

MFA Housing New Mexico MFA July Board of Directors Meeting July 17, 2024 9:30 am-12:30 pm Mountain Time

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- > Approval of Agenda Board Action
- > Approval of 6/20/24 Board Meeting Minutes Board Action
- Executive Director Updates

Board Action Items (Action Required)

Consent

1 SFY2025 Recurring Severance Tax Bond Funding Resolution, Notification and Certification (Stephanie Gonzales & Robyn Powell) YES

Finance Committee

- 2 FY 2024 Budget Amendment #2 (Joseph McIntyre) YES
- 3 Bond Resolution Rescinded and Restated- Peachtree Canyon (Christi Wheelock) YES

Contracted Services/Credit Committee

- 4 2024 Recovery Housing Program Award Recommendations (Jackie Homet) YES
- 5 2023 Regional Housing Authority Annual Report (John Garcia) YES

Other

- 6 Semiannual Single-Family Program Update (Rene Acuna) (YES)
 - Other Board Items Information Only
- 7 (Staff is available for questions)
 - · Staff Action Requiring Notice to Board

Monthly Reports No Action Required

8 (Staff is available for questions)

- 5/31/24 Financial Statement
- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

Announcements and Adjournment Discussion Only

Confirmation of Upcoming Board Meetings

➤ August 13, 2024 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.

> August 21, 2024 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting/Board Retreat)

> August 22, 2024- Thursday, 9:00 a.m. (MFA Board of Directors Retreat)

➤ September 10, 2024 - Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.

➢ September 18, 2024 – Wednesday – 9:30 a.m. (MFA Board of Directors Meeting)

➤ October 8, 2024 – Tuesday, Contracted Services 10:00 a.m. Finance Committee 1:30 p.m.

➢ October 16, 2024 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)



NEW MEXICO MORTGAGE FINANCE AUTHORITY Board Meeting 344 4th St. SW, Albuquerque, NM Wednesday, July 17, 2024- 9:30 a.m.

Proposed Agenda

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Chair Convenes Meeting	
 Roll Call (Izzy Hernandez) 	
Approval of Agenda – Board Action	
Approval of 6/20/24 Board Meeting Minutes – Board Action	
Executive Director Updates	
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Board Action Items	Action Required
Consent	
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5 2023 Regional Housing Authority Annual Report (John Garcia)	YES
<u>Other</u>	
6 Semiannual Single Family Program Update (Rene Acuna)	NO
Other Board Items	Information Only
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 Staff Actions Requiring Notice to Board 	
	on-Action Required
8 (Staff is available for questions)	
 5/31/24 Financial Statements 	
Marketing & Communications Monthly Update	
New Mexico Housing Trust Fund Update	
Announcements and Adjournment	Discussion Only
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- Roll Call (Izzy Hernandez)
- Approval of Agenda Board Action
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- Executive Director Updates

Board Action Items

<u>Consent</u>

1 SFY2025 Recurring Severance Tax Bond Funding Resolution, Notification and Certification (Stephanie Gonzales & Robyn Powell) - Staff is presenting the New Mexico Mortgage Finance Authority Resolution, Notification and Certification for approval, which will be submitted to the State Board of Finance, certifying the SFY2025 Severance Tax Bond funding. YES

Finance Committee

- 2 FY 2024 Budget Amendment #2 (Joseph McIntyre) On 9/20/2023 the Board approved the fiscal year 2023 General Fund budget. On 10/27/2023 the Board approved Budget Amendment #1 which increased the capital outlay budget. Staff anticipates that MFA will not have sufficient expense and capital outlay budget to carry the organization through the end of the fiscal year. Therefore, we are proposing an amendment increasing the expense budget by \$4,820,011 which is offset by an increase in expected revenue of \$4,939,175. This will increase budgeted excess revenue from \$1,464,298 to \$1,583,462. The capital outlay budget will be increased by \$1,089,370 for Purchased Servicing Rights.
- 3 Bond Resolution Rescinded and Restated- Peachtree Canyon (Christi Wheelock) Staff requests approval for the attached Bond Resolution for Peachtree Canyon, authorizing the issue of up to \$21.5 million in additional tax-exempt bonds, which are expected to close in late August 2024. The City of Las Cruces faces a significant shortage of affordable housing. By approving the Bond Resolution, funds will be generated through bond proceeds to finance the construction of 144 new housing units. Importantly, all of these units will be subject to rent restrictions for a duration of 45 years, ensuring long-term affordability.

Contracted Services/Credit Committee

- **4 2024 Recovery Housing Program Award Recommendations (Jackie Homet)** Staff is requesting approval to award Recovery Housing Program funding to the New Mexico Reentry Center in the amount of \$1,000,000. They are eligible for this funding after submitting an approved application through the current NOFA. YES
- **5 2023 Regional Housing Authority Annual Report (John Garcia)** Staff recommends approval of the Regional Housing Authority 2023 Annual Report as mandated by the Regional Housing Act. The report includes operation and fiscal activities for Eastern, Western and Northern Regional Housing Authorities from 7/1/22 through 6/30/23. YES

Other

6 Semiannual Single Family Program Update (Rene Acuna) – Staff will provide an update of the Single-Family program production for the first quarter of the current fiscal year. NO

Other Board Items

- 7 (Staff is available for questions)
 - Staff Actions Requiring Notice to Board

Action Required

Information Only

Non-Action Required

- Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

Announcements and Adjournment

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- October 16, 2024 Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)

Discussion Only

NEW MEXICO MORTGAGE FINANCE AUTHORITY Board Meeting Minutes 344 4th St. SW, Albuquerque, NM Thursday, June 20, 2024, at 9:30 a.m.

