (MVPHA) to provide management functions for the property. MVPHA has hired a subcontractor, UAH Property Management, to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement, Management Agreement, and Management Subcontractor Agreement.

The Project obtained permanent financing under Section 542(c) of the Housing and Community Development Act, as amended, administered by the New Mexico Mortgage Finance Authority (MFA) during 2014. Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of the Mesilla Valley Public Housing Authority because the MVPHA is a member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has established an allowance for doubtful accounts and uses the reserve method for recognizing bad debts. Bad debts are expensed in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

	Estimated Life
Buildings	27.5-40
Land Improvements	10-20
Furniture, Fixtures & Equipment	10

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Deferred Fees and Amortization

Tax credit fees are amortized over fifteen years using the straight-line method.

Property Taxes

The General Partner is owned by a public housing authority which qualifies the Partnership for full exemption for property taxes. The tax exemption is subject to change by an act of State Legislature. Such change may occur with little notice and could materially impact the rental operations of the Project.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014, and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Robledo Ridge, LLLP and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:	
Robledo Ridge, LLC	0.01 %
Limited Partner:	
Enterprise Multi-State LIHTC Fund, LLLP	99.99 %
Total	100.00 %

As of December 31, 2016 and 2015 the General Partner has contributed $71,000. The Limited Partner is required to make capital contributions of $6,778,399. In previous years an upward adjuster of $127,800 was reported, and a downward Lease-Up Tax Credit adjuster of $345,800 was reported. As of December 31, 2016 and 2015, the Limited Partners have contributed a total of $6,358,608 and $6,358,608. There were no capital contributions made during the years ended December 31, 2016 and 2015, respectively. As of December 31, 2016, $201,791 is due to the property.

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $2,000,000, with an interest rate of 5.50%. The mortgage is secured by real property of the Project. The mortgage is payable in monthly installments of $10,740 through May 1, 2049 at which time the final payment will be due on all outstanding principal and accrued interest. The accrued interest was $8,927 and $9,024 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $107,406 and $108,795 as of December 31, 2016 and 2015, respectively.	$ 1,947,709	$ 1,968,834

NOTE D - LONG-TERM DEBT *(continued)*

	12/31/2016	12/31/2015
The Project is financed by a mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $500,000. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 3.00%. Monthly payments of principal and accrued interest, paid in arrears, are due and payable in monthly installments of $2,108. Maturity of the loan occurs at the sale, refinance, and transfer of the property or on September 1, 2043. Accrued interest was $1,162 and $1,190 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $14,357 and $14,432 as of December 31, 2016 and 2015, respectively.	$ 464,898	$ 476,065
On April 3, 2014, the Project obtained a nonrecourse loan from the General Partner, Mesilla Valley Public Housing Authority, in the amount of $543,476. The note is secured by the Mortgage, Assignment of Rents, Security Agreement and Fixture Filing. Interest is accrued at 1% per annum and payments of principal and interest compounded monthly on the outstanding balance are due and payable in arrears from Cash Flow as defined in the partnership agreement. The entire outstanding principal and accrued and unpaid interest are payable in full by the maturity date, which is the earlier of the 35th anniversary date upon which the City of Las Cruces issues a final certificate of occupancy or equivalent for the Project or December 31, 2048. The long-term accrued interest was $15,398 and $9,964 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $5,434 and $5,435 as of December 31, 2016 and 2015, respectively.	543,476	543,476
On April 3, 2014, the Project obtained a nonrecourse loan from the General Partner, Mesilla Valley Public Housing Authority, in the amount of $95,000. Interest is accrued at 1% per annum and payments of principal and interest compounded monthly on the outstanding balance are due and payable in arrears from Cash Flow as defined in the partnership agreement. The entire outstanding principal and accrued and unpaid interest are payable in full by the maturity date on April 3, 2049. The long-term accrued interest was $2,692 and $1,742 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $950 and $950 as of December 31, 2016 and 2015, respectively.	95,000	95,000
Less: Unamortized Debt Issuance Costs	(54,987)	(56,600)
Total	2,996,096	3,026,775
Less: Current Portion	(33,824)	(32,292)
Long-Term Notes Payable	$ 2,962,272	$ 2,994,483

NOTE D - LONG-TERM DEBT *(continued)*

Aggregate maturities of the notes are approximated as follows:

	Principal	Interest
December 31, 2017	$ 33,824	$ 125,791
2018	35,432	124,182
2019	37,123	122,492
2020	38,899	120,716
2021	40,766	118,849
2022-2026	235,359	562,716
2027-2031	298,719	499,356
2032-2036	380,313	417,761
2037-2041	485,613	312,462
2042-2046	535,528	180,334
2047-2051	929,507	33,121
Less: Unamortized Debt Issuance Costs	(54,987)	
Total	$ 2,996,096	$ 2,617,780

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $3,051,083 with the associated $32,292 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $1,643 and $1,644 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the Partnership shall establish a Replacement Reserve in the amount of $85,329 at the time of the limited partner’s fourth capital contribution installment to fund major repairs or replacements. The Partnership shall make deposits into the Replacement Reserve fund of $31,630, increasing 3% annually, commencing on the second full month after completion of the Project. The Replacement Reserve was funded through a mortgage escrow beginning in June, 2014, and the balance was $83,070 and $50,409 as of December 31, 2016 and 2015.

NOTE E - RESERVE FUNDS *(continued)*

Operating Reserve

The General Partner is required to establish and maintain an Operating Reserve on the date of the fourth capital contribution in the amount of $208,910. The Operating Reserve balance was $2,593 and $2,591 as of December 31, 2016 and 2015.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the Regulatory Agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

Housing Assistance Agreement

The Partnership receives a significant portion of its rental income from the Department of Housing and Urban Development pursuant to a Section 8 Housing Assistance Payment Contract (HAP) for the 71 units in the project. Under the Section 8 Program a tenant is required to pay 30% of their adjusted income toward housing with the Federal Government subsidizing the difference between what the tenant pays and the fair market rent established by the Department of Housing and Urban Development.

NOTE F - COMMITMENTS AND CONTINGENCIES *(continued)*

Operating Deficit Contribution

If at any time after the completion date, an Operating Deficit exists, the General Partner shall contribute funds (an "Operating Deficit Contribution") to the Partnership as a contribution to capital in an amount equal to the amount of the Operating Deficit which is unlimited through the stabilization date, and after limited to $228,000. The obligation of the General Partner to make Operating Deficit Contributions shall terminate on the date that the following have occurred simultaneously: 1) the Project has operated at the Required Debt Service Coverage for a period of at least twelve consecutive months, which shall have commenced no earlier than four years after the achievement of the Stabilization Date, and 2) the balance in the Operating Reserve equals or exceeds the sum of the Operating Reserve Amount. If Operating Deficit Contributions are required, they shall be repayable, without interest, solely from Cash Flow or as provided in the partnership agreement. There are no amounts due related to Operating Deficit Contributions as of December 31, 2016 and 2015.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Subcontractor Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 6% of gross rental collections. Property Management Fees expensed were $29,910 and $28,213 during 2016 and 2015. The amounts included in accounts payable that are due to UAH Property Management LP related to Management Fees were $2,617 and $2,592 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Investor Services Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Investor Services Fee in the amount of $4,000. The fee shall increase at a rate of 3% per year. The Investor Services Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. Investor Services Fees of $4,502 and $4,371 were recognized during 2016 and 2015. The amounts due to the Limited Partner related to Investor Services Fees were $8,873 and $4,371 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Partnership Administrative Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a Partnership Administrative Fee in the annual amount of $13,000. The fee shall increase at a rate of 3% per year thereafter. The Partnership Administration Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. Partnership Administrative Fees of $14,632 and $14,205 were recognized during 2016 and 2015. The amounts due to the General Partner related to Partnership Administrative Fees were $69,019 and $54,387 as of December 31, 2016 and 2015, respectively.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Development Fee

The Partnership has incurred a Development Fee due to Mesilla Valley Public Housing Authority, rendered to the Partnership for overseeing the construction of the Project. The full development fee amount for the project is $1,132,639. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $331,756 of this fee has been paid. The amounts due related to Development Fees were $800,883 and $800,883 as of December 31, 2016 and 2015, respectively. Per the original agreement, the deferred portion of the development fee was expected to be $494,711; however, due to the downward adjuster referenced in the limited partner contribution footnote an additional amount of the fee will be deferred. All deferred development fees will accrue interest of 1% of the unpaid balance per the developer service agreement. Any unpaid amounts of the development fees are due on or before December 31, 2028. The long-term accrued interest was $14,841 and $9,894 as of December 31, 2016 and 2015, respectively.

Reimbursed Expenses

The Contractor and Subcontractor are reimbursed for some expenses that are directly related to this property. Due to the nature and function of the Subcontractor, some expenses are incurred for the property by the Subcontractor. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. The Subcontractor processes payroll for the property. The Property paid the Subcontractor for all payroll and benefits of $87,707 and $80,628 during 2016 and 2015. The Property also paid the Subcontractor for other fees related to compliance monitoring and payroll processing fees. These other Subcontractor fees were $7,401 and $7,110 during 2016 and 2015. The Subcontractor is also reimbursed for a few other expenses that are directly related to this property. Due to the nature and function of the Subcontractor, some expenses are incurred for the property by the Subcontractor. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. The amounts included in accounts payable that are due to UAH Property Management LP related to any of the aforementioned reimbursements were $0 and $334 as of December 31, 2016 and 2015, respectively.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership’s sole asset is Robledo Ridge Apartments. The Partnership’s operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Project's major source of revenue is from subsidy received through Section 8 Housing Assistance Payment Contract (HAP). HUD may terminate the rental assistance agreement if it determines that no subsidy is necessary or if the Project is determined to be in violation of HUD rules or regulations.

Robledo Ridge, LLLP

Notes to Financial Statements

December 31, 2016 and 2015

NOTE I - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Miscellaneous	$ 754	$ 0
Accrued Audit Fees	10,660	0
Total Accrued Expenses	$ 11,414	$ 0

NOTE J - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

Cimmaron Limited Partnership was organized in 2004 as a Limited Partnership to develop, construct, own, maintain, and operate a 60-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Anthony, New Mexico, and is currently known as Cimmaron Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Cimmaron Apartments are vested in the Partners. The Partnership has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because MVPHA is a member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

	Estimated Life
Buildings	40
Site Improvements	7-20
Furnishings	3-10

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014 and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Deferred Fees and Amortization

Tax credit fees are amortized over fifteen years using the straight-line method.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Cimmaron Limited Partnership and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:	
CIMMARON APARTMENTS ONE LLC	0.01 %
Limited Partner:	
NEF Assignment Corporation	99.99 %
Total	100.00 %

Distributable cash flow is defined in the Partnership Agreement as the sum of all cash receipts less cash disbursements for operating activities and Replacement Reserve funding.

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 40-year mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $1,042,000, with an interest rate of 6.42%. The mortgage is payable in monthly installments of $6,041 including interest through the maturity date. The loan payments are based on a 40-year amortization schedule. The unpaid principal of the loan is due November 2046. In addition, monthly deposits for taxes, insurance and replacement of depreciable assets are required. The accrued interest was $5,152 and $5,207 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $62,125 and $62,768 as of December 31, 2016 and 2015, respectively.	$ 962,902	$ 973,216
The Project also has a 40-year mortgage payable to New Mexico Mortgage Finance Authority Home Program in the original amount of $240,000. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 4.91% per annum. Interest only payments shall be made monthly in the amount of 1% of the outstanding principal plus accrued and unpaid interest (per amortization schedule) beginning in 2006. Principal and unpaid interest are due November 2046. The short-term accrued interest was $1,448 and $1,393 as of December 31, 2016 and 2015, respectively. The long-term accrued interest was $113,991 and $100,439 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $17,074 and $16,420 as of December 31, 2016 and 2015, respectively.	240,000	240,000
Less: Unamortized Debt Issuance Costs	(86,537)	(89,521)
Total	1,116,365	1,123,695
Less: Current Portion	(10,995)	(10,313)
Long-Term Notes Payable	$ 1,105,370	$ 1,113,382

NOTE D - LONG-TERM DEBT *(continued)*

Aggregate maturities of the mortgage notes are approximated as follows:

	Principal	Interest
December 31, 2017	$ 10,995	$ 65,103
2018	11,723	64,519
2019	12,498	63,893
2020	13,324	63,222
2021	14,205	62,502
2022-2026	86,420	299,769
2027-2031	119,029	272,272
2032-2036	163,942	233,574
2037-2041	225,801	179,268
2042-2046	544,965	101,354
Less: Unamortized Debt Issuance Costs	(86,537)	
Total	$ 1,116,365	$ 1,405,476

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $1,202,903 with the associated $89,521 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $2,984 and $2,984 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the General Partner shall establish a Replacement Reserve account. The General Partner shall make monthly deposits of $300 per unit per year, totaling $18,000 annually. The Replacement Reserve shall be used to make capital improvements and repairs to the Project. The Replacement Reserve balance was $157,926 and $139,757 as of December 31, 2016 and 2015, respectively.

NOTE E - RESERVE FUNDS *(continued)*

Operating Reserve

In accordance with the Partnership Agreement, the General Partner shall establish an Operating Reserve fund in the amount of $92,284. Funds are to be used for operating and debt service deficits. The Operating Reserve balance was $97,543 and $97,513 as of December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

HOME Investment Partnerships Program

In addition, the Partnership received funding from the HOME Investment Partnerships Program to assist with financing the development of the Project. Under the terms of the agreement, three units shall be designated as floating HOME assisted units.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the Regulatory Agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 5.5% of gross rental collections. Property Management Fees expensed were $19,954 and $19,679 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $428 and $313 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Asset Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Asset Management Fee in the amount of $3,500, increasing annually by three percent (3%), for property management oversight, tax credit compliance monitoring, and related services. Asset Management Fees of $4,704 and $4,567 were recognized during 2016 and 2015, respectively. The amounts due to the Limited Partner related to Asset Management Fees were $4,704 and $4,567 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Partnership Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a Partnership Management Fee in the amount of $25,000 for the managing of the Partnerships assets and operations and coordinating the preparation of the required State Housing Finance Agency, federal, state, and local tax and other required filings and reports. There were no Partnership Management Fees accrued during 2016 and 2015, respectively.

Development Fee

The Partnership has incurred a Development Services Agreement with CAASNM and JL Gray Company. Fees for these services are based on a percentage of the Total Development Cost, as defined by the Agreement, for a total projected Development Fee of $659,093 rendered to the Partnership for overseeing the construction of the Project. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $579,093 of this fee has been paid. The amounts due related to Development Fees were $80,000 and $80,000 as of December 31, 2016 and 2015, respectively.

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty percent (50%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received laundry income of $37 and $5 for the years ended December 31, 2016 and 2015, respectively.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Reimbursed Expenses

The Management Agent is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015, respectively.

Operating Deficit Guaranty

Pursuant to the Partnership Agreement, the General Partner shall be obligated to provide any funds needed by the Partnership, after all funds in the Operating Reserve account have been used, to fund operating deficits through the later of the closing or conversion to the Permanent Loan and achievement of a Debt Service Coverage Ratio of 1.15:1, as defined. The amount guaranteed is limited to $147,899. If this amount reaches zero, the General Partner is required to provide the funds to the Partnership for operating deficits. The requirement to fund additional operating deficits will terminate on the date the following occurs:

1) The Project has operated at Break-even three consecutive calendar years following the stabilization date of the Project; or
2) The Project has met the required Debt Service Coverage Ratio for three years.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Cimmaron Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 3,479	$ 2,529
Accrued Audit Fees	5,785	5,785
Unclaimed Resident Property	381	0
Total Accrued Expenses	$ 9,645	$ 8,314

NOTE J - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

Cimmaron II Apartments Limited Partnership was organized in 2004 as a Limited Partnership to develop, construct, own, maintain, and operate an 84-unit rental housing project for mixed income tenants with both tax credit and market rate units. Twenty-four of the units were acquired through the purchase of an adjacent apartment complex and the remaining sixty units entered into substantial completion during April of 2011. The Project is located in the city of Anthony, New Mexico, and is currently known as Cimmaron II Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Service Code Section 42.