Chair Angel Reyes convened the meeting on June 20, 2024, at 9:34 a.m. Secretary Hernandez called the roll. Members attending in person: Chair Angel Reyes, Martina C'de Baca (designee for Lieutenant Governor Howie Morales) and Rebecca Wurzburger. Virtual attendance: Gideon Elliot (designee for Attorney General Raúl Torrez) and Patricia Sullivan. Absent: Derek Valdo and State Treasurer Laura M. Montoya. Hernandez informed the Board that everyone had been informed about today's meeting in accordance with the New Mexico Open Meetings Act.

Chair Reyes welcomed Board Members, guests, and staff. He informed everyone that the meeting is being recorded, making reference to the microphone sensitivity. He then provided voting protocol for those members participating virtually.

Approval of Agenda – Board Action. Motion to approve the June 20, 2024, Board agenda as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.

Approval of 5/15/24 Board Meeting Minutes – Board Action. Motion to approve the April 17, 2024, Board Meeting Minutes as presented: Wurzburger. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.

Hernandez provided his Executive Director updates: Program Updates: Hernandez mentioned some program highlights and added that 2 single-family development loans are being recommended at this meeting along with the first Prevention loan. Significant meetings/presentations: 5/22: MFA Habitat for Humanity Volunteer. 5/28: Legislative Oversight Committee Mtg.#1- Overview & Homeless Programs. 6/04: Mtg w/Mayor Enriquez, City of Las Cruces. 6/18: SBOF (PABC & Peachtree Extension & STB Cert.) Upcoming Meetings: 6/24: LIHEAP Monitoring and Encino Gardens Groundbreaking. 7/15-24: HUD HOME Monitoring. He then discussed the Production data stating YTD Assisted \$27,939 and YTD Expended \$418,607,022.40 with 32/33 counties served. Hernandez referred to the news article: Albuquerque Home Prices.

Presentation

Housing Initiatives Update- Governor Lujan Grisham's Senior Housing Policy Advisor (Daniel Werwath) – Werwath began by thanking Executive Director Hernandez for the work he is doing with the State Office and his work and inclusion during the QAP process. He then discussed the macro level of what initiatives within housing the State Office is working on. They are working on a strategic approach regarding housing within state government and looking at data that indicates if what is being done with housing is really working. Bridging the gap between state and local governments. Looking at capacity building and regulatory issues to lower the cost of housing development. Statewide land use, zoning, building codes, speeding up the development of housing and third-party inspection approvals are also being looked at. He stated he would love for us to work together and get the biggest impact with the various funds that are available and how together we can create compacity building. Lastly, he is working on getting the summit between the Governors office and MFA scheduled to discuss the key topics lined out.

Consent

1 New Mexico Housing Trust Fund 2024 Legislative Session \$50 Million Allocation Recommendation (Stephanie Gonzales & Sonja Unrau) - MFA staff recommend the allocation of \$50 million approved during the 2024 Regular Legislative Session. Motion to approve the New Mexico Housing Trust Fund 2024 Legislative Session \$50 Million

Allocation Recommendation: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliotabsent, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.

Other

2 Election of Officers (Angel Reyes) – Chair Reyes began his presentation stating that the Nominating Committee which is composed of Chair, Angel Reyes, Lieutenant Governor Howie Morales and Attorney General Raul Torres recommends the following members to fill the MFA Officer Positions: Vice Chair: Derek Valdo, Secretary: Isidoro Hernandez, Assistant Secretary: Donna Maestas-De Vries, Treasurer: Rebecca Wurzburger and Assistant Treasurer: Arundhati Bose. Motion to approve the Election of Officers as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- absent, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.

Finance Committee

- 3 Information Technology Internal Audit Executive Summary Report (Antoine Matthews, CISM, CEH, PCI ASV, Cybersecurity Consultant, & Devin Osterhout, CISSP, CCSK, Cybersecurity Consultant Sr. Manager with Moss Adams) Halbig began the presentation introducing Devin Osterhout with Moss Adams and requested approval of the Information Technology Internal Audit Executive Summary report in which there was one medium level finding and one low risk finding. MFA management agrees with Moss Adams' recommendations to address both findings. Osterhout then reviewed the report stating overall MFA received an implementation Tier 3 Repeatable rating. The findings and recommendations discussed in the report should be used to help identify areas of improvement and are designed to have a direct and positive impact on technology operations through the minimization of rick areas, improved system stability, strengthened security, documented processes, and enhanced management of technology throughout MFA. Motion to approve the Information Technology Internal Audit Executive Summary Report as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdoabsent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.
- 4 Home Ownership Mortgage Operations Internal Audit Executive Summary Report (Claire Hilleary, CPA, Director & David Lara Jimenez, Senior, with Moss Adams) – Halbig began the presentation introducing Clair Hilleary with Moss Adams. Hilleary then stated Moss Adams was contracted to perform an internal audit related to MFA's mortgage operations processes for the First Home and First Down program. A variety of procedures to test and assess the overall programs functions for compliance with select MFA requirements. Procedures included reviewing internal policies and program documents and conducting interviews with MFA personnel involved in underwriting and assessing client eligibility. The audit took place from March through May 2024. There were two low-risk findings which included wrong income calculations and inconsistencies in the way MetaSource and MFA undergo and document their underwriting processes. It is recommended that MFA provide additional training to both MFA and MetaSource underwriters to ensure consistent understanding and application of guidelines. MFA should update its manuals to provide explicit guidance on maintaining detailed income calculations and documenting deviations from standard practices. Management agrees with Moss Adams' recommendations. Motion to approve the Home Ownership Mortgage Operations Internal Audit Executive Summary Report as presented: C'de Baca. Seconded by Wurzburger. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.