The management of the Partnership and the ongoing management of Cimmaron II Apartments are vested in the Partners. The Partnership has hired JL Gray Company, an affiliate of one of the Partners, to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because MVPHA is a member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. Accounts held in escrow for developer fees and the operating deficit reserve are invested without any federal deposit insurance. The amounts held without insurance are $368,723 and $395,790 as of December 31, 2016 and 2015, respectively. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

Buildings	40
Site Improvements	5-20
Furnishings	7-10

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014 and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Cimmaron II Apartments Limited Partnership and their respective profit and loss percentages were as follows as of December 31, 2016 and 2015:

General Partner:
Cimmaron Apartments LLC to receive Net Income at 100.00%
Limited Partner:
JLG Properties, LLC to receive Net Loss at 100.00%

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 480-month note payable to New Mexico Mortgage Finance Authority under the 542(c) FHA-Insured Multifamily Loan Program in the original amount of $1,420,000, with an interest rate of 6.7%. The note is payable in monthly installments of $8,517 including interest through the maturity date. The unpaid principal of the loan is due January 2052. The accrued interest was $7,700 and $7,752 as of December 31, 2016 and 2015, respectively. Interest expensed on this note was $92,689 and $93,303 as of December 31, 2016 and 2015, respectively.	$ 1,379,025	$ 1,388,483
Less: Unamortized Debt Issuance Costs	(46,328)	(48,684)
Total	1,332,697	1,339,799
Less: Current Portion	(10,112)	(9,458)
Long-Term Notes Payable	$ 1,322,585	$ 1,330,341

Aggregate maturities of the loans are approximated as follows

	Principal	Interest
December 31, 2017	$ 10,112	$ 92,088
2018	10,810	91,389
2019	11,557	90,642
2020	12,356	89,844
2021	13,210	88,990
2022-2026	81,068	429,930
2027-2031	113,222	397,776
2032-2036	158,130	352,867
2037-2041	220,851	290,147
2042-2046	308,449	202,549
2047-2051	430,792	80,206
2052-2056	8,468	49
Less: Unamortized Debt Issuance Costs	(46,328)	
Total	$ 1,332,697	$ 2,206,477

NOTE D - LONG-TERM DEBT *(continued)*

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $1,379,025 with the associated $48,684 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $2,356 and $2,355 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - TCEP FUNDS

On December 18, 2009, the Partnership executed a $9,525,110 TCEP Mortgage Note to New Mexico Mortgage Finance Authority. The terms of the loan begin upon its execution and end 180 months after commencement of the Compliance Period. There are no interest or scheduled principal payments due with respect to this loan. The amount subject to recapture shall be reduced by 6.67% of the original loan amount for each compliant year. In the event there is no uncured Recapture Event of Default at the time of termination, this TCEP Mortgage Note shall be forgiven. Due to the fact that the repayment of the loan is considered less than remote, the liability was reclassified to a capital contribution as of December 31, 2011.

NOTE F - RESERVE FUNDS

<u>Developer Fee Holdback Escrow</u>

In accordance with the TCEP Mortgage Note to New Mexico Mortgage Finance Authority, the Partnership shall establish a Developer Fee Holdback for a percentage of the developer fee. The Partnership elected to hold back 25% of the developer fee which will be released in ten equal installments beginning on the first anniversary of Stabilization, and annually thereafter. Stabilization will occur when certain conditions of the note have been met. The Developer Fees in escrow were $165,111 and $192,544 as of December 31, 2016 and 2015, respectively.

<u>Replacement Reserve</u>

In accordance with the TCEP Mortgage Note to New Mexico Mortgage Finance Authority, the Partnership shall establish a Replacement Reserve. The Partnership shall make deposits into the Replacement Reserve fund of $25,200 annually, commencing upon permanent financing. Replacement Reserve balance was $127,914 and $102,582 as of December 31, 2016 and 2015, respectively.

NOTE F - RESERVE FUNDS *(continued)*

Operating and Operating Deficit Reserve

In accordance with the TCEP Mortgage Note to New Mexico Mortgage Finance Authority, the Partnership funded an Operating Deficit Reserve fund in the amount of $202,883. Funds are to be used for operating and debt service deficits. The Operating Reserve balance was $202,883 and $202,883 as of December 31, 2016 and 2015, respectively.

NOTE G - COMMITMENTS AND CONTINGENCIES

Tax Credit Exchange Program

The Low Income Housing Tax Credit Exchange Program Agreement entered into with New Mexico Mortgage Finance Authority states that no interest or scheduled principal payments are due with respect to the loan listed above. However, the entire principal of the loan will become due and payable if an event of default under the TCEP Agreement is failed to be cured. The Events of Default that would cause the loan to become due and payable include, but are not limited to the following:

1. A Recapture Event of Default;
2. Failure to comply with the requirements of Section 42 of the Code;
3. Failure to observe or perform any term, condition or covenant in the TCEP Agreement;
4. A default under any of the Loan Documents;
5. Any representation or warranty made by the Owner or on behalf of Owner becomes materially incorrect or incomplete;
6. Failure by owner to commence construction of the project within the specified time period;
7. The Project is damaged or destroyed and cannot be restored for completion by the Completion Date and within the other terms;
8. Failure by owner to construct the project according to the contract documents;
9. For any cause (other than acts of God) that would suspend construction for a period of 20 consecutive days, construction is not carried on to permit completion by completion date, or construction is not progressing in accordance with the contract documents;
10. Failure by owner to pay the general contractor, mechanic, or supplier;
11. Property, Project or any part thereof are subject to a lien or security agreement except as provided in the TCEP Agreement;
12. Failure by owner to discharge, bond over or obtain title insurance against any mechanics' lien; or
13. The General Contractor or Owner shall become insolvent or be adjudicated bankrupt.

Regulatory Agreement Provisions

On December 14, 2011, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the regulatory agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

NOTE H - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the twenty-four units in operation for the Project. The current year management fee is equal to 6% of gross rental collections. Property Management Fees expensed were $30,791 and $29,711 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $517 and $330 as of December 31, 2016 and 2015, respectively.

Development Fee

The Partnership has incurred a Development Fee of $825,405 due to JL Gray Company and the General Partner, rendered to the Partnership for overseeing the construction of the Project. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $660,392 of this fee has been paid. The amounts due related to Development Fees were $165,013 and $192,544 as of December 31, 2016 and 2015, respectively.

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty percent (50%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received laundry income of $37 and $5 for the years ended December 31, 2016 and 2015, respectively.

Reimbursed Expenses

The Management Agent, an affiliate of one of the Partners, is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee.

There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015, respectively.

NOTE I - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Cimmaron II Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE J - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 5,233	$ 4,530
Accrued Expenses - Audit Fees	5,910	5,910
Unclaimed Resident Property	1	0
Total Accrued Liabilities	$ 11,144	$ 10,440

NOTE K - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

Desert Palms Apartments Limited Partnership was organized in 2003 as a Limited Partnership to develop, construct, own, maintain, and operate a 101-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Desert Palms Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Desert Palms Apartments are vested in the Partners. The Partnership has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because MVPHA is a member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives in years using the straight-line method.

	Estimated Life
Buildings	40
Site Improvements	5-15
Furnishings	3-7
Maintenance Equipment	5

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014 and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Desert Palms Apartments Limited Partnership and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:	
Desert Palms Apartments LLC	0.01 %
Limited Partner:	
Freddie Mac Equity Plus II, ESIC	99.99 %
Total	100.00 %

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 35-year mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $1,705,000, with an interest rate of 6.48%. The mortgage is payable in monthly installments of $10,277 through October 1, 2041. The accrued interest was $8,213 and $8,342 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $99,269 and $100,775 as of December 31, 2016 and 2015, respectively.	$ 1,520,837	$ 1,544,768
The Project also has a mortgage payable to City of Las Cruces in the original amount of $342,744. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 4.94% compounded annually. Monthly interest only payments of 1% are to be paid for the first fifteen years. After the end of year fifteen the principal and accrued interest will become due and payable in 179 monthly installments of $4,820. Maturity of the loan occurs at the sale, refinance, and transfer of the property or on September 2034. The short-term accrued interest was $437 and $421 as of December 31, 2016 and 2015, respectively. The long-term accrued interest was $161,670 and $142,423 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $24,132 and $23,217 as of December 31, 2016 and 2015, respectively.	342,744	342,744
Less: Unamortized Debt Issuance Costs	(37,972)	(39,286)
Total	1,825,609	1,848,226
Less: Current Portion	(25,527)	(23,930)
Long-Term Notes Payable	$ 1,800,082	$ 1,824,296

NOTE D - LONG-TERM DEBT *(continued)*

Aggregate maturities of the mortgage notes are approximated as follows:

	Principal	Interest
December 31, 2017	$ 25,527	$ 102,862
2018	27,232	101,357
2019	29,050	99,746
2020	30,990	98,022
2021	33,059	95,667
2022-2026	316,496	415,149
2027-2031	393,355	338,290
2032-2036	499,531	232,114
2037-2041	625,597	85,493
Less: Unamortized Debt Issuance Costs	(37,972)	
Total	$ 1,942,865	$ 1,568,700

Long-term accrued interest on the HOME loan in the amount of $117,256 becomes principal and is amortized when principal payments begin December of 2021.

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $1,863,582 with the associated $39,286 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $1,313 and $1,313 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the Partnership shall establish a Replacement Reserve at the time of the fourth installment to fund major repairs or replacements of the Project Property. The Partnership shall make deposits into the Replacement Reserve fund of $29,000 annually commencing with the completion of the Project. The Replacement Reserve balance was $136,080 and $113,554 as of December 31, 2016 and 2015, respectively.

NOTE E - RESERVE FUNDS *(continued)*

Operating Reserve

The General Partner is required to establish and maintain an Operating Reserve on the date of the fourth capital contribution in the amount of $75,000. The Operating Reserve balance was $31,214 and $39,887 as of December 31, 2016 and 2015, respectively. The Partnership was also required to establish a separate Operating Deficit Reserve with New Mexico Mortgage Finance Authority. The Operating Deficit Reserve balance was $15,493 and $15,472 as of December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

Long-term Contract

The Partnership entered into a service agreement and a compensation agreement with Comcast of California XIV LLC (Comcast) on March 13, 2012. The service agreement is for a term of 15 years, and then automatically renews biannually unless either party provides at least 60 days notice not to renew at the end of the term. Per the compensation agreement, Comcast agreed to pay the Partnership a one-time fee of $12,625 as consideration for entering into a long-term service agreement. The total fee was received by the Partnership upon execution of the agreements.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the Regulatory Agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

NOTE F - COMMITMENTS AND CONTINGENCIES *(continued)*

HOME Investment Partnerships Program

In addition, the Partnership received funding from the HOME Investment Partnerships Program to assist with financing the development of the Project. Under the terms of the agreement, ten units shall be designated as floating HOME assisted units.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 6% of gross rental collections. Property Management Fees expensed were $27,615 and $26,071 during 2016 and 2015, respectively. The amounts included in accounts payable that are due to the Management Agent related to Management Fees were $33,907 and $40,055 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Investor Services Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Investor Services Fee in the amount of $4,000 beginning in 2004. The fee shall increase at a rate of 3% per year thereafter. The Investor Services Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. Investor Services Fees of $5,703 and $5,537 were recognized during 2016 and 2015, respectively. The amounts due to the Limited Partner related to Investor Services Fees were $53,472 and $47,769 as of December 31, 2016 and 2015, respectively.

Owner Distribution - Partnership Administrative Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a Partnership Administrative Fee in the annual amount of $25,000. The fee shall increase at a rate of 3% per year thereafter. The Partnership Administration Fee shall be payable from the available cash flows. Any unpaid fees may accrue for payment in subsequent years. There were no Partnership Administrative Fees accrued during 2016 and 2015, respectively.

Development Fee

The Partnership has incurred a Development Fee of $203,230 due to JL Gray Company and the General Partner, rendered to the Partnership for overseeing the construction of the Project. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $9,291 of this fee has been paid. The amounts due related to Development Fees were $193,939 and $193,939 as of December 31, 2016 and 2015, respectively.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty percent (50%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received laundry income of $669 and $940 for the years ended December 31, 2016 and 2015, respectively.

Reimbursed Expenses

The Management Agent is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. The amounts due to the Management Agent related to reimbursed expenses were $0 and $322 as of December 31, 2016 and 2015, respectively.

Operating Deficit Loans

Pursuant to the Partnership Agreement, the General Partner has guaranteed to fund all deficits through the later of Permanent Loan Closing and achievement of a Debt Service Coverage Ratio of 1:15:1 for 90 days, as defined. Subsequent to Permanent Loan Closing or achievement of the Debt Service Coverage Ratio, funding up to an additional $275,000 of operating deficits is guaranteed. The requirement to fund additional operating deficits will terminate on the date the following occurs:

1. The Project has operated at Break-even three consecutive calendar years following the stabilization date of the Project;
2. The Project has met the required Debt Service Coverage for three years;
3. The balance in the Operating Reserve equals or exceeds the Operating Reserve amount.

The General Partner obligations shall be Guaranteed by the Guarantor (JL Gray Company) as defined in the Guaranty Agreement.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Desert Palms Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I - INSURANCE CLAIM/DEFERRED CONSTRUCTION IN PROGRESS

Deferred Construction in Progress on the Balance Sheet is related to an insurance claim filed due to hail damage. The project received insurance funds in the amount of $82,190 in 2016 related to the claim which is included in cash and cash equivalents, but construction for these repairs had not been invoiced by the contractor at yearend. The liability related to deferred construction in progress was $82,190 as of December 31, 2016.

NOTE J - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 3,371	$ 3,296
Accrued Audit Fees	16,000	16,683
Unclaimed Residential Property	486	0
Total Accrued Expenses	$ 19,857	$ 19,979

NOTE K - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

Falcon Ridge Limited Partnership was organized in 2007 as a Limited Partnership to develop, construct, own, maintain, and operate a 72-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Hatch, New Mexico, and is currently known as Falcon Ridge Apartments. The project property assumed loans regulated under Sections 515(b) and 521 of the Housing Act of 1949, as amended, which provides for interest subsidies and is regulated by the USDA Rural Development. In addition the Partnership obtained a loan guarantee and interest credit subsidy under the Guaranteed Rural Rental Housing Section 538 Program which is also regulated by the USDA Rural Development. The major activities of the Partnership are governed by the Partnership Agreement, USDA Rural Development (RD), and the Internal Revenue Service Code Section 42.

In August 2006, three properties known as Los Caballos I, II, & III were destroyed and rendered uninhabitable by a flood in Hatch, NM. The properties were originally funded by three different RD 515 loans. A new project in a different location, but also in Hatch, NM was built. On December 22, 2009, the transfer of the loans was made to the new entity, Falcon Ridge Apartments. The total of the loans assumed was $2,259,317. Interest was paid on the loan prior to assumption in the amount of $132,229. In addition, the remaining insurance proceeds in the amount of $1,778,290 received from the Los Caballos property insurance settlement were also transferred, along with the remaining development costs of $414,551 related to this transfer.

The management of the Partnership and the ongoing management of Falcon Ridge Apartments are vested in the Partners. The Partnership has hired JL Gray Company, an affiliate of the General and Limited Partners, to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Partnership is reported as a component unit of the Mesilla Valley Public Housing Authority (MVPHA) because the MVPHA is the sole member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash and Cash equivalents in excess of FDIC limits were $273,908 and $302,037 at December 31, 2016 and 2015, respectively. Accounts held in escrow for developer fees and the operating deficit reserve are invested without any federal deposit insurance. The amounts held without insurance are $367,665 and $394,961 as of December 31, 2016 and 2015, respectively. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Collateralization of Deposits

Even though the Partnership is a component unit of the Mesilla Valley Public Housing Authority (MVPHA), it is not subject to the requirement to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

	Estimated Life
Buildings	40
Site Improvements	5-20
Furnishings	3-10

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014 and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Return to Owner

In accordance with the Loan Agreement(s), the maximum annual cash return to owner allowable by RD for the Partnership is $15,000, and is allocated to the Partners as formulated in the Partnership Agreement.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Deferred Fees and Amortization

Tax credit fees are amortized over fifteen years using the straight-line method.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Falcon Ridge Limited Partnership and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:
Falcon Ridge LLC to receive Net Income at 100.00%.
Limited Partner:
JLG Properties, LLC to receive Net Loss at 100.00%.

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 40-year mortgage payable dated December, 2011, to Lancaster Pollard Mortgage Company in the original amount of $1,332,000, with an interest rate of 4.58%. The loan is under the USDA Section 538 Guaranteed Rural Rental Housing Program and has been awarded an interest credit by USDA to reduce the effective interest rate on the loan to 2.08% per annum. The mortgage is payable in monthly installments of $6,061 including interest through the maturity date. The unpaid principal of the loan is due December 1, 2051. The accrued interest was $4,837 and $0 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $58,353 and $58,995 as of December 31, 2016 and 2015, respectively.	$ 1,267,557	$ 1,280,715
On December 22, 2009, Falcon Ridge Limited Partnership assumed the unpaid principal balance of the Rural Development Section 515 loans originally issued to Los Caballos I, Los Caballos II and Los Caballos III. The amount assumed and related interest and maturity dates were $728,506 at 9.00% matures February 1, 2037; $690,892 at 8.75% matures August 1, 2041; $839,902 at 7.75% matures July 1, 2043. The assumed loans are payable in monthly installments of $7,173, net of interest subsidy. The accrued interest was $14,865 and $15,058 as of December 31, 2016 and 2015, respectively. Interest expensed on these loans was $175,361 and $181,682 as of December 31, 2016 and 2015, respectively.	2,062,443	2,093,668
Less: Unamortized Debt Issuance Costs	(216,395)	(241,154)
Total	3,113,605	3,133,229
Less: Current Portion	(49,159)	(40,389)
Long-Term Notes Payable	$ 3,064,446	$ 3,092,840

NOTE D - LONG-TERM DEBT *(continued)*

Aggregate maturities of the loans are approximated as follows:

	Principal	Interest*
December 31, 2017	$ 49,159	$ 230,455
2018	52,808	226,706
2019	56,864	222,650
2020	61,252	218,262
2021	66,002	213,512
2022-2026	416,241	981,330
2027-2031	610,710	786,860
2032-2036	619,375	535,072
2037-2041	710,119	307,545
2042-2046	362,976	112,356
2047-2051	324,494	39,182
Less: Unamortized Debt Issuance Costs	(216,395)	
Total	$ 3,113,605	$ 3,873,930

*The Rural Development loans assumed by the Partnership are Section 515. Interest Subsidy from Rural Development should reduce the interest paid to 1% over the term of the loan (See Interest Credit and Rental Assistance Agreement Footnote). The project also received interest subsidy from Rural Development Section 538. Interest subsidy payments of $153,528 and $153,273 were recognized as other income during 2016 and 2015, respectively.

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $3,333,994 with the associated $241,154 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $24,759 and $24,759 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

RD Loan and Building Reduction

During 2015, assets were sold that previously were owned by the Los Caballos entities mentioned in the organization footnote. The proceeds from the sale were paid on the RD loans that Falcon assumed from those entities. The original assumption of the acquisition was capitalized with the construction of Falcon; therefore, the fixed asset, Buildings, was reduced for the proceeds of that sale for $43,644.

NOTE E - RESERVE FUNDS

Developer Fee Holdback Escrow

In accordance with the TCEP Mortgage Note to New Mexico Mortgage Finance Authority, the Partnership shall establish a Developer Fee Holdback for a percentage of the developer fee. The Partnership elected to hold back 25% of the developer fee which will be released in ten equal installments beginning on the first anniversary of Stabilization, and annually thereafter. Stabilization will occur when certain conditions of the note have been met. The Developer Fees in escrow were \$166,102 and \$193,765 as of December 31, 2016 and 2015, respectively.

Replacement Reserve

In accordance with the Partnership Agreement, the Partnership shall establish a Replacement Reserve to fund major repairs or replacements of the Project Property, and shall make deposits to fund the Replacement Reserve account. The Replacement Reserve balance was \$485,781 and \$462,954 as of December 31, 2016 and 2015, respectively.

Operating & Operating Deficit Reserve

In accordance with the Partnership Agreement, the Partnership funded an Operating Reserve fund in the amount of \$200,640. Funds are to be used for operating and debt service deficits. The Operating Reserve balance was \$200,881 and \$200,881 as of December 31, 2016 and 2015, respectively.

Lease Up Reserve

On December 18, 2009 at the time of the loan closing, a Lease Up Reserve account was established in the amount of \$25,000. The TCEP agreement states that the funds are required to be held by the New Mexico Mortgage Finance Authority (NMMFA) and only to be distributed by their approval. However, NMMFA did not retain these funds from the loan draws. When the project reaches stabilization, any remaining funds shall be applied first to pay any monies owed to NMMFA, then to satisfy and other reserve requirement of the project, then to the owners or any lender with a continuing loan on the project. The Lease Up Reserve balance was \$25,063 and \$25,055 as of December 31, 2016 and 2015, respectively.

Stabilization has been achieved when all of the following conditions have been met:

1. The project has achieved an occupancy of 93%;
2. The project has met the debt service coverage ratio for three consecutive months;
3. The owner has closed on and received permanent financing;
4. The owner has established and funded all required reserves; and
5. The owner had delivered to NMMFA satisfactory evidence that all low-income units have been occupied by qualifying tenants.

NOTE F - TCEP FUNDS

On December 18, 2009, the Partnership executed a $6,976,074 TCEP Mortgage Note to New Mexico Mortgage Finance Authority. The terms of the loan begin upon its execution and end 180 months after commencement of the Compliance Period. There are no interest or scheduled principal payments due with respect to this loan. The amount subject to recapture shall be reduced by 6.67% of the original loan amount for each compliant year. In the event there is no uncured Recapture Event of Default at the time of termination, this TCEP Mortgage Note shall be forgiven. Due to the fact that the repayment of the loan is considered less than remote, the liability was reclassified to a capital contribution as of December 31, 2011.

NOTE G - COMMITMENTS AND CONTINGENCIES

Tax Credit Exchange Program

The Low Income Housing Tax Credit Exchange Program Agreement entered into with New Mexico Mortgage Finance Authority states that no interest or scheduled principal payments are due with respect to the loan listed above. However, the entire principal of the loan will become due and payable if an event of default under the TCEP Agreement is failed to be cured. The Events of Default that would cause the loan to become due and payable include, but are not limited to the following:

1. A Recapture Event of Default;
2. Failure to comply with the requirements of Section 42 of the Code;
3. Failure to observe or perform any term, condition or covenant in the TCEP Agreement;
4. A default under any of the Loan Documents;
5. Any representation or warranty made by the Owner or on behalf of Owner becomes materially incorrect or incomplete;
6. Failure by owner to commence construction of the project within the specified time period;
7. The Project is damaged or destroyed and cannot be restored for completion by the Completion Date and within the other terms;
8. Failure by owner to construct the project according to the contract documents;
9. For any cause (other than acts of God) that would suspend construction for a period of 20 consecutive days, construction is not carried on to permit completion by completion date, or construction is not progressing in accordance with the contract documents;
10. Failure by owner to pay the general contractor, mechanic, or supplier;
11. Property, Project or any part thereof are subject to a lien or security agreement except as provided in the TCEP agreement;
12. Failure by owner to discharge, bond over or obtain title insurance against any mechanics' lien; or
13. The General Contractor or Owner shall become insolvent or be adjudicated bankrupt.

Interest Credit and Rental Assistance Agreement

Under an agreement with Rural Developments 515 loans, a mortgage subsidy is provided which reduces the effective interest rate on the mortgage to 1% over the life of the Loan Agreement. Rural Development may terminate the agreement if it determines that no subsidy is necessary or if the Partnership is determined to be in violation of the Loan Agreement(s) or Rural Development rules or regulations.

NOTE G - COMMITMENTS AND CONTINGENCIES *(continued)*

Rental Assistance Agreement

The Partnership has entered into a Rental Assistance Agreement with Rural Development providing rental assistance for 67 units. The Agreement provides for a maximum rental assistance commitment that expires automatically upon total disbursement, but is renewable under contract with Rural Development pending congressional approval of budget authority.

Interest Credit Agreement

Under the Guaranteed Rural Rental Housing Program the Partnership receives interest credit subsidy. The program is regulated by the USDA Rural Development Section 538.

NOTE H - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The compensation for these services are based on the Management Certification. Property Management Fees expensed were $38,208 and $37,083 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $155 and $50 as of December 31, 2016 and 2015, respectively.

General Partner Distributions

In accordance with the Partnership Agreement, the General Partner shall receive 99.99% of Distributable Cash. Distributions of $15,000 and $15,000 were recognized during 2016 and 2015, respectively. Due to a clerical error, distributions were were issued twice and a receivable was recorded. There were no amounts due to the General Partner related to Distributions as of December 31, 2016 or 2015. Partners' Distributions Receivable were $15,000 and $0 as of December 31, 2016 and 2015, respectively.

Development Fee

The Partnership has incurred a Development Fee of $1,107,346 due to JL Gray Company and the Mesilla Valley Public Housing Authority, rendered to the Partnership for overseeing the construction of the Project. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $941,273 of this fee has been paid. The amounts due related to Development Fees were $166,073 and $193,765 as of December 31, 2016 and 2015, respectively. Current year payments were made from the Developer Fee Holdback Escrow. See Note E.

NOTE H - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty percent (50%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received laundry income of $3,697 and $5,166 for the years ended December 31, 2016 and 2015, respectively.

Reimbursed Expenses

The Management Agent, an affiliate of one of the Partners, is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015.

NOTE I - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Falcon Ridge Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Project's major source of revenue is from interest subsidy and rental assistance received from Rural Development. Rural Development may terminate the interest subsidy or rental assistance agreement if it determines that no subsidy is necessary or if the project is determined to be in violation of Rural Development rules or regulations.

NOTE J - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	**12/31/2015**
Accrued Payroll Expenses	$ 3,102	$ 2,591
Accrued Audit Fees	8,937	7,036
Accrued Unclaimed Resident Property	0	27
Total Accrued Expenses	$ 12,039	$ 9,654

NOTE K - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

Montana Senior Village, LLC was organized in 1998 as a Limited Liability Company to develop, construct, own, maintain, and operate a 49-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Montana Senior Village Apartments. The major activities of the Company are governed by the Management and Operating Agreements and the Internal Revenue Code Section 42.

The management of the Company and the ongoing management of Montana Senior Village Apartments are vested in the Members. The Company has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Company is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because the MVPHA is the Managing Member of the Company. The Company has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Project's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

<u>Basis of Accounting</u>

The Project utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

<u>Cash and Other Deposits</u>

The Project maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits. The Project has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Project does not accrue interest on the tenant receivable balances. The Project has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

For financial statement purposes the following estimate useful lives are used:

	Estimated Life
Buildings	27.5
Site Improvements	15-27.5
Furnishings	3-7

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Project reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Income Taxes

No federal income taxes are payable by the Company and none have been provided in the accompanying financial statements. The Members are to include their respective share of Company income or loss in their separate tax returns. As of December 31, 2016, the Company's tax years for 2013, 2014, and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Company is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Company and the tenants of the property are operating leases.

Amortization

Permanent loan fees are amortized on a straight-line basis over the life of the respective loan.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - MEMBERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Members of Montana Senior Village, LLC and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

Managing Member:	
Mesilla Valley Public Housing Authority	0.01 %
Investor Member:	
The Banc of America Housing Fund II LP thru 12/05/16	99.99 %
MV Housing Development, LLC after 12/05/16	
Total	100.00 %

Capital Contributions and Allocations of Profit, Loss, Tax Credits, and Cash Flow

The Investor Member contributed $1,235,342 for a 99.99% interest in the Company. The Managing Member contributed $170,000 for a 0.01% interest in the Company.

Profits, losses, and Tax Credits generally are to be allocated to the Members in accordance with their ownership interests. In the event the Managing Member makes an operating deficit contribution, the Managing Member receives a special allocation equal to the amount of the contribution.

Net cash flow from operations, as defined, is to be distributed annually as follows:

1) To the Managing Member to pay the Deferred Development Fee in accordance with the Development Services Agreement;
2) To the Managing Member to pay the annual Company Management Fee in accordance with the Company Administration Agreement;
3) To the Managing Member to pay the Incentive Management Fee in accordance with the Company Administration Agreement;
4) To the Managing Member to repay any Operating Deficit Contribution;
5) The balance, .01% to the Managing Member and 99.99% to the Investor Member.

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 39-year mortgage payable to New Mexico Mortgage Finance Authority under the 542(c) FHA-Insured Multifamily Loan Program in the original amount of $1,030,000, with an interest rate of 8.15%. The mortgage is payable in monthly installments of $7,303 including interest through the maturity date. The unpaid principal of the loan is due February 2040. The accrued interest was $6,190 and $6,277 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $74,769 and $75,773 as of December 31, 2016 and 2015, respectively.	$ 911,471	$ 924,249
The Project also has a 15-year mortgage payable to Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, in the original amount of $99,000. The loan is subordinate to the First Mortgage Loan and payment is subject to available cash flow. During 2004, the terms of the Land Loan were changed and previously paid interest was applied to principal. The terms were amended again during 2016 to change the maturity date from December 1, 2015 to December 1, 2027. The new terms were retroactively effective as of December 1, 2015 and state Montana Senior Village Apartments shall pay the total sum of $11,232 by December 1, 2016. Thereafter, Montana Senior Village Apartments shall pay $5,000 anually beginning in 2017 for a period of ten years. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 2% per annum.	51,232	61,232

NOTE D - LONG-TERM DEBT *(continued)*

	12/31/2016	12/31/2015
The Project also has a 17-year mortgage payable to Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, in the original amount of $487,250. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 4% per annum. Maturity of the loan occurs at the sale, refinance, or transfer of the property or on December 2017. The loan is subordinate to the First Mortgage Loan and payment is subject to available cash flow. The long-term accrued interest was $311,840 and $292,350 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $19,490 and $19,490 as of December 31, 2016 and 2015, respectively.	487,250	487,250
Less: Unamortized Debt Issuance Costs	(33,830)	(35,296)
Total	1,416,123	1,437,435
Less: Current Portion	(20,091)	(74,010)
Long-Term Notes Payable	$ 1,396,032	$ 1,363,425

Aggregate maturities of the mortgage notes in each of the next five years are approximated as follows:

	Principal	Interest
December 31, 2017	$ 20,091	$ 74,775
2018	507,282	404,832
2019	21,304	72,130
2020	22,684	70,651
2021	24,180	69,054
2022-2026	148,170	316,501
2027-2031	184,876	253,295
2032-2036	277,496	160,675
2037-2041	243,870	33,638
Less: Unamortized Debt Issuance Costs	(33,830)	
Total	$ 1,416,123	$ 1,455,551

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $1,398,721 with the associated $35,296 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $1,466 and $1,466 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

NOTE D - LONG-TERM DEBT *(continued)*

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

A Replacement Reserve is required to be funded from the Project's gross revenue to fund major repair and capital expenditures. The Replacement Reserve balance was $66,025 and $54,943 as of December 31, 2016 and 2015, respectively.