Contracted Services/Credit Committee

5 Las Brisas Apartments - \$1,000,000 New Mexico Preservation Loan Fund Award Request (Hannah Kunzle & George Maestas) – Kunzle began her presentation recommending approval of a \$1,000,000 loan request for Las Brisas Apartment located in Albuquerque, New Mexico. Las Brisas Apartments is a proposed Owner-Rehabilitation multifamily project that will preserve 120 one- and two-bedroom units. As per the existing structure, 46 units (40%)

will be income restricted to households earning 60% or less of Area Median Income (AMI) and 76 units will be rented at market rate rents. 100% of the units designated Households with Children as the target population. Funded rental units must comply with the rental requirements for a minimum of 20 years. The affordability period starts in the first month following the end of the construction term. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the Las Brisas Apartment - \$1,000,000 New Mexico Preservation Loan Fund Award Request as presented: Wurzburger. Seconded by C'de Baca. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdoabsent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.

General Counsel Werenko spoke to the Board before the presentation of Item 6. She advised the Board that Proxy Martina C'de Baca had filed an updated disclosure statement related to the next item on the agenda. The updated statement discloses Proxy C'de Baca's family relationship to Mr. Ed Romero who is the Executive Director of the Santa Fe Civic Housing Authority, the project developer. As stated on Proxy C'de Baca's disclosure, Mr. Romero is her second cousin. MFA staff will be presenting requests for three loans for this project today. Werenko' s remarks were made pursuant to Section 1.2 D of MFA's policy and procedure manual which requires disclosure of any conflict in the minutes. In accordance with the Conflict-of-Interest policy Proxy C'de Baca will not participate in any action the Board may take on this agenda item.

- 6 Country Club Apartments HOME, National Housing Trust Fund, and New Mexico Housing Trust Fund Loan Requests (Justin Carmona & George Maestas) Carmona began his presentation recommending a \$400,000 HOME loan, \$400,000 NHTF loan, and \$3,000,000 NMHTF loan request for Country Club Apartments, located in Santa Fe, New Mexico. Country Club Apartments is a proposed Acquisition/Rehabilitation and New Construction multifamily project that will create 62 one-, two-, and three-bedroom units for households with children. 35 units will be income restricted to households earning 60% or less of Area Median Income (AMI). 23 units will be income restricted to households earning 50% or less of AMI. Four of the units will be income restricted to households earning 50% or less a favorable risk profile and is recommended for approval. Motion to approve the Country Club Apartments \$400,000 HOME loan, \$400,000 NHTF loan, and \$3,000,000 NMHTF loan request as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- abstain, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdoabsent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.
- 7 El Toro Community Single-Family Housing Development – New Mexico Housing Trust Fund Revolving Construction Line of Credit Request - (Josh Howe & George Maestas) - Howe began his presentation recommending a \$3,000,000 NMHTF loan request for El Toro Community, located in Roswell, New Mexico. El Toro Community is a proposed Single-Family Housing Development project that will include new construction of 29 single-family units for households consisting of fourteen (14) homes sized at 1526 SQFT and fifteen (15) homes sized at 1399 SQFT. Eighty-Five (85) percent of the units will be reserved for households at or below 150% of Area Median Income (AMI) and fifteen (15) percent of the units will be reserved for households at or below 120% AMI. Additionally, the construction of the proposed homes using energy efficient, LEED-certified materials and Net-Zero Construction focused on the reduction of energy costs and alternative energy solutions, while providing low maintenance costs, reduction of insurance expense, and immediate return on investment to homeowners. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the El Toro Community Single - Family Housing Development - New Mexico Housing Trust Fund Revolving Construction Line of Credit Request as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- yes, Gideon Elliotves, Proxy Martina C'de Baca- ves, Rebecca Wurzburger- ves, Patricia Sullivan- ves, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 5-0.
- 8 Salazar South Single-Family Housing Development New Mexico Housing Trust Fund Revolving Construction Line of Credit Request – (Josh Howe & George Maestas) – Howe began his presentation recommending a \$2,500,000 NMHTF loan request for Salazar South, located in Taos, New Mexico. Salazar South is a proposed

Single-Family Housing Development project that will include the new construction of 81 single-family two and three units for households consisting of fifty-one (51) homes sized at 1065 SQFT and thirty (30) homes sized at 1250 SQFT. One hundred (100) percent of the units will be reserved for households at or below 150% of Area Median Income (AMI). Additionally, the construction of the proposed homes using energy efficient, LEED-certified materials and Net-Zero Construction focused on the reduction of energy costs and alternative energy solutions, while providing low maintenance costs, reduction of insurance expense, and immediate return on investment to homeowners. The proposed project presents a favorable risk profile and is recommended for approval. Motion to approve the 8 Salazar South Single-Family Housing Development – New Mexico Housing Trust Fund Revolving Construction Line of Credit Request as presented: Wurzburger. Seconded by Sullivan. Roll Call Vote: Angel Reyes- abstain, Gideon Elliotyes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- yes, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.