Operating Reserve

In accordance with the Operating Agreement, the Operating Reserve should maintain a balance of at least $60,000. The Managing Member may use funds in the Operating Reserve with the consent of the Investor Member, for any Company purpose, but only to the extent the revenues of the company are insufficient to accomplish such purposes. The Operating Reserve balance was $32,427 and $32,417 as of December 31, 2016 and 2015, respectively. The additional accumulation of funds required are held in the Operating Deficit Reserve account.

Operating Deficit Reserve

NMMFA required that an amount equal to three monthly first mortgage payments, or $30,327, be retained in escrow as the Operating Deficit Reserve Account. The Managing Member has established an Operating Deficit Reserve account to accumulate the additional funds required by the Operating Agreement. The Operating Deficit Reserve balance was $35,385 and $35,337 as of December 31, 2016 and 2015, respectively.

The combined balance for the Operating Reserve and the Operating Deficit Reserve was $67,812 and $67,754 as of December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Guaranty of Tax Credits

Under the terms of the Operating Agreement, the Managing Member has the duty to use its best efforts to ensure that the Company qualifies for the maximum lawful Low Income Housing Tax Credits. In the event that actual Low Income Housing Tax Credits accruing to the benefit of the Investor Member are less than the amount of Credits that were projected at the formation of the Company, the contributions of capital otherwise required of the Investor Member may be reduced, or constructive advances deemed made, in accordance with applicable provisions of the Operating Agreement.

NOTE F - COMMITMENTS AND CONTINGENCIES *(continued)*

Operating Deficit Contributions

The Managing Member is obligated to make contributions to the Company as necessary to fund operating expenses, debt service payments, reserve and escrow accounts, capital improvements, and maintenance expenses that occur during certain specified periods, as defined. The Managing Member's obligation to make operating deficit contributions after the lease-up date, as defined, is limited to $100,000 and terminates upon achievement of certain operating milestones. Per the Operating Agreement, losses equal to the deficit payments are allocated to the Managing Member.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the regulatory agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

Housing Tax Credits

As incentive for investment equity, the Company applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Company must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

Long-term Contract

The Company entered into a service agreement and a compensation agreement with Comcast of California XIV LLC (Comcast) on March 13, 2012. The service agreement is for a term of 15 years, and then automatically renews biannually unless either party provides at least 60 days notice not to renew at the end of the term. Per the compensation agreement, Comcast agreed to pay the Company a one-time fee of $4,800 as consideration for entering into a long-term service agreement. The total fee was received by the Company upon execution of the agreements.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Property Management Fee

The Company has entered into a Management Agreement with JL Gray Company to manage the rental operations of the apartment community. The compensation for this service is based on the Management Agreement. The Management Fee shall equal 5.25% of monthly gross rental collections excluding any service or laundry income. Property Management Fees expensed were $15,262 and $15,201 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $262 and $144 as of December 31, 2016 and 2015, respectively.

Company Administration Fee

In accordance with the Operating Agreement and the Company Administrative Agreement, the Project shall pay to the Managing Member a non-accruing Company Administration Fee for its services in managing the business of the Project in the amount of $15,000. There were no amounts recognized or due to the Managing Member related to Company Administration Fees as of December 31, 2016 and 2015, respectively.

Incentive Management Fee

In accordance with the Operating Agreement and the Company Administrative Agreement, the Project shall pay to the Managing Member an Incentive Management Fee equal to 75% of net cash flow subject to available cash flow, as defined. There were no Incentive Management Fees recognized or due to the Managing Member related to Incentive Management Fee as of December 31, 2016 and 2015, respectively.

Reimbursed Expenses

The Management Agent is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015, respectively.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Company's sole asset is Montana Senior Village Apartments. The Company's operations are concentrated in the multifamily real estate market. In addition, the Company operates in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by an act of Congress or administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Montana Senior Village, LLC

Notes to Financial Statements

December 31, 2016 and 2015

NOTE I - INSURANCE CLAIM/DEFERRED CONSTRUCTION IN PROGRESS

Deferred Construction In Progress on the Balance Sheet is related to an insurance claim filed due to hail damage. The project received insurance funds in the amount of $107,876 in 2016 related to the claim and included in cash and cash equivalents, but construction for these repairs had not been invoiced by the contractor at yearend. The liability related to deferred construction in progress was $107,876 as of December 31, 2016.

NOTE J - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 1,789	$ 1,460
Accrued Audit Fees	6,760	5,910
Unclaimed Rental Property	219	0
Total Accrued Expenses	$ 8,768	$ 7,370

NOTE K - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

NOTE A - ORGANIZATION

MSV II Limited Partnership was organized in January 2001 as a Limited Partnership to develop, construct, own, maintain, and operate a 84-unit rental housing project for low income senior tenants. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Montana Senior Village II Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Montana Senior Village II Apartments are vested in the Partners. The Partnership has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Partnership is reported as a component unit of Mesilla Valley Public Housing Authority, previously known as Housing Authority of the City of Las Cruces. Mesilla Valley Public Housing Authority has an ownership interest in the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash and Cash equivalents in excess of FDIC limits were $528,799 and $236,482 at December 31, 2016 and 2015, respectively. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

	Estimated Life
Buildings	27.5
Site Improvements	15-20
Furnishings	3-7

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

MSV II Limited Partnership

Notes to Financial Statements

December 31, 2016 and 2015

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014, and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

Concentrations of Risk

The Partnership deposits cash in financial institutions. At times, the account balances may exceed the institution's federally insured limits. The Partnership has not experienced any losses on such accounts.

MSV II Limited Partnership

Notes to Financial Statements

December 31, 2016 and 2015

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of MSV II Limited Partnership and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:	
Montana Street, LLC	0.01 %
Limited Partner:	
The Housing Outreach Fund IX, LP	99.99 %
Total	100.00 %

Capital Contributions and Allocations of Profit, Loss, Tax Credits, and Cash Flow

The Limited Partner contributed $2,285,313 for a 99.99% interest in the Partnership. The General Partner contributed $300,000 for a 0.01% interest in the Partnership,

Profits, losses, and Tax Credits generally are to be allocated to the Partners in accordance with their ownership interests. In the event the General Partner makes an operating deficit contribution, the General Partner receives a special allocation equal to the amount of the contribution.

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 18-year mortgage payable to Enterprise Mortgage Investments, Inc., an affiliate of the Limited Partner, in the original amount of $1,790,000, with an interest rate of 7.03%. The mortgage is payable in monthly installments of $11,945 including interest through the maturity date. The unpaid principal of the loan is due October 2022. The accrued interest was $8,543 and $8,790 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $95,303 and $97,036 as of December 31, 2016 and 2015, respectively.	$ 1,454,832	$ 1,494,357
The Project also has a 32-year mortgage payable to the City of Las Cruces, NM in the original amount of $275,000 with an interest rate of 1% for 17 years. Beginning in year 18, the outstanding interest becomes principal and the balance accrues interest at the rate of 3% per year payable in 180 monthly installments of $2,243. The loan matures at the end of year 32 . The long-term accrued interest was $39,058 and $36,308 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $2,750 and $2,750 as of December 31, 2016 and 2015, respectively.	275,000	275,000

NOTE D - LONG-TERM DEBT *(continued)*

	12/31/2016	12/31/2015
The Project is financed with a 32-year promissory note with MVPHA, previously known as HACLC, an affiliate of the General Partner, in the original amount of $700,000, with an interest rate of 0.25%, to partially finance the predevelopment and construction costs. The mortgage payment is subject to available cash flow. During 2004, $100,000 of development advances were added to this loan balance. The unpaid principal of the loan is due November 2034. The long-term accrued interest was $27,861 and $25,861 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $2,000 and $2,000 as of December 31, 2016 and 2015, respectively.	$ 800,000	$ 800,000
The Project is financed with a 32-year promissory note with MVPHA, previously known as HACLC, an affiliate of the General Partner, in the original amount of $500,000, with an interest rate of 0.25%, to partially finance the predevelopment and construction costs. The mortgage payment is subject to available cash flow. The unpaid principal of the loan is due November 2034. The long-term accrued interest was $17,709 and $16,459 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $1,250 and $1,250 as of December 31, 2016 and 2015, respectively.	500,000	500,000
Less: Unamortized Debt Issuance Costs	(14,592)	(19,898)
Total	3,015,240	3,049,459
Less: Current Portion	(42,436)	(39,545)
Long-Term Notes Payable	$ 2,972,804	$ 3,009,914

Aggregate maturities of the mortgage notes in each of the next five years are approximated as follows:

	Principal	Interest
December 31, 2017	$ 42,436	$ 104,144
2018	44,992	101,098
2019	51,120	99,457
2020	69,236	101,026
2021	73,526	96,736
2022-2026	442,837	408,473
2027-2031	603,269	248,041
2032-2036	1,753,205	150,961
Less: Unamortized Debt Issuance Costs	(14,592)	
Total	$ 3,066,029	$ 1,309,936

NOTE D - LONG-TERM DEBT *(continued)*

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $3,029,812 with the associated $19,898 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $5,306 and $5,306 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

Long-term accrued interest on the HOME loan in the amount of $50,789 becomes principal in 2019.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement, the Partnership shall establish a Replacement Reserve at the time of the fourth installment to fund major repairs or replacements of the Project Property. The Partnership shall make deposits into the Replacement Reserve fund of $16,800 annually (to be increased annually by 3%) commencing with the completion of the Project. The Replacement Reserve balance was $148,748 and $119,709 as of December 31, 2016 and 2015, respectively.

Operating Reserve

In accordance with the Partnership Agreement, the Partnership funded an Operating Reserve fund in the amount of $89,000. Funds are to be used for operating and debt service deficits. The Operating Reserve balance was $94,604 and $94,575 as of December 31, 2016 and 2015, respectively.

Guaranty Reserve

The General Partner is required to fund a Guaranty Reserve in the amount of $300,000 in order to guarantee its construction, operating deficit, and Partnership obligations. Upon termination and winding-up of the Partnership, this Reserve shall be disbursed to the General Partner. The Guaranty Reserve balance was $315,327 and $315,315 as of December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

Guaranty of Tax Credits

Under the terms of the Operating Agreement, the General Partner has the duty to use its best efforts to ensure that the Partnership qualifies for the maximum lawful Low Income Housing Tax Credits. In the event that actual Low Income Housing Tax Credits accruing to the benefit of the Limited Partner are less than the amount of Credits that were projected at the formation of the Partnership, the contributions of capital otherwise required of the Limited Partner may be reduced, or constructive advances deemed made, in accordance with applicable provisions of the Operating Agreement.

Operating Deficit Contributions

The General Partner is obligated to make contributions to the Partnership as necessary to fund operating expenses, debt service payments, reserve and escrow accounts, capital improvements, and maintenance expenses that occur during certain specified periods, as defined. The General Partner's obligation to make operating deficit contributions after the lease-up date, as defined, is limited to $250,000 and terminates upon achievement of certain operating milestones. Per the Operating Agreement, losses equal to the deficit payments are allocated to the General Partner.

Long-term Contract

The Partnership entered into a service agreement and a compensation agreement with Comcast of California XIV LLC (Comcast) on March 13, 2012. The service agreement is for a term of 15 years, and then automatically renews biannually unless either party provides at least 60 days notice not to renew at the end of the term. Per the compensation agreement, Comcast agreed to pay the Partnership a one-time fee of $10,500 as consideration for entering into a long-term service agreement. The total fee was received by the Partnership upon execution of the agreements.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 5.25% of gross rental collections. Property Management Fees expensed were $24,002 and $23,884 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $520 and $404 as of December 31, 2016 and 2015, respectively.

Investor Services Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Investor Services Fee in the amount of $3,000, beginning in 2003, increasing at a rate of 3% each year. The Investor Services Fee is payable subject to available cash flow. If cash flow is insufficient in any year, the unpaid fees shall be deferred and shall be payable out of the next available cash flow. Investor Services Fees of $4,406 and $4,278 were recognized during 2016 and 2015, respectively. The amounts due to the Limited Partner related to Investor Services Fees were $4,406 and $4,278 as of December 31, 2016 and 2015, respectively.

Partnership Administration Fee

In accordance with the Partnership Agreement, the Partnership shall pay to MVPHA, previously known as HACLC, an affiliate of the General Partner, a non-cumulative Partnership Administration Fee in the amount of $20,000 for the managing of the Partnerships assets and operations. Partnership Administration Fees of $20,000 and $20,000 were recognized during 2016 and 2015, respectively. There were no amounts due to the General Partner related to Partnership Administration Fees as of December 31, 2016 and 2015, respectively.

Tenant Services Fee

The Partnership executed a Tenant Services Agreement with an affiliate of the General Partner, MVPHA, previously known as HACLC, for social services provided to tenants of the Project. An annual non-cumulative Tenant Services Fee of $20,000 beginning in 2003, increasing at a rate of 3% each year, is payable subject to available cash flow. There were no Tenant Services Fees recognized during 2016 and 2015, respectively.

Reimbursed Expenses

The Management Agent, an affiliate of one of the Partners, is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015, respectively.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Montana Senior Village II Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I - INSURANCE CLAIM/DEFERRED CONSTRUCTION IN PROGRESS

Deferred Construction In Progress on the Balance Sheet is related to an insurance claim filed due to hail damage. The project received insurance funds in the amount of $292,863 in 2016 related to the claim and included in cash and cash equivalents, but construction for these repairs had not been invoiced by the contractor at yearend. The liability related to deferred construction in progress was $292,863 as of December 31, 2016.

NOTE J - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 2,877	$ 2,906
Accrued Expenses - Audit Fees	5,910	5,910
Unclaimed Residential Property	8	0
Total Accrued Liabilities	$ 8,795	$ 8,816

NOTE K - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

Stone Mountain Place Limited Partnership

Notes to Financial Statements

December 31, 2016 and 2015

NOTE A - ORGANIZATION

Stone Mountain Place Limited Partnership was organized in August 4, 2005 as a Limited Partnership to develop, construct, own, maintain, and operate an 84-unit rental housing project for mixed income tenants with both tax credit and market rate units. The Project is located in the city of Las Cruces, New Mexico, and is currently known as Stone Mountain Place Apartments. The major activities of the Partnership are governed by the Partnership Agreement and the Internal Revenue Code Section 42.

The management of the Partnership and the ongoing management of Stone Mountain Place Apartments are vested in the Partners. The Partnership has hired JL Gray Company to provide day to day management for the property. Compensation for such services is as determined under the Partnership Agreement and Management Agreement.

The Project is financed and constructed under Section 542(c) of the Housing and Community Development Act, as amended, and is administered by the New Mexico Mortgage Finance Authority (MFA). Under this program, the Company provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods. Lower rental charges to tenants are recovered by the Project through rent subsidies provided by the local Public Housing Authority (PHA).

The Partnership is reported as a component unit of Mesilla Valley Public Housing Authority (MVPHA), previously Housing Authority of the City of Las Cruces, because MVPHA is a member of the General Partner of the Partnership. The Partnership has no component units.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

A summary of the Partnership's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

Basis of Accounting

The Partnership utilized the accrual basis of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of unrestricted short-term investments with an original maturity of three months or less, cash on deposit, money market funds and certificates of deposit.

Cash and Other Deposits

The Partnership maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Cash and Cash equivalents in excess of FDIC limits were $30,389 and $54,443 at December 31, 2016 and 2015, respectively. The Partnership has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Collateralization of Deposits

The Project is a component unit of the Housing Authority of the City of Las Cruces and as such, is not required to secure collateralization on cash deposits.

Tenants' Security Deposits

Tenants' security deposits are held in a separate bank account. This account was funded in an amount greater than the security deposit liability as of December 31, 2016 and 2015.

Tenant Receivable and Bad Debt Policy

Tenant rent charges for the current month are due on the first of the month. The Partnership does not accrue interest on the tenant receivable balances. The Partnership has not established an allowance for doubtful accounts and does not use the reserve method for recognizing bad debts. Bad debts are treated as direct write-offs in the period management determines that collection is not probable.

Property and Equipment

Property and equipment are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Property and Equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year are capitalized and depreciated based on the straight-line method over the estimated useful lives of the assets. Property and Equipment purchases less than $5,000 or with lives of one year or less, and maintenance and repairs which do not extend the useful lives of premises and equipment, are charged to expense as incurred.

Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Any resulting gains and losses are reflected in the statements of operations. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

	Estimated Life
Buildings	15-40
Site Improvements	5-15
Furnishings	3-10

NOTE B - SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the Low Income Housing Tax Credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2016 or 2015.

Income Taxes

No provision or benefit for income taxes has been included in these financial statements since taxable income passes through to, and is reportable by, the Partners individually. As of December 31, 2016, the Partnership's tax years for 2013, 2014 and 2015 are subject to examination by the federal and state tax authorities. With few exceptions, as of December 31, 2016, the Partnership is no longer subject to examinations by tax authorities for years before 2013.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Rental Income

Rental Income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases.

Reclassifications

Certain items in the 2015 financial statements have been reclassified to conform to the 2016 presentation.

NOTE C - PARTNERS' PROFIT AND LOSS ALLOCATION AND DISTRIBUTIONS

The Partners of Stone Mountain Place Limited Partnership and their respective profit and loss percentages are as follows as of December 31, 2016 and 2015:

General Partner:	
Stone Mountain Place, LLC	0.01 %
Limited Partner:	
TCIG Tax Credit Fund II, LLC	99.99 %
Total	100.00 %

NOTE D - LONG-TERM DEBT

	12/31/2016	12/31/2015
The Project is financed with a 40-year mortgage payable to New Mexico Mortgage Finance Authority in the original amount of $2,305,000, with an interest rate of 6.10%. The mortgage is payable in monthly installments of $12,843 including interest through the maturity date. The loan will be secured by a first lien position on the Project. The unpaid principal of the loan is due May 2048. The accrued interest was $10,964 and $11,075 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $132,182 and $133,477 as of December 31, 2016 and 2015, respectively.	$ 2,156,800	$ 2,178,628
The Project also has a 45-year mortgage payable to City of Las Cruces in the original amount of $419,116. Interest will accrue on the outstanding principal balance of the loan at the annual rate of 1.00% per annum. Interest only payments shall be made monthly in the amount of $349 for the first 15 years; in year sixteen the note will be payable in 360 monthly installments of $1,348. Maturity of the loan occurs at the sale, refinance, or transfer of the property or on August 2051. The accrued interest was $349 and $349 as of December 31, 2016 and 2015, respectively. Interest expensed on this loan was $4,191 and $4,191 as of December 31, 2016 and 2015, respectively.	419,116	419,116
Less: Unamortized Debt Issuance Costs	(89,454)	(92,340)
Total	2,486,462	2,505,404
Less: Current Portion	(23,198)	(21,828)
Long-Term Notes Payable	$ 2,463,264	$ 2,483,576

NOTE D - LONG-TERM DEBT *(continued)*

Aggregate maturities of the mortgage notes in each of the next five years are approximated as follows:

	Principal	Interest
December 31, 2017	$ 23,198	$ 135,114
2018	24,654	133,659
2019	26,200	132,113
2020	27,844	130,469
2021	29,591	128,722
2022-2026	230,254	612,248
2027-2031	305,708	545,782
2032-2036	394,907	456,584
2037-2041	514,823	336,668
2042-2046	676,328	175,163
2047-2051	310,327	14,582
2052-2056	12,082	50
Less: Unamortized Debt Issuance Costs	(89,454)	
Total	$ 2,486,462	$ 2,801,154

In 2016, the Project retroactively adopted the requirements in ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Long-term debt as of December 31, 2015 was previously reported on the balance sheet as $2,575,916 with the associated $92,340 unamortized debt issuance costs included in other assets. Amortization of debt issuance costs of $2,886 and $2,886 for the years ended December 31, 2016 and 2015 is reported as Financial Expense in the Statements of Operations. Such amortization of debt issuance costs was previously reported as amortization expense in the Statements of Operations for the year ended December 31, 2015.

The apartment project is pledged as collateral for the mortgage. The mortgage loan is nonrecourse debt secured by deeds of trust on the related real estate.

NOTE E - RESERVE FUNDS

Replacement Reserve

In accordance with the Partnership Agreement and the New Mexico Mortgage Finance Authority Loan Agreement, the Partnership shall establish and maintain a Replacement Reserve. The Partnership shall make deposits into the Replacement Reserve fund of $25,200 annually. The Replacement Reserve balance was $118,740 and $93,396 as of December 31, 2016 and 2015, respectively.

NOTE E - RESERVE FUNDS *(continued)*

Operating Reserve

In accordance with the Partnership Agreement, the Partnership shall establish and maintain an Operating Reserve fund in an amount not less than $205,000. The Operating Reserve balance was $210,367 and $210,156 as of December 31, 2016 and 2015, respectively.

NOTE F - COMMITMENTS AND CONTINGENCIES

Housing Tax Credits

As incentive for investment equity, the Partnership applied for and received an allocation certificate for Housing Tax Credits established by the Tax Reform Act of 1986. To qualify for the Tax Credits, the Partnership must meet certain requirements, including attaining a qualified basis sufficient to support the credit allocation. In addition, tenant eligibility and rental charges are restricted in accordance with Internal Revenue Code Section 42. Management has certified that each Tax Credit unit has met these qualifications to allow the credits allocated to each unit be claimed.

Compliance with these regulations must be maintained in each of the fifteen consecutive years of the compliance period. Failure to maintain compliance with occupant eligibility, unit gross rent, or to correct noncompliance within a reasonable time period could result in recapture of previously claimed Tax Credits plus interest.

Housing Finance Agency Risk-Sharing Program - Section 542(c)

The Project is financed and operated under Section 542(c) of the Housing and Community Development Act, as amended, administrated by the New Mexico Mortgage Finance Authority (MFA). Under this program the Partnership provides housing to low and moderate income tenants, subject to regulation by MFA and the United States Department of Housing and Urban Development (HUD), as to rental charges and operating methods.

HOME Investment Partnerships Program

In addition, the Partnership received funding from the HOME Investment Partnerships Program to assist with financing the development of the Project. Under the terms of the agreement, eight units shall be designated as floating HOME assisted units.

Regulatory Agreement Provisions

On February 5, 2001, the Company executed a 542 (c) Multifamily Insurance Program Regulatory Agreement with the New Mexico Mortgage Finance Authority in order to obtain the "risk-sharing" mortgage loan. The Company is required to abide by the Regulatory Agreement provisions including, but not limited to, (1) the maintenance of certain tenant income requirements, (2) limitations on surplus cash distributions, (3) Replacement Reserve requirements, and (4) compliance with Affirmative Fair Housing marketing plans.

NOTE F - COMMITMENTS AND CONTINGENCIES *(continued)*

Long-term Contract

The Partnership entered into a service agreement and a compensation agreement with Comcast of California XIV LLC (Comcast) on March 13, 2012. The service agreement is for a term of 15 years, and then automatically renews biannually unless either party provides at least 60 days notice not to renew at the end of the term. Per the compensation agreement, Comcast agreed to pay the Partnership a one-time fee of $10,500 as consideration for entering into a long-term service agreement. The total fee was received by the Partnership upon execution of the agreements.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

Property Management Fee

In accordance with the Management Agreement, the Partnership has incurred Management Fee expenses for services rendered in connection with the leasing and operation of the Project. The current year management fee is equal to 6% of gross rental income. Property Management Fees expensed were $32,363 and $32,186 during 2016 and 2015, respectively. The amounts due to the Management Agent related to Management Fees were $757 and $720 as of December 31, 2016 and 2015, respectively.

Asset Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the Limited Partner an Asset Management Fee in the annual, cumulative amount of $3,500. The fee will increase by three percent (3%) each year. The fee is payable out of available cash flow as further detailed in the Partnership Agreement. Asset Management Fees of $4,567 and $4,434 were recognized during 2016 and 2015, respectively. The amounts due to the Limited Partner related to Asset Management Fees were $4,567 and $4,434 as of December 31, 2016 and 2015, respectively.

Incentive Management Fee

In accordance with the Partnership Agreement, the Partnership shall pay to the General Partner a noncumulative Incentive Management Fee . The fee shall equal 90% of cash flow remaining after the priorities set forth in the Partnership Agreement. In no event, shall the Incentive Management Fee and the Property Management Fee exceed, in the aggregate, 12% of the gross revenues of the Project in any fiscal year. There were no Incentive Management Fees accrued during 2016 and 2015. There were no amounts due to the General Partner related to Incentive Management Fees as of December 31, 2016 and 2015.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Development Fee

The Partnership entered into a Development Services Agreement with the Housing Authority of the City of Las Cruces currently known as Mesilla Public Housing Authority (MVPHA), an affiliate of the General Partner and JL Gray Company, (Developer). The Development Fee of $855,247 is payable 30% to the Owner and 70% to the Developer. The fee is payable out of available cash flow as further detailed in the Partnership Agreement. This Development Fee has been capitalized into the basis of the building. As of December 31, 2016, $637,228 of this fee has been paid. Development Fees of $27,000 and $35,000 were paid during 2016 and 2015, respectively. The amounts due related to Development Fees were $218,019 and $245,019 as of December 31, 2016 and 2015, respectively.

Laundry Lease

The Partnership leased space for the installation and operation of coin-operated laundry and vending machine equipment to JL Gray Company for fifty-one percent (51%) of the laundry room receipts after Gross Receipts Tax. This lease continues in effect until terminated by either party. The Partnership received no laundry income for the years ended December 31, 2016 and 2015.

Reimbursed Expenses

The Management Agent, an affiliate of one of the Partners, is reimbursed for a few expenses that are directly related to this property. Due to the nature and function of the Management Agent, some expenses are incurred for the property by the Management Agent. These reimbursements qualify as eligible project expenses and do not duplicate expenses that are included in the management fee. There were no amounts due to the Management Agent related to reimbursed expenses as of December 31, 2016 and 2015.

Guaranty of Tax Credits

Under the terms of the Partnership Agreement, the General Partner has the duty to use its best efforts to ensure that the Partnership qualifies for the maximum lawful Low-Income-Housing Tax Credits. In the event that actual Low-Income-Housing Tax Credits accruing to the benefit of the Limited Partner are less than the amount of credits that were projected at the formation of the Partnership, the contributions of capital otherwise required of the Limited Partner may be reduced, or constructive advances deemed made, in accordance with applicable provisions of the Partnership Agreement.

NOTE G - TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES *(continued)*

Operating Deficit and Completion Guarantees

The General Partner is obligated to make contributions to the Partnership as necessary to fund operating expenses, debt service payments, reserve and escrow accounts, capital improvements and maintenance expenses that occur during certain specified periods, as defined. The General Partner's obligation to make operating deficits is unlimited prior to the later of (1) permanent loan closing and (2) the achievement of debt service coverage ratio of 1.15:1 for ninety consecutive days. Subsequently, the General Partner's obligation to make operating deficit contributions is limited to $205,000 and terminates upon the achievement of certain operating milestones. Operating deficit loans bear interest at 10% per annum and are repayable subject to distributable cash flow, as defined. There are no outstanding liabilities reported as operating deficit loans as of December 31, 2016 and 2015, respectively.

Additionally, the General Partner has guaranteed to fund any cost overruns necessary to complete the Project. The Developer has guaranteed the operating deficit and construction completion obligations.

NOTE H - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Partnership's sole asset is Stone Mountain Place Apartments. The Partnership's operations are concentrated in the multifamily real estate market. In addition, the Partnership operates in a heavily regulated environment. The operations of the Partnership are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by federal and state agencies. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE I - ACCRUED EXPENSES

The accrued expenses on the balance sheet contain the following:

	12/31/2016	12/31/2015
Accrued Payroll Expenses	$ 3,968	$ 3,282
Accrued Audit Fees	5,585	5,585
Total Accrued Expenses	$ 9,553	$ 8,867

NOTE J - SUBSEQUENT EVENTS

The Project has evaluated subsequent events through May 26, 2017 which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

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REQUIRED SUPPLEMENTARY INFORMATION

MESILLA VALLEY PUBLIC HOUSING AUTHORITY Schedule I

Schedule of Proportionate Share of the Net Pension Liability of
PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
PERA Fund Division
Last 10 Fiscal Years*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Mesilla Valley Public Housing Authority's proportion of the net pension liability	0.0975%	0.0926%	0.0930%
Mesilla Valley Public Housing Authority's proportionate share of the net pension liability	$ 1,557,722	$ 944,137	$ 725,501
Mesilla Valley Public Housing Authority's covered-employee payroll	$ 834,110	$ 767,883	$ 754,811
Mesilla Valley Public Housing Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	186.75%	122.95%	96.12%
Plan fiduciary net position as a percentage of the total pension	69.18%	76.99%	81.29%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Mesilla Valley Public Housing Authority will present information for those years for which information is available.

See Independent Auditors' Report.
See notes to required supplementary information.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Schedule of Contributions
Public Employees Retirement Association (PERA) Plan
PERA Fund Division
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
Contractually required contribution	$ 86,882	$ 79,657	$ 134,333
Contributions in relation to the contractually required contribution	86,882	79,657	134,333
Contribution deficiency (excess)	$ -	$ -	$ -
Mesilla Valley Public Housing Authority's covered-employee payroll	$ 834,110	$ 834,110	$ 767,883
Contributions as a percentage of covered-employee payroll	10%	10%	17%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Mesilla Valley Public Housing Authority will present information for those years for which information is available.

See Independent Auditors' Report.
See notes to required supplementary information.

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

SUPPLEMENTARY INFORMATION

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COMBINING FINANCIAL STATEMENTS

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Net Position - Detail
June 30, 2017

	HUD Public Housing	HUD Section 8 Housing Choice Vouchers
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,783,336	$ 300,835
Restricted cash and cash equivalents	59,187	229,040
Accounts receivable, net	5,491	-
Accounts receivable - other	4,924	-
Grants receivable	40,688	-
Inventory	6,776	-
Prepaid expenses	81,517	493,607
Total current assets	1,981,919	1,023,482
Noncurrent assets		
Capital assets, net	1,751,076	14,854
Receivables from component units, net	-	-
Mortgage receivables, noncurrent, net	-	-
Other noncurrent assets	-	-
Total noncurrent assets	1,751,076	14,854
Total assets	3,732,995	1,038,336
DEFERRED OUTFLOWS OF RESOURCES		
Employer contributions subsequent to the measurement date	44,600	24,056
Changes in assumptions	47,974	25,399
Net difference between projected and actual investment earnings on pension	138,542	92,413
Difference between expected and actual experience	40,878	21,643
Changes in proportion	20,334	10,766
Total deferred outflows of resources	292,328	174,277
Total assets and deferred outflows of resources	$ 4,025,323	$ 1,212,613

See Independent Auditors' Report.