- 9 Community Project Funding Affordable Housing in Fire Affected Counties Award Recommendation – Elk Meadows (Stephanie Gonzales & Sonja Unrau) - Gonzales began her presentation recommending MFA Board of Directors approval of a \$489,300 award for the Elk Meadows rental housing development project under the Affordable Housing in Fire Affected Counties Notice of Funding Availability. In 2022, MFA received \$3,000,000 from this program through Senator Martin Heinrich's office for affordable housing in counties affected by fires in 2022. The Affordable Housing in Fire Affected Counties Scoring Committee was approved by the Policy Committee in September 2023. Per the Scoring Committee review in February 2024, the Elk Meadows application for funding to support rental housing development met all threshold requirements and scored sufficient points to merit an award. The Elk Meadows development is proposing to build 72 units for low- and moderate-income households in the Village of Ruidoso as a strategy to address the affordable workforce housing needs in the Village and assist people affected by the 2022 McBride fire. The \$489,300 award funding will be used for the construction of affordable housing. Motion to approve the Community Project Funding Affordable Housing in Fire Affected Counties Award Recommendation-Elk Meadows as presented: Wurzburger. Seconded by: C'de Baca. Roll Call Vote: Angel Reyes- yes, Gideon Elliotyes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- absent, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.
- 10 Single Family Development Grant Pilot Program Award Homewise for Miraflores (Sharlynn Rosales & Sonja Unrau) – Rosales began her presentation recommending Board approval of a \$500,000 award from the Single-Family Development Grant Pilot Program to Homewise for the construction and financing of the Miraflores Subdivision to assist a minimum of 20 homes. The Miraflores Project application and met all threshold requirements to move forward with the Board approval process. Miraflores will be a new construction subdivision with a total of 56 homes. With this award, Homewise's intention is to assist a minimum of 20 out of 56 eligible homebuyers by providing them with downpayment assistance. Homewise is also required under the City of Santa Fe Ordinance passed in 2011 to provide 20% of all new development priced affordably for homebuyers earning at or below 80% of the Area Median Income. The downpayment assistance provided with this award will enable Homewise to assist an additional 20 homebuyers apart from the 20% that will be assisted through the City of Santa Fe Ordinance, which will total 31 affordable homes. The current pre-approved list of homebuyers Homewise is working with are at or below 150% of Area Median Income. These homebuyers, with the guidance of Homewise, will secure a 30-year mortgage, with no interest, deferred payments, due upon sale, transfer, or refinance and will not be forgivable. The Miraflores Single-Family Subdivision will be a mixed-income community and is scheduled to complete construction in September 2024. The grant agreement which will be entered into between MFA and Homewise will ensure to capture the following conditions: MFA will service the downpayment assistance loans, all funds will be expended within 2 years of the grant award, Homewise will recycle funds back to the MFA's Single Family Development program from homes sold, transferred, and refinanced, the grant funds will be disbursed through a reimbursement process for each home, layering of other downpayment assistance will be allowed, and MFA will require for reporting purposes, loan information for each homebuyer and a progress report. Motion to approve the Single-Family Development Grant Pilot Program Ward- Homewise for Miraflores as presented: Wurzburger. Seconded by: C'de Baca. Roll Call Vote: Angel

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Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- absent, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.

- 11 Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) - Freamon began her presentation recommending the approval of a \$500,000 award to Ohkay Owingeh Housing Authority under the Housing Innovation Program Notice of Funding Availability for Homeowner Rehabilitation. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund. The Housing Innovation Program Scoring Committee was approved by the Policy Committee on September 5, 2023. Per the Scoring Committee review on April 18, 2024, the Ohkay Owingeh Housing Authority (OOHA) met all threshold requirements and score sufficient points to merit an award. OOHA is a current MFA partner under the HUD HOME Rehab program which is limited to rehabilitating homes for families earning under 80% AMI. Under this Housing Innovation award, they propose covering the gap of families earning between 80-150% AMI in need of rehabilitation. Rehabilitation can include addressing serious health and safety deficiencies and replacing or repairing defective roofs, doors, windows, etc. This project is critical for the Pueblo's viability to preserve housing for Tribal households whose incomes are higher than HUD HOME Rehab programs allow. Motion to approve the Recommendation to Award \$500,000 to Ohkay Owingeh Housing Authority Under the Housing Innovation Notice of Funding Availability as presented: Wurzburger. Seconded by: C'de Baca. Roll Call Vote: Angel Reyes- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- absent, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.
- 12 Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability (Daniela Freamon & Sonja Unrau) – Freamon began her presentation recommending the approval of a \$500,000 award to North Central New Mexico Economic Development District under the Housing Innovation Program Notice of Funding Availability (NOFA) for Mobile Home Replacement Program for Older Adults. The funding source of the Housing Innovation Program is New Mexico Housing Trust Funds, therefore staff recommends approval by MFA, as Trustee of the New Mexico Housing Trust Fund. The Housing Innovation Program Scoring Committee was approved by the Policy Committee on September 5, 2023. Per the Scoring Committee review on May 15, 2024, the North Central New Mexico Economic Development District (NCNMEDD) met all threshold requirements and score sufficient points to merit an award. NCNMEDD is proposing to address the housing needs of older adults (age 60+) residing in deteriorating mobile homes. This project is seeking to replace 4-5 deteriorating mobile homes for seniors who adhere to the Federal Poverty Level and provide safe housing solutions for those who are facing challenges due to aging infrastructure and unhealthy living conditions. NCNMEDD is implementing a restrictive covenant agreement, based on the Affordable Housing Act Rules, ensuring long-term affordability. Motion to approve the Recommendation to Award \$500,000 to North Central New Mexico Economic Development District Application Under the Housing Innovation Notice of Funding Availability as presented: Wurzburger. Seconded by: C'de Baca. Roll Call Vote: Angel Reves- yes, Gideon Elliot- yes, Proxy Martina C'de Baca- yes, Rebecca Wurzburger- yes, Patricia Sullivan- absent, Derek Valdo- absent, State Treasurer Laura M. Montoya- absent. Vote: 4-0.

Other

13 Post Sale Analysis NMMFA Bond Issue 2024CD (Arundhati Bose) – Bose began her presentation reviewing the 2024 Series C/D bond issue which was priced on April 16th and closed on May 23rd. This was MFA's 3rd bond issue of the fiscal year. At \$125 million, the size similarly followed that of other bond issues this fiscal year, which have required higher principal to meet record single family production. On the day of pricing, MFA saw strong investor appetite from both institutional and retail investors, including ~9.5 million in orders from New Mexico retail. The positive outcome of the issue means that MFA will continue to provide lower-than-market mortgage rates for first-time homebuyers. Non-Action item.

Other Board Items

Staff Action Requiring Notice to Board

Monthly Reports

15 It was asked that staff review the New Mexico Housing Trust Fund.

- 4/30/24 Financial Statement
 - Marketing & Communications Monthly Update
- New Mexico Housing Trust Fund Update

Announcements and Adjournments- Confirmation of upcoming Board Meetings.