HUD Resident Opportunity Supportive Services	New Construction Housing	Local Housing Projects	Total
$ -	$ 401,316	$ 2,295,772	$ 4,781,259
-	9,119	24,240	321,586
-	441	4,867	10,799
-	-	-	4,924
10,159	-	-	50,847
-	-	-	6,776
-	11,767	24,324	611,215
10,159	422,643	2,349,203	5,787,406
-	1,388,102	1,835,105	4,989,137
-	-	1,597,631	1,597,631
-	-	1,199,464	1,199,464
-	-	334,824	334,824
-	1,388,102	4,967,024	8,121,056
10,159	1,810,745	7,316,227	13,908,462
2,281	4,174	11,771	86,882
2,485	3,511	11,971	91,340
12,335	12,588	30,739	286,617
2,117	2,992	10,200	77,830
1,053	1,488	5,074	38,715
20,271	24,753	69,755	581,384
$ 30,430	$ 1,835,498	$ 7,385,982	$ 14,489,846

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Net Position - Detail
June 30, 2017

	HUD Public Housing	HUD Section 8 Housing Choice Vouchers
LIABILITIES		
Current liabilities		
Book overdraft	$ 38,427	$ -
Accounts payable	79,667	38,226
Prepaid tenant rent	-	-
Accrued payroll	19,498	6,451
Notes payable, current portion	-	-
Total current liabilities	137,592	44,677
Current liabilities (payable from restricted assets)		
Tenant deposits	59,187	-
FSS deposits	-	22,998
Total current liabilities (payable from restricted assets)	59,187	22,998
Non-current liabilities		
Compensated absences	40,001	10,392
Notes payable, net of current portion	-	-
Net pension liability	836,659	399,454
Total non-current liabilities	876,660	409,846
Total liabilities	1,073,439	477,521
DEFERRED INFLOWS OF RESOURCES		
Change in assumptions	152	49
Difference between expected and actual experience	7,714	4,200
Change in proportion	1,172	633
Total deferred outflows of resources	9,038	4,882
NET POSITION		
Net investment in capital assets	1,751,076	14,854
Restricted for program activities	-	206,042
Unrestricted	1,191,770	509,314
Total net position	2,942,846	730,210
Total liabilities, deferred inflows of resources and net position	$ 4,025,323	$ 1,212,613

See Independent Auditors' Report.

HUD Resident Opportunity Supportive Services	New Construction Housing	Local Housing Projects	Total
$ 10,358	$ -	$ -	$ 48,785
-	11,032	21,732	150,657
-	81	13,647	13,728
492	1,507	4,864	32,812
-	40,935	59,390	100,325
10,850	53,555	99,633	346,307
-	9,119	24,240	92,546
-	-	-	22,998
-	9,119	24,240	115,544
976	2,916	7,624	61,909
-	509,992	693,842	1,203,834
29,823	65,679	226,106	1,557,721
30,799	578,587	927,572	2,823,464
41,649	641,261	1,051,445	3,285,315
1	11	48	261
392	803	2,093	15,202
60	113	310	2,288
453	927	2,451	17,751
-	837,175	1,081,873	3,684,978
-	-	-	206,042
(11,672)	356,135	5,250,213	7,295,760
(11,672)	1,193,310	6,332,086	11,186,780
$ 30,430	$ 1,835,498	$ 7,385,982	$ 14,489,846

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position - Detail
For the Year Ended June 30, 2017

	HUD Public Housing	HUD Section 8 Housing Choice Vouchers
Operating revenues		
Rental revenue	$ 372,253	$ -
Other tenant revenue	25,802	57,732
Operating subsidies and grants	748,438	7,370,518
Total operating revenues	1,146,493	7,428,250
Operating expenses		
Housing assistance payments	-	6,585,431
Administration	832,636	634,432
Maintenance and operations	420,593	15,821
Utilities	143,119	64
Depreciation	138,951	1,486
Miscellaneous	9,189	1,919
Total operating expenses	1,544,488	7,239,153
Operating income (loss)	(397,995)	189,097
Non-operating revenues (expenses)		
Other revenues	2,898	-
Interest income	18	-
Interest expense	-	-
Developer fees	-	-
Management fees and other income	-	-
Gain (loss) on sale of assets held for sale	(9,999)	-
Total non-operating revenues (expenses)	(7,083)	-
Income before transfers and capital grants	(405,078)	189,097
Capital grants	492,808	-
Change in net position	87,730	189,097
Total net position - beginning of year	2,855,116	541,113
Total net position - end of year	$ 2,942,846	$ 730,210

See Independent Auditors' Report.

HUD Resident Opportunity Supportive Services	New Construction Housing	Local Housing Projects	Total
$ -	$ 76,776	$ 294,816	$ 743,845
-	1,315	13,834	98,683
28,774	143,413	-	8,291,143
28,774	221,504	308,650	9,133,671
-	-	-	6,585,431
33,145	70,252	221,617	1,792,082
-	40,121	77,909	554,444
-	25,017	27,274	195,474
-	26,748	67,505	234,690
-	-	18,498	29,606
33,145	162,138	412,803	9,391,727
(4,371)	59,366	(104,153)	(258,056)
-	-	-	2,898
-	3	64,960	64,981
-	(34,848)	(49,787)	(84,635)
-	-	18,021	18,021
-	-	34,642	34,642
-	-	70,974	60,975
-	(34,845)	138,810	96,882
(4,371)	24,521	34,657	(161,174)
-	-	-	492,808
(4,371)	24,521	34,657	331,634
(7,301)	1,168,789	6,297,429	10,855,146
$ (11,672)	$ 1,193,310	$ 6,332,086	$ 11,186,780

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Cash Flows - Detail
For the Year Ended June 30, 2017

	HUD Public Housing	HUD Section 8 Housing Choice Vouchers
Cash flows from operating activities:		
Cash received from tenant rents	$ 390,803	$ 57,481
Cash payments to employees for services	(677,095)	(689,800)
Cash payments to suppliers for goods and services	(639,231)	(6,972,932)
Subsidy grants and other receipts	748,438	7,370,518
Net cash provided (used) by operating activities	(177,085)	(234,733)
Cash flows from noncapital financing activities:		
Miscellaneous income (expense)	2,898	-
Transfers	-	-
Net cash provided (used) by noncapital financing activities	2,898	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(241,244)	(11,436)
Capital grants	460,430	-
Principal payments on long-term debt	-	-
Interest payments on long-term debt	-	-
Net cash provided (used) by capital and related financing activities	219,186	(11,436)
Cash flows from investing activities:		
Proceeds from the sale of assets held for sale	-	-
Interest received on investments	18	-
Net cash provided (used) by investing activities	18	-
Net increase (decrease) in cash and cash equivalents	45,017	(246,169)
Cash and cash equivalents - beginning of year	1,759,079	776,044
Cash and cash equivalents - end of year	$ 1,804,096	$ 529,875

See Independent Auditors' Report.

HUD Resident Opportunity Supportive Services	New Construction Housing	Local Housing Projects	Total
$ -	$ 78,446	$ 362,194	$ 888,924
(30,055)	(52,808)	(158,882)	(1,608,640)
(188)	(73,184)	(174,105)	(7,859,640)
22,018	143,413	-	8,284,387
(8,225)	95,867	29,207	(294,969)
-	-	95,768	98,666
-	-	-	-
-	-	95,768	98,666
-	-	(11,435)	(264,115)
-	-	-	460,430
-	(38,472)	(61,864)	(100,336)
-	(34,848)	(49,787)	(84,635)
-	(73,320)	(123,086)	11,344
-	-	151,374	151,374
-	3	64,960	64,981
-	3	216,334	216,355
(8,225)	22,550	218,223	31,396
(2,133)	387,885	2,101,789	5,022,664
$ (10,358)	$ 410,435	$ 2,320,012	$ 5,054,060

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Statement of Cash Flows - Detail
For the Year Ended June 30, 2017

	HUD Public Housing	HUD Section 8 Housing Choice Vouchers
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (397,995)	$ 189,097
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	138,951	1,486
Noncash pension expense	57,867	30,638
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(7,120)	-
Mortgages receivable	-	-
Prepaid expenses	(17,008)	(470,481)
Inventory	3,306	-
Accounts payable	68,556	23,764
Accrued payroll expenses	(24,371)	(8,916)
Prepaid tenant rent	-	-
Accrued compensated absences	4,656	1,939
Deferred outflows-subsequent contributions	(3,795)	(2,009)
Tenant deposits	(132)	(251)
Net cash provided (used) by operating activities	$ (177,085)	$ (234,733)

See Independent Auditors' Report.

HUD Resident Opportunity Supportive Services	New Construction Housing	Local Housing Projects	Total
$ (4,371)	$ 59,366	$ (104,153)	$ (258,056)
-	26,748	67,505	234,690
3,003	4,236	14,439	110,183
(6,756)	(441)	3,822	(10,495)
-	-	36,820	36,820
-	(2,526)	(4,477)	(494,492)
-	-	-	3,306
-	9,265	7,417	109,002
(595)	(1,280)	(2,809)	(37,971)
-	-	12,980	12,980
690	(19)	(1,312)	5,954
(196)	(278)	(947)	(7,225)
-	796	(78)	335
$ (8,225)	$ 95,867	$ 29,207	$ (294,969)

See Independent Auditors' Report.

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HUD PUBLIC HOUSING PROGRAMS

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Net Position - HUD Public Housing Programs
June 30, 2017

	Public Housing Operations	2014 Capital Fund Program
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,783,336	$ -
Restricted cash and cash equivalents	59,187	-
Accounts receivable, net	5,491	-
Accounts receivable - other	4,924	-
Grants receivable	-	4,678
Mortgage receivables, current	-	-
Due from other funds	-	-
Inventory	6,776	-
Prepaid expenses and other assets	81,517	-
Total current assets	1,941,231	4,678
Noncurrent assets		
Capital assets, net	1,751,076	-
Receivables from component units, net	-	-
Mortgage receivables, noncurrent, net	-	-
Other noncurrent assets	-	-
Total noncurrent assets	1,751,076	-
Total assets	3,692,307	4,678
DEFERRED OUTFLOWS OF RESOURCES		
Employer contributions subsequent to the measurement date	44,600	-
Changes in assumptions	47,974	-
Net difference between projected and actual investment earnings on pension plan investments	138,542	-
Difference between expected and actual experience	40,878	-
Changes in proportion	20,334	-
Total deferred outflows of resources	292,328	-
Total assets and deferred outflows of resources	$ 3,984,635	$ 4,678

See Independent Auditors' Report.

2015 Capital Fund Program	2016 Capital Fund Program	Total
$ -	$ -	$ 1,783,336
-	-	59,187
-	-	5,491
-	-	4,924
8,242	27,768	40,688
-	-	-
-	-	-
-	-	6,776
-	-	81,517
8,242	27,768	1,981,919
-	-	1,751,076
-	-	-
-	-	-
-	-	-
-	-	1,751,076
8,242	27,768	3,732,995
-	-	44,600
-	-	47,974
-	-	138,542
-	-	40,878
-	-	20,334
-	-	292,328
$ 8,242	$ 27,768	$ 4,025,323

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Net Position - HUD Public Housing Programs
June 30, 2017

	Public Housing Operations	2014 Capital Fund Program
LIABILITIES AND NET POSITION		
Current liabilities		
Book overdraft	$ -	$ 4,678
Accounts payable	77,406	-
Accrued payroll	19,498	-
Total current liabilities	96,904	4,678
Current liabilities (payable from restricted assets)		
Tenant deposits	59,187	-
Total current liabilities (payable from restricted assets)	59,187	-
Non-current liabilities		
Compensated absences	40,001	-
Net pension liability	836,659	-
Total non-current liabilities	876,660	-
Total liabilities	1,032,751	4,678
DEFERRED INFLOWS OF RESOURCES		
Change in assumptions	152	-
Difference between expected and actual experience	7,714	-
Change in proportion	1,172	-
Total deferred outflows of resources	9,038	-
NET POSITION		
Net investment in capital assets	1,751,076	-
Unrestricted	1,191,770	-
Total net position	2,942,846	-
Total liabilities, deferred inflows and net position	$ 3,984,635	$ 4,678

See Independent Auditors' Report.

2015 Capital Fund Program	2016 Capital Fund Program	Total
$ 8,242	$ 25,507	$ 38,427
-	2,261	79,667
-	-	19,498
8,242	27,768	137,592
-	-	59,187
-	-	59,187
-	-	40,001
-	-	836,659
-	-	876,660
8,242	27,768	1,073,439
-	-	152
-	-	7,714
-	-	1,172
-	-	9,038
-	-	1,751,076
-	-	1,191,770
-	-	2,942,846
$ 8,242	$ 27,768	$ 4,025,323

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position - HUD Public Housing Programs
For the Year Ended June 30, 2017

	Public Housing Operations	2014 Capital Fund Program
Operating revenues		
Rental revenue	$ 372,253	$ -
Other tenant revenue	25,802	-
Operating subsidies and grants	748,438	-
Total operating revenues	1,146,493	-
Operating expenses		
Administration	741,077	-
Maintenance and operations	316,863	28,263
Utilities	143,119	-
Depreciation	138,951	-
Miscellaneous	9,189	-
Total operating expenses	1,349,199	28,263
Operating income (loss)	(202,706)	(28,263)
Non-operating revenues (expenses)		
Interest income	18	-
Other income	2,898	-
Gain (loss) on sale of assets held for sale	(9,999)	-
Total non-operating revenues	(7,083)	-
Income before transfers and capital grants	(209,789)	(28,263)
Capital grants	-	28,216
Transfers in	297,519	47
Transfers out	-	-
Change in net position	87,730	-
Total net position - beginning of year	2,855,116	-
Total net position - end of year	$ 2,942,846	$ -

See Independent Auditors' Report.

2015 Capital Fund Program	2016 Capital Fund Program	Total
$ -	$ -	$ 372,253
-	-	25,802
-	-	748,438
-	-	1,146,493
5,001	86,558	832,636
19,047	56,420	420,593
-	-	143,119
-	-	138,951
-	-	9,189
24,048	142,978	1,544,488
(24,048)	(142,978)	(397,995)
-	-	18
-	-	2,898
-	-	(9,999)
-	-	(7,083)
(24,048)	(142,978)	(405,078)
255,098	209,494	492,808
-	-	297,566
(231,050)	(66,516)	(297,566)
-	-	87,730
-	-	2,855,116
$ -	$ -	$ 2,942,846

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Cash Flows - HUD Public Housing Programs
For the Year Ended June 30, 2017

	Public Housing Operations	2014 Capital Fund Program
Cash flows from operating activities:		
Cash received from tenant rents	$ 390,803	$ -
Cash payments to employees for services	(675,602)	-
Cash payments to suppliers for goods and services	(446,203)	(28,263)
Subsidy grants	748,438	-
Net cash provided (used) by operating activities	17,436	(28,263)
Cash flows from noncapital financing activities:		
Other income	2,898	-
Transfers in (out)	297,519	47
Net cash provided (used) by noncapital financing activities	300,417	47
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(241,244)	-
Capital grants	-	26,955
Net cash provided (used) by capital and related financing activities	(241,244)	26,955
Cash flows from investing activities:		
Interest received on investments	18	-
Net cash provided (used) by investing activities	18	-
Net increase (decrease) in cash and cash equivalents	76,627	(1,261)
Cash and cash equivalents - beginning of year	1,765,896	(3,417)
Cash and cash equivalents - end of year	$ 1,842,523	$ (4,678)

See Independent Auditors' Report.

2015 Capital Fund Program	2016 Capital Fund Program	Total
$ -	$ -	$ 390,803
(1,493)	-	(677,095)
(24,048)	(140,717)	(639,231)
-	-	748,438
(25,541)	(140,717)	(177,085)
-	-	2,898
(231,050)	(66,516)	-
(231,050)	(66,516)	2,898
-	-	(241,244)
251,749	181,726	460,430
251,749	181,726	219,186
-	-	18
-	-	18
(4,842)	(25,507)	45,017
(3,400)	-	1,759,079
$ (8,242)	$ (25,507)	$ 1,804,096

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Cash Flows - HUD Public Housing Programs
For the Year Ended June 30, 2017

	Public Housing Operations	2014 Capital Fund Program
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (202,706)	$ (28,263)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	138,951	-
Noncash pension expense	57,867	-
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable	(7,120)	-
Prepaid expenses	(17,008)	-
Inventory	3,306	-
Accounts payable	66,295	-
Accrued payroll expenses	(23,264)	-
Accrued compensated absences	5,042	-
Deferred outflows	(3,795)	-
Tenant deposits	(132)	-
Net cash provided (used) by operating activities	$ 17,436	$ (28,263)

See Independent Auditors' Report.

2015 Capital Fund Program	2016 Capital Fund Program	Total
$ (24,048)	$ (142,978)	$ (397,995)
-	-	138,951
-	-	57,867
-	-	(7,120)
-	-	(17,008)
-	-	3,306
-	2,261	68,556
(1,107)	-	(24,371)
(386)	-	4,656
-	-	(3,795)
-	-	(132)
$ (25,541)	$ (140,717)	$ (177,085)

See Independent Auditors' Report.

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NEW CONSTRUCTION HOUSING

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Net Position - New Construction Housing Programs
June 30, 2017

		New Construction Housing
ASSETS		
Current assets		
Cash and cash equivalents	$	401,316
Restricted cash and cash equivalents		9,119
Accounts receivable, net		441
Prepaid expenses		11,767
Total current assets		422,643
Noncurrent Assets		
Capital assets, net		1,388,102
Total noncurrent assets		1,388,102
Total assets		1,810,745
DEFERRED OUTFLOWS OF RESOURCES		
Employer contributions subsequent to the measurement date		4,174
Changes in assumptions		3,511
Net difference between projected and actual investment earnings on pension plan		12,588
Difference between expected and actual experience		2,992
Changes in proportion		1,488
Total deferred outflows of resources		24,753
Total assets and deferred outflows of resources	$	1,835,498

See Independent Auditors' Report.

		New Construction Housing
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	$	11,032
Prepaid tenant rent		81
Accrued payroll		1,507
Notes payable, current portion		40,935
Total current liabilities		53,555
Current liabilities (payable from restricted assets)		
Tenant deposits		9,119
Total current liabilities (payable from restricted assets)		9,119
Non-current liabilities		
Compensated absences		2,916
Notes payable, net of current portion		509,992
Net pension liability		65,679
Total non-current liabilities		578,587
Total liabilities		641,261
DEFERRED INFLOWS OF RESOURCES		
Change in assumptions		11
Difference between expected and actual experience		803
Change in proportion		113
Total deferred outflows of resources		927
NET POSITION		
Net investment in capital assets		837,175
Unrestricted		356,135
Total net position		1,193,310
Total liabilities, deferred inflows and net position	$	1,835,498

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position - New Construction Housing Programs
For the Year Ended June 30, 2017

		New Construction Housing
Operating revenues		
Rental revenue	$	76,776
Other tenant revenue		1,315
Operating subsidies and grants		143,413
Total operating revenues		221,504
Operating expenses		
Administration		70,252
Maintenance and operations		40,121
Utilities		25,017
Depreciation		26,748
Total operating expenses		162,138
Operating income (loss)		59,366
Non-operating revenues (expenses)		
Interest expense		(34,848)
Total non-operating revenues		(34,845)
Change in net position		24,521
Total net position - beginning of year		1,168,789
Total net position - end of year	$	1,193,310

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Cash Flows - New Construction Housing Programs
For the Year Ended June 30, 2017

		New Construction Housing
Cash flows from operating activities:		
Cash received from tenant rents	$	78,446
Cash payments to employees for services		(52,808)
Cash payments to suppliers for goods and services		(73,184)
Subsidy grants		143,413
Net cash provided by operating activities		95,867
Cash flows from capital and related financing activities:		
Principal payments on long-term debt		(38,472)
Interest payments on long-term debt		(34,848)
Net cash (used) by capital and related financing activities		(73,320)
Cash flows from investing activities:		
Interest earned		3
Net cash provided by investing activities		3
Net increase in cash and cash equivalents		22,550
Cash and cash equivalents - beginning of year		387,885
Cash and cash equivalents - end of year	$	410,435
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income	$	59,366
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation		26,748
Noncash pension expense		4,236
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Accounts receivable		(441)
Prepaid expenses		(2,526)
Accounts payable		9,265
Accrued payroll expenses		(1,280)
Accrued compensated absences		(19)
Deferred outflows-subsequent contributions		(278)
Tenant deposits		796
Net cash provided by operating activities	$	95,867

See Independent Auditors' Report.

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LOCAL HOUSING PROJECTS

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Net Position - Local Housing Projects
June 30, 2017

	Conventional Home Choice II	Developer Fees	Total
ASSETS			
Current assets			
Cash and cash equivalents	$ 1,747,336	$ 548,436	$ 2,295,772
Restricted cash and cash equivalents	14,240	10,000	24,240
Accounts receivable - tenants, net	4,867	-	4,867
Prepaid expenses	24,324	-	24,324
Total current assets	1,790,767	558,436	2,349,203
Noncurrent Assets			
Capital assets, net	1,835,105	-	1,835,105
Receivables from component units, net	1,091,576	508,078	1,599,654
Mortgage receivables, noncurrent, net	1,199,464	-	1,199,464
Other noncurrent assets	20,100	314,724	334,824
Total noncurrent assets	4,146,245	822,802	4,969,047
Total assets	5,937,012	1,381,238	7,318,250
DEFERRED OUTFLOWS OF RESOURCES			
Employer contributions subsequent to the measurement date	7,979	3,792	11,771
Changes in assumptions	9,362	2,609	11,971
Net difference between projected and actual investment earnings on pension plan investments	26,314	4,425	30,739
Difference between expected and actual experience	7,977	2,223	10,200
Changes in proportion	3,968	1,106	5,074
Total deferred outflows of resources	55,600	14,155	69,755
Total assets and deferred outflows of resources	$ 5,992,612	$ 1,395,393	$ 7,388,005

See Independent Auditors' Report.

	Conventional Home Choice II	Developer Fees	Total
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable	$ 21,555	$ 177	$ 21,732
Prepaid tenant rent	13,647	-	13,647
Accrued payroll	3,925	939	4,864
Notes payable, current portion	59,390	-	59,390
Total current liabilities	98,517	1,116	99,633
Current liabilities (payable from restricted assets)			
Tenant deposits	14,240	10,000	24,240
FSS deposits	-	-	-
Total current liabilities (payable from restricted assets)	14,240	10,000	24,240
Non-current liabilities			
Compensated absences	6,306	1,318	7,624
Notes payable, net of current portion	693,842	-	693,842
Net pension liability	156,589	69,517	226,106
Total non-current liabilities	856,737	70,835	927,572
Total liabilities	969,494	81,951	1,051,445
DEFERRED INFLOWS OF RESOURCES			
Change in assumptions	28	20	48
Difference between expected and actual experience	1,315	778	2,093
Change in proportion	206	104	310
Total deferred inflows of resources	1,549	902	2,451
NET POSITION			
Net investment in capital assets	1,081,873	-	1,081,873
Restricted	-	-	-
Unrestricted	3,939,696	1,312,540	5,252,236
Total net position	5,021,569	1,312,540	6,334,109
Total liabilities, deferred inflows and net position	$ 5,992,612	$ 1,395,393	$ 7,388,005

See Independent Auditors' Report.

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MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position - Local Housing Projects

For the Year Ended June 30, 2017

	Conventional Home Choice II	Developer Fees	Total
Operating revenues			
Rental revenue	$ 294,816	$ -	$ 294,816
Other tenant revenue	13,834	-	13,834
Operating subsidies and grants	-	-	-
Total operating revenues	308,650	-	308,650
Operating expenses			
Administration	159,136	62,481	221,617
Maintenance and operations	77,249	660	77,909
Utilities	27,269	5	27,274
Depreciation	67,505	-	67,505
Miscellaneous	18,498	-	18,498
Total operating expenses	349,657	63,146	412,803
Operating income (loss)	(41,007)	(63,146)	(104,153)
Non-operating revenues (expenses)			
Interest income	64,328	632	64,960
Interest expense	(49,787)	-	(49,787)
Developer fees	-	18,021	18,021
Management fees and other income	52	36,613	36,665
Gain on sale of assets held for sale	70,974	-	70,974
Total non-operating revenues	85,567	55,266	140,833
Income before transfers and capital grants	44,560	(7,880)	36,680
Transfers in	11,435	-	11,435
Change in net position	55,995	(19,315)	36,680
Total net position - beginning of year	4,965,574	1,331,855	6,297,429
Total net position - end of year	$ 5,021,569	$ 1,312,540	$ 6,334,109

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Combining Statement of Cash Flows - Local Housing Projects
For the Year Ended June 30, 2017

	Conventional Home Choice II	Developer Fees	Total
Cash flows from operating activities:			
Cash received from tenant rents	$ 362,194	$ -	$ 362,194
Cash payments to employees for services	(124,913)	(33,969)	(158,882)
Cash payments to suppliers for goods and services	(144,256)	(29,849)	(174,105)
Subsidy grants and other receipts	-	-	-
Net cash provided (used) by operating activities	93,025	(63,818)	29,207
Cash flows from noncapital financing activities:			
Cash paid to component units	(11,366)	107,134	95,768
Transfers in (out)	11,435	(11,435)	-
Net cash provided (used) by noncapital financing activities	69	95,699	95,768
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(11,435)	-	(11,435)
Principal payments on long-term debt	(61,864)	-	(61,864)
Interest payments on long-term debt	(49,787)	-	(49,787)
Net cash provided (used) by capital and related financing activities	(123,086)	-	(123,086)
Cash flows from investing activities:			
Proceeds from sale of assets held for sale	151,374	-	151,374
Interest received on investments	64,328	632	64,960
Net cash provided (used) from investing activities	215,702	632	216,334
Net increase (decrease) in cash and cash equivalents	185,710	32,513	218,223
Cash and cash equivalents - beginning of year	1,575,866	525,923	2,101,789
Cash and cash equivalents - end of year	$ 1,761,576	$ 558,436	$ 2,320,012

See Independent Auditors' Report.

	Conventional Home Choice II	Developer Fees	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ (41,007)	$ (63,146)	$ (104,153)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	67,505	-	67,505
Noncash pension expense	11,293	3,146	14,439
Changes in assets, deferred outflows, liabilities, and deferred inflows			
Accounts receivable	3,822	-	3,822
Mortgages receivable	36,820	-	36,820
Prepaid expenses	(4,477)	-	(4,477)
Accounts payable	8,479	(1,062)	7,417
Accrued payroll expenses	(1,578)	(1,231)	(2,809)
Prepaid tenant rent	12,980	-	12,980
Accrued compensated absences	7	(1,319)	(1,312)
Deferred outflows	(741)	(206)	(947)
Tenant deposits	(78)	-	(78)
Net cash provided (used) by operating activities	$ 93,025	$ (63,818)	$ 29,207

See Independent Auditors' Report.

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SUPPORTING SCHEDULES

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2017

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP No.	Market Value June 30, 2017
Wells Fargo Bank	FMAC FGPC 3.50%	3/1/2042	3132GRZM6	$ 4,302,616
Wells Fargo Bank	FMAC FGPC 3.00%	4/1/2043	3132J8P20	1,176,449
			Total	$ 5,479,065

Note:
Pledged collateral is held in safekeeping by Bank of New York Mellon, NY, NY

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Schedule IV

Schedule of Deposits and Investments
June 30, 2017

Financial Institution/Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank				
Operating Account - Demand	$ 4,530,366	$ 6,255	$ 32,540	$ 4,504,081
Rent Account - Demand	472,559	-	-	472,559
Family Self-Sufficiency Account - Demand	26,118	-	-	26,118
Total Wells Fargo Bank	5,029,043	6,255	32,540	5,002,758
Citizens Bank of Las Cruces				
Certificate of Deposit	50,552	-	-	50,552
Total Citizens Bank of Las Cruces	50,552	-	-	50,552
Total deposits and investments	$ 5,079,595	$ 6,255	$ 32,540	$ 5,053,310
Petty cash				750
Total cash and cash equivalents				$ 5,054,060

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
111	Cash - Unrestricted	$ 1,744,909	$ 300,835
113	Cash - Other Restricted	-	206,042
114	Cash - Tenant Security Deposits	59,187	-
115	Cash - Restricted for Payment of Current Liabilities	-	22,998
100	*Total Cash*	1,804,096	529,875
122	Accounts Receivable - HUD Other Projects	40,688	-
125	Accounts Receivable - Miscellaneous	-	-
125	Accounts Receivable - Other	4,924	-
126	Accounts Receivable - Tenants - Dwelling Rents	5,491	-
126.2	Allowance for Doubtful Accounts - Other	-	-
129	Accrued Interest Receivable	-	-
120	*Total Receivables, Net of Allowance for Doubtful Accounts*	51,103	-
142	Prepaid Expenses and Other Assets	81,517	493,607
143	Inventories	7,697	-
143.1	Allowance for Obsolete Inventories	(921)	-
145	Assets Held for Sale	-	-
150	*Total Current Assets*	1,943,492	1,023,482
161	Land	503,885	-
162	Buildings	5,521,826	4,108
164	Furniture, Equipment & Machinery - Administration	508,510	15,175
165	Leasehold Improvements	2,460,905	433
166	Accumulated Depreciation	(7,244,050)	(4,862)
160	*Total Capital Assets, Net of Accumulated Depreciation*	1,751,076	14,854
171	*Notes, Loans and Mortgages Receivable - Non-Current*	-	-
174	*Other Assets*	-	-
180	*Total Non-Current Assets*	1,751,076	14,854
190	*Total Assets*	3,694,568	1,038,336
200	Deferred Outflows	153,786	174,277
290	*Total Assets and Deferred Outflows*	$ 3,848,354	$ 1,212,613

See Independent Auditors' Report.