There being no further business the meeting was adjourned at 11:20 a.m.

Approved:

Chair, Angel Reyes

Secretary, Isidoro Hernandez



MEMO

TO:	MFA Board of Directors
FROM:	Stephanie Gonzales, Research and Development Manager
DATE:	July 17, 2024
SUBJECT:	SFY2025 Recurring Severance Tax Bond Funding Resolution, Notification and Certification

Recommendation

Staff recommends adoption of the New Mexico Mortgage Finance Authority Resolution, Notification and Certification (Certification) to the New Mexico State Board of Finance certifying the need for funding in the amount of \$34,620,000 for state fiscal year 2025 (July 1 to June 30).

Background

In May 2024, the MFA Board of Directors approved the certified uses of the 2025 severance tax bond funding. The Certification was then submitted to the State Board of Finance for the note sale, however, there was a last edit requested by Board of Finance bond counsel to include the original descriptions as approved in the SFY 2024 Certification.

Discussion

The suggested changes have been incorporated into the Certification, which upon Board approval will be resubmitted to the State Board of Finance for their approval (See Exbibit A).

Summary

Staff is presenting the New Mexico Mortgage Finance Authority Resolution, Notification and Certification for approval, which will be submitted to the State Board of Finance, certifying the SFY2025 Severance Tax Bond funding.

NEW MEXICO MORTGAGE FINANCE AUTHORITY RESOLUTION, NOTIFICATION AND CERTIFICATION

July 17, 2024

WHEREAS, the Legislature of the State of New Mexico (the "State"), at its 1975 regular session, adopted Chapter 303, Laws of New Mexico, 1975, known and cited as the Mortgage Finance Authority Act, NMSA 1978 §§ 58-18-1 through 58-18-27 (the "Act");

WHEREAS, there was created by the Act, a public body politic and corporate, separate and apart from the State, constituting a governmental instrumentality known and identified as the "New Mexico Mortgage Finance Authority" ("MFA"), MFA being created and established to serve a public purpose and to act for the public benefit by improving the health, safety, welfare and prosperity of the State and the general public;

WHEREAS, MFA was created to provide decent, safe and sanitary residential housing to persons of low or moderate income;

WHEREAS, the purpose of the New Mexico Housing Trust Fund Act, as defined below, is to provide flexible funding for housing initiatives in order to produce and preserve significant housing investment in the state;

WHEREAS, money from the proceeds of severance tax revenue bonds or notes ("Bonds") authorized in the Severance Tax Bonding Act, Sections 7-27-1 et seq. NMSA 1978, as amended (the "Severance Tax Bonding Act") and particularly NMSA 1978, Section 7-27-49, is to be allocated to the New Mexico Housing Trust Fund (the "Fund") created within the MFA under the New Mexico Housing Trust Fund Act, Section 58-18C-1 et seq. NMSA 1978, as amended (the "HTF Act") for the purposes of carrying out the provisions of the HTF Act; and

WHEREAS, The MFA Board of Directors approved and certified the uses of the state fiscal year severance tax allocation to the Fund on July 17, 2024 outlined in **Exhibit A: State Fiscal Year 2025 Certified Uses, attached hereto**.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THAT:

1. MFA, as trustee of the Fund, hereby certifies and notifies the State Board of Finance that at least Thirty-Four Million Six Hundred Twenty Thousand Dollars (\$34,620,000) is needed for the certified purposes listed on **Exhibit A**, and that each of such purposes identified in this Certification: (a) is an authorized use of such proceeds under the terms of the Severance Tax Bonding Act and the HTF Act, (b) constitutes a capital project, (c) does not include any indirect project costs or operational or working capital expenditures, and (d) to the extent proceeds are transferred to a non-governmental entity, complies (or will comply, when such proceeds are transferred) with the Affordable Housing Act, Sections 6-27-1 et seq. NMSA 1978, which codifies the exception to the Anti-Donation Clause of the New Mexico Constitution contemplated in Article IX, Section 14, Paragraphs E and F of the Constitution.

2. Should the purposes to which such funds are to be applied change such that (a) the amount allocated to any category shown on **Exhibit A** of this certification is increased or reduced by more than five percent (5%), or (b) such changes result in an aggregate change in the amount needed to

an amount which is less than the amount certified in this certification, the MFA will promptly (and no later than 60 days after such change is identified) supplement and re-certify to the State Board of Finance its needs as detailed on **Exhibit A** to reflect any updates in the anticipated or actual application of such proceeds in accordance with the Severance Tax Bonding Act and the HTF Act.

3. The State Board of Finance is hereby requested to apply the amounts listed in **Exhibit A** for each certified project (consisting of short-term taxable severance tax note proceeds) in the aggregate principal amount of Thirty-Four Million Six Hundred Twenty Thousand Dollars (\$34,620,000) for the purposes set forth on **Exhibit A**.

4. During the course of expenditure of the proceeds certified herein, MFA shall monitor the use and expenditure of such proceeds and ensure proper reversions are made as provided in clause C of Section 7-27-49 of the Severance Tax Bonding Act, and shall from time to time (at least annually) provide a written report to the State Board of Finance describing: (a) actual expenditure of Bond proceeds, (b) reconciliation of actual expenditures against anticipated and previously certified and recertified projects, (c) reversions, if any, (d) specific projects funded by proceeds deposited in any revolving loan fund, and (e) MFA's policies and proceeds of Bonds.

5. All conditions, contingencies and limitations imposed by law with respect to the certification of the need for the Bonds to finance the original projects and the expenditure of funds with respect thereto, if any, have been satisfied.

The undersigned hereby certifies that the above and foregoing certification was duly adopted by the Board of Directors of the New Mexico Mortgage Finance Authority at a meeting duly called, held and conducted on July 17, 2024.

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS ___ DAY OF _____, 2024.

Ву: _____

Angel Reyes, Chair New Mexico Mortgage Finance Authority

CERTIFICATION

I HEREBY CERTIFY, that I am the Secretary of the New Mexico Mortgage Finance Authority; that the above and foregoing is a full, true and correct copy of a resolution, notification and certification duly and regularly adopted by the vote of the majority or more of the directors of the New Mexico Mortgage Finance Authority in accordance with the MFA bylaws in effect on January 18, 2023; that there is no provision in the articles of the MFA bylaws conflicting with said resolution, notification and certification; and that said resolution, notification and certification has not been modified or revoked and still remains in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and seal of the New Mexico Mortgage Finance Authority this ______ day of _____, 2024.

Isidoro Hernandez, Secretary

(SEAL)

Exhibit A: State Fiscal Year 2025 Certified Uses

Certified Use	Description	Certified Uses
Down Payment Assistance and First Mortgage	Provide down payment assistance to first-time and non-first-time homebuyers with low to moderate incomes.	\$20,000,000
	Provide first mortgage loans for first-time and non-first-time homebuyers with low to moderate incomes; purchase home loans originated by partners and provided to low to moderate income homeowners	
Housing Development and Preservation	Home (vacant or occupied) emergency repairs, accessibility and energy efficiency improvements and complete rehabilitation for low to moderate income homeowners.	\$14,620,000
	Provide assistance to stabilize communities by acquiring vacant, abandoned and/or foreclosed homes and by rehabilitating, reselling and/or redeveloping these homes; conduct demolition or deconstruction of vacant or abandoned buildings (including residential, commercial, or industrial buildings) paired with greening or other lot improvement as part of a strategy for neighborhood revitalization.	
	Provide construction and permanent financing to develop, including both new and substantial rehabilitation, affordable rental and homeownership for low to moderate income households.	
	Provide financing to develop transitional residences for persons experiencing or are at risk of homelessness	
	Acquire land to support the development of affordable housing	
TOTAL		\$34,620,000



NEW MEXICO MORTGAGE FINANCE AUTHORITY Finance/Operations Committee Meeting Tuesday, July 9, 2024 at 1:30 p.m.

Webex - call-in information is 1-408-418-9388 (access code): 2494 245 9027 or you can join the call from the calendar item

	Agenda Item	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
<u>Ag</u> 1	Resolution for investment of \$50M from State Investment Council (SIC) to Local Government Investment Pool (LGIP) (Arundhati Bose & John Ulrich)	TABLED 2-0	YES
2	Investment Policy Review (John Ulrich)	TABLED 2-0	YES
3	Advise on Current versus Future Graphs for Financial Statement Review (Alex Lundy & Arundhati Bose)	DEFER	NO
4	Entrance conference – External Audit (CLA & Joseph McIntyre)	2-0	YES
5	FY 2024 Budget Amendment #2 (Joseph McIntyre and Arundhati Bose)	2-0	YES
6	Bond Resolution Rescinded and Restated – Peachtree Canyon (Christi Wheelock)	2-0 WITHOUT RECOMMENDATION	YES
In	formation items		
7	May 2024 Wire Transfers		NO
8	May 2024 Check Register		NO

Committee Members present:				
Derek Valdo, Chair	□ present	🗹 absent	\Box conference call	
State Treasurer Laura M. Montoya/				
JR Rael	□ present	□ absent	\blacksquare conference call	
Lt. Governor Howie Morales or <u>Proxy Martina C'de Baca</u>	□ present	□ absent	☑ conference call	

Sidoro Horrandez



MEMO

TO:	MF	MFA Board of Directors			
	Through:	Finance Committee – 7/9/2024			
	Through:	Policy Committee –7/3/2024			
FROM:	Jose	eph McIntyre, Controller			
DATE:	7/1	7/17/2024			
SUBJEC	T: FY2	024 Budget Amendment #2			

Recommendation:

Staff recommends approval of the Budget Amendment to allow for increased single family mortgage loan production.

Background:

Per the MFA By-laws "moneys of the Authority shall be expended in accordance with the budget." On 9/20/2023 the Board approved the fiscal year 2023 budget. The budget authorized total revenue of \$31,739,991 and total expenses of \$30,275,933 for a total net excess revenue over expenses budgeted of \$1,464,298, plus capital outlay of \$3,877,686. On October 27, 2023, the Board approved Budget Amendment #1 which increased the capital outlay budget to \$8,098,375.

Discussion:

MFA has experienced unprecedented single family mortgage loan production in FY 2024. MFA owns the mortgage servicing rights on the MFA portfolio. As a result of this ownership, GAAP requires us to expense the lender compensation and capitalize the mortgage servicing rights. Therefore, single family loan production levels have a direct impact on our operating budget.

This increased production has also resulted in an increase in subservicing fees and other servicing-related expenses. The servicing rights also generate revenue over the life of the loans; therefore, MFA will continue to realize increased long-term earnings.

The budget amendment also contemplates a significant increase in interest expense related to FHLB Advances that provide cashflow to purchase mortgage loans and related servicing rights until they are funded by bond proceeds or sold into the secondary markets.

Increased expenditures are projected to be offset by the increases anticipated in multiple revenue categories.

The Capital outlay increase includes the increased volume of Purchased Servicing Rights.

Summary:

On 9/20/2023 the Board approved the fiscal year 2023 General Fund budget. On 10/27/2023 the Board approved Budget Amendment #1 which increased the capital outlay budget. Staff anticipates that MFA will not have sufficient expense and capital outlay budget to carry the organization through the end of the fiscal year. Therefore, we are proposing an amendment increasing the expense budget by \$4,820,011 which is offset by an increase in expected revenue of \$4,939,175. This will increase budgeted excess revenue from \$1,464,298 to \$1,583,462. The capital outlay budget will be increased by \$1,089,370 for Purchased Servicing Rights.