N/C S/R Section 8 Programs	Business Activities	FSS - ROSS	Total	Component Units (December 31, 2016)
$ 401,316	$ 2,295,772	$ -	$ 4,742,832	$ 792,794
-	-	-	206,042	3,314,610
9,119	14,240	-	82,546	-
-	10,000	-	32,998	-
410,435	2,320,012	-	5,064,418	4,107,404
-	-	10,159	50,847	-
-	2,454,850	-	2,454,850	16,027
-	307,906	-	312,830	-
441	4,867	-	10,799	80,575
-	(1,335,661)	-	(1,335,661)	-
-	375,598	-	375,598	-
441	1,807,560	10,159	1,869,263	96,602
11,767	24,324	-	611,215	127,242
-	-	-	7,697	-
-	-	-	(921)	-
-	20,100	-	20,100	-
422,643	4,171,996	10,159	7,571,772	4,331,248
872,000	11,520	-	1,387,405	44,245,662
1,055,334	2,485,763	-	9,067,031	-
-	11,435	-	535,120	-
7,556	54,850	-	2,523,744	-
(546,788)	(728,463)	-	(8,524,163)	-
1,388,102	1,835,105	-	4,989,137	44,245,662
-	1,311,149	-	1,311,149	-
-	-	-	-	113,921
1,388,102	3,146,254	-	6,300,286	44,359,583
1,810,745	7,318,250	10,159	13,872,058	48,690,831
24,753	39,016	20,058	411,890	-
$ 1,835,498	$ 7,357,266	$ 30,217	$ 14,283,948	$ 48,690,831

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Financial Data Schedule
June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
311	Bank Overdraft	$ -	$ -
312	Accounts Payable <= 90 Days	79,226	38,226
321	Accrued Wage/Payroll Taxes Payable	19,939	6,451
325	Accrued Interest Payable	-	-
341	Tenant Security Deposits	59,187	-
342	Unearned Revenues	-	-
343	Current Portion of Long-term Debt - Capital Projects	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-
345	Other Current Liabilities	-	22,998
310	*Total Current Liabilities*	158,352	67,675
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-
353	Non-current Liabilities - Other	-	-
354	Accrued Compensated Absences - Non-Current	40,001	10,392
357	Accrued Pension	836,659	399,454
350	*Total Non-Current Liabilities*	876,660	409,846
300	*Total Liabilities*	1,035,012	477,521
400	Deferred Inflows	(129,504)	4,882
508.4	Net Investment in Capital Assets	1,751,076	14,854
511.4	Restricted Net Position	-	206,042
512.4	Unrestricted Net Position	1,191,770	509,314
513	*Total Equity/Net Position*	2,942,846	730,210
600	*Total Liabilities, Deferred Inflows and Equity/Net Position*	$ 3,848,354	$ 1,212,613

N/C S/R Section 8 Programs	Business Activities	FSS - ROSS	Total	Component Units (December 31, 2016)
$ -	$ -	$ 10,358	$ 10,358	$ -
11,032	21,732	-	150,216	888,189
1,507	4,864	492	33,253	-
-	-	-	-	705,060
9,119	14,240	-	82,546	249,343
81	13,647	-	13,728	37,710
40,935	59,390	-	100,325	215,342
-	-	-	-	
-	10,000	-	32,998	-
62,674	123,873	10,850	423,424	2,095,644
509,992	693,842	-	1,203,834	17,086,855
-	-	-	-	1,691,076
2,916	7,624	976	61,909	-
65,679	226,106	29,823	1,557,721	-
578,587	927,572	30,799	2,823,464	18,777,931
641,261	1,051,445	41,649	3,246,888	20,873,575
927	(28,288)	240	(151,743)	-
837,175	1,081,873	-	3,684,978	26,943,465
-	-	-	206,042	3,065,267
356,135	5,252,236	(11,672)	7,297,783	(2,191,476)
1,193,310	6,334,109	(11,672)	11,188,803	27,817,256
$ 1,835,498	$ 7,357,266	$ 30,217	$ 14,283,948	$ 48,690,831

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Financial Data Schedule
For the Year Ended June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
70300	Net Tenant Rental Revenue	$ 372,253	$ -
70400	Tenant Revenue - Other	25,802	-
70500	*Total Tenant Revenue*	398,055	-
70600	HUD PHA Operating Grants	738,217	7,370,518
70610	Capital Grants	-	-
71100	Investment Income - Unrestricted	18	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-
71400	Fraud Recovery	-	12,552
71500	Other Revenue	13,119	45,180
71600	Gain or Loss on Sale of Capital Assets	(9,999)	-
70000	*Total Revenue*	1,139,410	7,428,250
91100	Administrative Salaries	336,217	251,082
91200	Auditing Fees	8,990	47,742
91300	Outside Management Fees	-	-
91400	Advertising and Marketing	-	-
91500	Employee Benefit Contributions - Administrative	161,799	97,898
91600	Office Expenses	27,164	55,595
91700	Legal Expense	9,251	2,046
91800	Travel	4,820	7,859
91900	Other Operating - Administrative	28,835	154,164
91000	*Total Operating - Administrative*	577,076	616,386
92200	Relocation Costs	-	-
92400	Tenant Services- Other	700	-
92500	*Total Tenant Services*	700	-
93100	Water	65,154	-
93200	Electricity	13,636	64
93300	Gas	2,614	-
93600	Sewer	54,178	-
93800	Other Utilities	7,537	-
93000	*Total Utilities*	143,119	64

See Independent Auditors' Report.

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	ROSS	Total	Component Units (December 31, 2016)
$ -	$ 76,776	$ 294,816	$ -	$ 743,845	$ 3,563,480
-	1,315	13,834	-	40,951	105,420
-	78,091	308,650	-	784,796	3,668,900
251,564	143,413	-	28,774	8,532,486	153,528
241,244	-	-	-	241,244	-
-	3	64,960	-	64,981	1,401
-	-	70,974	-	70,974	-
-	-	-	-	12,552	-
-	-	54,686	-	112,985	1,501
-	-	-	-	(9,999)	-
492,808	221,507	499,270	28,774	9,810,019	3,825,330
30,772	23,652	92,064	23,457	757,244	268,630
5,000	1,025	3,595	181	66,533	63,658
-	-	-	-	-	194,654
-	-	-	690	690	10,481
-	12,304	42,979	8,810	323,790	104,319
-	5,621	9,934	-	98,314	26,552
-	29	8,108	-	19,434	8,211
-	421	1,191	-	14,291	1,684
-	5,224	30,347	-	218,570	78,254
35,772	48,276	188,218	33,138	1,498,866	756,443
642	-	-	-	642	-
-	-	-	-	700	-
642	-	-	-	1,342	-
-	12,102	3,899	-	81,155	79,178
-	2,061	12,194	-	27,955	80,758
-	278	2,604	-	5,496	6,505
-	10,348	3,348	-	67,874	66,950
-	-	-	-	7,537	50,347
-	24,789	22,045	-	190,017	283,738

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Financial Data Schedule
For the Year Ended June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
94100	Ordinary Maintenance & Operation - Labor	$ 140,689	$ -
94200	Ordinary Maintenance & Operation - Materials & Other	81,318	-
94300	Ordinary Maintenance & Operation Contracts	85,191	-
94500	Employee Benefit Contributions - Ordinary Maintenance	67,705	-
94000	*Total Maintenance*	374,903	-
95200	Protective Services- Other Contract Costs	988	-
	Total Protective Services	988	-
96110	Property Insurance	35,414	11,845
96120	Liability Insurance	42,632	15,551
96130	Workmen's Compensation	14,854	5,836
96140	All Other Insurance	3,585	616
96100	*Total Insurance Premiums*	96,485	33,848
96200	Other General Expenses	-	-
96210	Compensated Absences	5,042	1,938
96300	Payment In Lieu of Taxes	-	-
96400	Bad Debt - Tenant Rents	9,189	-
96600	Bad Debt - Other	-	-
96000	*Total Other General*	14,231	1,938
96710	Interest of Mortgage (or Bonds) Payable	-	-
96900	*Total Operating Expenses*	1,207,502	652,236
97000	*Excess Operating Revenue Over Operating Expenses*	(68,092)	6,776,014
97100	Extraordinary Maintenance	2,746	-
97200	Casualty Loss	-	-
97300	Housing Assistance Payments	-	6,585,431
97350	HAP - Portability In	-	-
97400	Depreciation Expense	138,951	1,486
97500	Fraud Losses	-	-
90000	*Total Expenses*	$ 1,349,199	$ 7,239,153
10010	Operating Transfers In	$ 56,275	$ -
10020	Operating Transfers Out	-	-
10100	*Total Other Financing Sources (Uses)*	56,275	-

See Independent Auditors' Report.

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	ROSS	Total	Component Units (December 31, 2016)
$ -	$ 11,467	$ 23,658	$ -	$ 175,814	$ 319,970
-	9,811	20,175	-	111,304	273,350
158,631	16,657	37,180	-	297,659	329,602
-	5,965	11,044	-	84,714	-
158,631	43,900	92,057	-	669,491	922,922
-	132	296	-	1,416	12,144
-	132	296	-	1,416	12,144
-	9,556	12,736	-	69,551	263,016
-	4,568	12,181	7	74,939	-
-	1,591	4,245	-	26,526	21,751
-	610	1,092	-	5,903	88,713
-	16,325	30,254	7	176,919	373,480
-	1,987	9,551	-	11,538	261,903
244	(19)	(1,312)	-	5,893	-
-	-	-	-	-	-
-	-	13,740	-	22,929	54,472
-	-	-	-	-	-
244	1,968	21,979	-	40,360	316,375
-	34,848	49,787	-	84,635	848,066
195,289	170,238	404,636	33,145	2,663,046	3,513,168
297,519	51,269	94,634	(4,371)	7,146,973	312,162
-	-	-	-	2,746	-
-	-	-	-	-	-
-	-	-	-	6,585,431	-
-	-	-	-	-	-
-	26,748	67,505	-	234,690	1,700,827
-	-	-	-	-	-
$ 195,289	$ 196,986	$ 472,141	$ 33,145	$ 9,485,913	$ 5,213,995
$ -	$ -	$ -	$ -	$ 56,275	$ -
(56,275)	-	(1,884)	-	(58,159)	-
(56,275)	-	(1,884)	-	(1,884)	-

See Independent Auditors' Report.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Financial Data Schedule
For the Year Ended June 30, 2017

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	$ (153,514)	$ 189,097
11030	Beginning Equity	2,855,116	541,113
11040-010	Prior Period Adjustments and Correction of Errors	-	-
11040-070	Equity Transfers	241,244	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	241,244	-
	Ending Equity (deficit)	$ 2,942,846	$ 730,210
11170	Administrative Fee Equity	$ -	$ 524,168
11180	Housing Assistance Payments Equity	$ -	$ 206,042
11190	Unit Months Available	3,000	19,524
11210	Number of Unit Months Leased	2,929	15,445
11270	Excess Cash	$ -	$ -
11610	Land Purchases	$ -	$ -
11620	Building Purchases	$ -	$ -
11640	Furniture and Equipment - Administrative Purchases	$ -	$ -

See Independent Auditors' Report.

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	ROSS	Total	Component Units (December 31, 2016)
$ 241,244	$ 24,521	$ 25,245	$ (4,371)	$ 322,222	$ (1,388,665)
-	1,168,789	6,297,429	(7,301)	10,855,146	29,260,921
-	-	11,435	-	11,435	-
(241,244)	-	-	-	-	(55,000)
(241,244)	-	11,435	-	11,435	(55,000)
$ -	$ 1,193,310	$ 6,334,109	$ (11,672)	$ 11,188,803	$ 27,817,256
$ -	$ -	$ -	$ -	$ 524,168	$ -
$ -	$ -	$ -	$ -	$ 211,798	$ -
-	480	732	-	23,736	7,200
	471	642		19,487	6,914
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ 218,373	$ -	$ -	$ -	$ 218,373	$ -
$ 22,871	$ -	$ -	$ -	$ 22,871	$ -

See Independent Auditors' Report.

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COMPLIANCE SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Board of Commissioners of
Mesilla Valley Public Housing Authority
and
The Office of Management and Budget

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Mesilla Valley Public Housing Authority (the "Housing Authority") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated September 19, 2017. Our report includes a reference to other auditors who audited the financial statements of the component units as described in our report on the Housing Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2017-001.

Housing Authority's Responses to Finding

The Housing Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
September 19, 2017

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FEDERAL FINANCIAL ASSISTANCE

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

Timothy Keller
New Mexico State Auditor
The Board of Commissioners of
Mesilla Valley Public Housing Authority
and
The Office of Management and Budget

Report on Compliance for Each Major Federal Program

We have audited Mesilla Valley Public Housing Authority's (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2017. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
September 19, 2017

MESILLA VALLEY PUBLIC HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor Program Title	Grant or State Number	Federal CFDA Number	Federal Expenditures		Funds Provided to Subrecipients	Noncash Assistance
U.S. Department of Housing and Urban Development						
Direct Programs:						
Section 8 New Construction and Substantial Rehabilitation (1)	NM02-0002-004	14.182	$ 143,413		$ -	$ -
Public Housing Family Self-Sufficiency under Resident Opportunity Self Sufficiency	FY 2015	14.877	13,896		-	-
Public Housing Family Self-Sufficiency under Resident Opportunity Self Sufficiency	FY 2016	14.877	19,249		-	-
			33,145		-	-
Family Self Sufficiency Fund	NM003FSH457A014	14.896	19,189		-	-
Public and Indian Housing	NM003000001	14.850	748,438		-	-
Section 8 Housing Choice Vouchers (2)	NM003V0	14.871	7,370,518	*	-	-
Public Housing Capital Fund	NM02P003501-14	14.872	28,216	*	-	-
	NM02P003501-15	14.872	255,098	*	-	-
	NM02P003501-16	14.872	209,494	*	-	-
			492,808		-	-
Total U.S. Department of Housing and Urban Development			8,807,511		-	-
Total Expenditures of Federal Awards			$ 8,807,511		$ -	$ -

* Major Program
(1) Section 8 Project-Based Cluster
(2) Housing Voucher Cluster

See Independent Auditors' Report.
See accompanying notes to schedule of expenditures of federal awards.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Mesilla Valley Public Housing Authority (the Authority) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Loans

The Authority did not have any loan or loan guarantee programs outstanding as of June 30, 2017.

10% de minimis Indirect Cost Rate

The Authority did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The Authority has no federally funded insurance.

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A. Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the basic financial statements noted?	None noted

Federal Awards:

1. Internal control over major programs:	
a. Material weaknesses identified?	None noted
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
2. Type of auditors' report issued on compliance for major programs	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	None noted
4. Identification of major programs:	

CFDA Number	Federal Program
14.871	Section 8 Housing Choice Vouchers
14.872	Public Housing Capital Fund

5. Dollar threshold used to distinguish between type A and type B programs:	$750,000
6. Auditee qualified as low-risk auditee?	No

B. Findings – Financial Statement Audit

None noted

C. Findings – Federal Awards Findings

None noted

D. Findings – Section 12-6-5 NMSA 1978

NM 2017-001 – Travel and Per Diem Policy Noncompliance – Other Noncompliance

Condition: The Authority's travel policy does not require the submission of receipts upon return from travel when lodging for travel is paid by the Authority.

Criteria: The Travel and Per Diem Act (2.42.2 NMAC) Section 8, Subsection A states that "Where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC." Per 2.42.2.9 Subsection B (2) "The public officer or employee must submit receipts for the actual meal and lodging expenses incurred."

Effect: The Authority is out of compliance with the Travel and Per Diem Act of the State of New Mexico. The Authority could be over-reimbursing employees for meal expenses.

Cause: The Authority's policy as currently written gives employees a flat amount for meals for each day traveled and does not require submission of receipts upon return from travel. The flat amounts given by the policy are within the statutory limits of the Travel and Per Diem Act.

Auditors' Recommendations: We recommend that the Authority amend their travel policy in order to reimburse only for actual meal expenses incurred upon return from travel on Authority business in compliance with the Travel and Per Diem Act.

Authority Response: The Mesilla Valley Public Housing Authority will make the recommended changes to the travel policy in accordance with the following: "*Where lodging and/or meals are provide or paid for the agency, the government body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.*"

E. Prior Year Audit Findings

FA 2016-001 – Lack of Internal Controls over Income Verification in Tenant Files – Section 8 – Significant Deficiency – Resolved

NM 2016-001 – Bank Account Reconciliation Variances Unresolved – Finding that does not rise to the level of a Significant Deficiency – Resolved

NM 2016-002 – Lack of Proper Documentation in Tenant Files – Section 8 – Other Noncompliance – Resolved

NM 2016-003 Stale Dated Checks – Finding that does not rise to the level of a Significant Deficiency – Resolved

AUDITOR PREPARED FINANCIAL STATEMENTS

RPC CPAs + Consultants, LLP prepared the GAAP-basis financial statements and footnotes of Mesilla Valley Public Housing Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.

EXIT CONFERENCE

The contents of this report were discussed on September 19, 2017. The following individuals were in attendance and the meeting was held in closed session.

Mesilla Valley Public Housing Authority

Shelly Sanders, Chairman
Elizabeth Bardwell, Vice Chairman
Felix Cordero, Commissioner
Marcos Montes, Commissioner
Juan Olvera, Executive Director
Lorena Rivera, Operations Manager/Deputy Director
Laura Ramos, Accountant
Lee Montague, Modernization/Maintenance Manager
Martha Toltecatl, Office Manager
Jaclyn Leyva, HCV Manager

RPC CPAs + Consultants, LLP

Danny Martinez, CPA, CGFM, Partner
Benjamin A. Martinez, CPA, Supervisor