.....

New Mexico Mortgage Finance Authority

344 Fourth St. SW Albuquerque, NM 87102 505.843.6880 800.444.6880 housingnm.org

NEW MEXICO MORTGAGE FINANCE AUTHORITY GENERAL FUND Fiscal Year 2023-2024 Budget

	Approved Budget FY2023-24	Budget FY2023-2024 Amendment #2	Variance: Amendment #2 - Approved Budget	Variance %: Amendment #2 - Approved Budget
	2024	2024	2024	2024
Interest Income	8,031,882	10,118,418	2,086,536	26%
Interest on Investments & Securities	2,830,046	3,577,794	747,748	26%
Loan & Commitment Fees	153,000	418,542	265,542	174%
Administrative Fee Income (Exp)	9,629,192	10,552,358	923,166	10%
Risk Sharing/Guaranty/RTC fees	641,008	50,338	(590,670)	-92%
Housing Program Income	1,835,258	1,764,177	(71,081)	-4%
Loan Servicing Income	8,559,371	10,137,304	1,577,933	18%
Other Operating Income		-		10/0
Operating Revenues	31,679,756	36,618,931	4,939,175	16%
Gain (Loss) Asset Sale/Debt Ex	-	-	-	
Other Non-operating Income	60,235	60,235	0	0%
Non-Operating Revenues	60,235	60,235	0	0%
Revenue	31,739,991	36,679,166	4,939,175	7%
Salaries	8,323,579	8,323,579	-	0%
Overtime	31,885	31,885	-	0%
Incentives	714,768	714,768	-	0%
Payroll taxes, Employee Benefits	4,381,069	4,381,069	-	0%
Compensation	13,451,302	13,451,302	-	0%
Business Meals Expense	13,900	13,900	-	0%
Public Information	361,909	361,909	-	0%
In-State Travel	141,581	141,581	-	0%
Out-of-State Travel	314,070	314,070	-	0%
Travel & Public Information	831,460	831,460	-	0%
Utilities/Property Taxes	210,562	210,562	-	0%
Leasehold Expense				
Insurance, Property & Liability	245,510	245,510	-	0%
Repairs, Maintenance & Leases	1,709,334	1,709,334	-	0%
Supplies	34,700	34,700	-	0%
Postage/Express mail	45,600	45,600	-	0%
Telephone	29,501	29,501	-	0%
Janitorial	89,139	89,139	-	0%
Indirect Costs	(38,776)	(38,776)	-	0%
Office Expenses	2,325,571	2,325,571	-	0%
Dues & Periodicals	80,097	80,097	-	0%
Education & Training	173,193	173,193	-	0%
Contractual Services	1,458,632	1,458,632	-	0%
Professional Services-Program	115,900	115,900	-	0%
Direct Servicing Expenses	5,860,479	8,558,847	2,698,368	46%
Program Expense-Other	277,824	277,824		-10%
Rebate Analysis Fees	1,590	1,590	-	0,0
Miscellaneous		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Other Operating Expense	7,967,715	10,666,083	2,698,368	0%
		0		

NEW MEXICO MORTGAGE FINANCE AUTHORITY GENERAL FUND Fiscal Year 2023-2024 Budget

	Approved			
	Budget FY2023-24	Budget FY2023-2024 Amendment #2	Variance: Amendment #2 - Approved Budget	Variance %: Amendment #2 - Approved Budget
	2024	2024	2024	2024
Interest Expense	1,890,036	4,011,679	2,121,643	112%
Non-Cash Expenses	3,396,718	3,396,718	-	0%
Expensed Assets	173,350	173,350	-	0%
Operating Expenses	30,036,151	34,856,162	4,820,011	16%
Program Training & Tech Asst	103,242	103,242	-	0%
Program Development	136,300	136,300	-	0%
Capacity Building Costs	239,542	239,542	-	0%
Non-Operating Expenses	239,542	239,542	-	0%
Expenses	30,275,693	35,095,704	4,820,011	16%
Excess Revenue over Expenses	1,464,298	1,583,462	119,164	8%

NEW MEXICO MORTGAGE FINANCE AUTHORITY GENERAL FUND Fiscal Year 2023-2024 Budget

	Approved Budget FY2023-24 Amendment #1	Budget FY2023-24 Amendment #2	Variance: Amendment #2 - Approved Budget	Variance %: Amendment #2 - Approved Budget
2690 PURCHASED SERVICING RIGHTS	3,772,362	4,861,732	1,089,370	22%
2920 FURN & EQUIP, 10 YR	778,500	778,500	-	0%
2950 COMPUTER HARDWARE	105,324	105,324	-	0%
2860 BUILDING	3,442,189	3,442,189	-	0%
Capital Budget	8,098,375	9,187,745	1,089,370	12%

BUDGET AMENDMENT #2 July 17, 2024

Line Item	Approved	Amendment	Proposed	Purpose
EVENUE				
Interest Income	8,031,882	2,086,536	10,118,418	
Interest on Investments & Secu	2,830,046	747,748	3,577,794	
Loan & Commitment Fees	153,000	265,542	418,542	
Administrative Fee Income (Ex	9,629,192	923,167	10,552,358	
Risk Sharing/Guaranty/RTC fee	641,008	(590,670)	50,338	
Housing Program Income	1,835,258	(71,081)	1,764,177	
Loan Servicing Income	8,559,371	1,577,933	10,137,304	
-	31,679,756	4,939,175	36,618,931	
OMPENSATION				
OMPENSATION				
Compensation	13,451,302	-	13,451,302	* Weatherization Program Manager New FTE but
	13,451,302	-	13,451,302	* Weatherization Program Manager New FTE but no additional funding needed
	13,451,302	-	13,451,302	
	13,451,302	-	13,451,302	
Compensation	13,451,302 5,860,479	- 2,698,368	13,451,302 8,558,847	
Compensation DFFICE EXPENSES				
Compensation PFFICE EXPENSES Direct Servicing Expense				
Compensation DFFICE EXPENSES				
Compensation PFFICE EXPENSES Direct Servicing Expense Interest Expense	5,860,479	2,698,368	8,558,847	
Compensation DFFICE EXPENSES Direct Servicing Expense <u>Interest Expense</u> Interest Expense	5,860,479 1,890,036	2,698,368 2,121,643	8,558,847 4,011,679	
Compensation PFFICE EXPENSES Direct Servicing Expense Interest Expense	5,860,479	2,698,368	8,558,847	
Compensation DFFICE EXPENSES Direct Servicing Expense <u>Interest Expense</u> Interest Expense	5,860,479 1,890,036	2,698,368 2,121,643	8,558,847 4,011,679	
Compensation DFFICE EXPENSES Direct Servicing Expense <u>Interest Expense</u> Interest Expense	5,860,479 1,890,036	2,698,368 2,121,643	8,558,847 4,011,679	



MEMO

TO:	MFA Board of Directors
	Through: Policy Committee – July 8, 2024
	Through Finance Committee – July 9, 2024
FROM:	Christi Wheelock, Tax Credit Program Analyst
DATE:	July 17, 2024
RE:	Bond Resolution Rescinded and Restated – Peachtree Canyon

RECOMMENDATION:

Staff requests approval of the attached updated Bond Resolution for Peachtree Canyon (the "Project").

BACKGROUND:

On April 17, 2024, the MFA Board of Directors approved a Bond Resolution for \$20 million in tax-exempt bond volume cap for the development of Peachtree Canyon, a new construction project located in Las Cruces. This resolution has been rescinded and restated to include an additional \$1.5 million in Private Activity Bonds, bringing the total Bond Resolution to \$21.5 million. The additional volume cap is necessary for the project to meet the "50% Test" required for financial feasibility.¹ The anticipated tax-exempt bonds that will remain in the project as permanent financing is \$9,656,236.

The developer is Thomas Development Group, LLC, headquartered in Sioux Falls, SD. The Project's owner, Peachtree Canyon LP, includes Peachtree Canyon GP, LLC as the general partner, New Mexico Housing and Community Development Corporation (NMHCDC) as the non-profit partner, and Affordable Housing Partnership, a Berkshire Hathaway entity (specific fund to be determined), as the limited partner. The owner intends to engage JL Gray Properties, Inc. to serve as property manager. JL Gray Properties manages 96 tax credit properties across New Mexico.

The Project will feature 144 units, all rent-restricted, including six units designated for extremely low-income households. It will be situated on a 7.4-acre vacant parcel within the Metro Verde South Planned Unit Development located at 7081 Jornada Road in northeast Las Cruces. The development will include six three-story buildings containing

¹ At least 50% of the aggregate basis of any building and the land on which the building is located must be financed with the tax-exempt bond proceeds to be eligible for the 4% Low Income Housing Tax Credits necessary for feasibility. If a project fails the 50% Test, the project only qualifies for low-income housing tax credits based on the actual percentage of aggregate basis financed by the tax-exempt bonds rather than 100% of eligible costs. Failing the 50% Test renders the project infeasible, with catastrophic results to the project.

one-, two- and three-bedroom apartments for Households with Children at income levels from 30% of Area Median Income (AMI) up to 60% of AMI. A separate, detached community building will house management offices, a community room, and computer center. Outdoor amenities will include a swimming pool, gathering spaces with fire pits, BBQ areas, age-appropriate playgrounds and electric vehicle (EV) charging stations.

Before Chief Lending Officer Jeff Payne approved the inducement resolution on May 10, 2023, jurisdictional notices were sent to the City of Las Cruces in accordance with Internal Revenue Code Section 42(m)(1)(A)(ii) and Section 58-18-10 of the New Mexico Statutes Annotated 1978 edition. The project received positive support from former mayor, Ken Miyagishima on February 1, 2023. MFA's Executive Director Isidoro Hernandez also met with the current mayor Eric Enriquez to obtain support.

The State Board of Finance approved the Project's request for \$20 million in Private Activity Bonds at their March 19, 2024, meeting. A Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) hearing was conducted on March 29, 2024, to gather public comments before the Project was submitted to the Governor for final approval. The additional \$1.5 million in Private Activity Bonds will be presented for approval to the State Board of Finance on July 16, 2024.

DISCUSSION:

MFA staff has reviewed the updated proposed Project and has determined the proposed increase in Private Activity Bonds is necessary for financial feasibility and that the current financing for the Project is viable. The Project will comply with MFA's design requirements. The City of Las Cruces City Council recognizes the need for affordable housing in its 2021-2025 Consolidated Plan reflecting a shortage of nearly 5,600 rental units for low-income households. Approval of this Bond Resolution will create 144 new homes for low-income families. Cedar Rapids Bank and Trust's Specialty Finance Group will purchase the proposed bonds. The Project is slated to close in late August 2024 with construction beginning immediately upon closing.

SUMMARY:

Staff requests approval for the attached Bond Resolution for Peachtree Canyon, authorizing the issue of up to \$21.5 million in additional tax-exempt bonds, which are expected to close in late August 2024. The City of Las Cruces faces a significant shortage of affordable housing. By approving the Bond Resolution, funds will be generated through bond proceeds to finance the construction of 144 new housing units. Importantly, all of these units will be subject to rent restrictions for a duration of 45 years, ensuring long-term affordability.

Peachtree Canyon <u>I</u> Apartments Project

CERTIFICATE REGARDING THE RESOLUTION

OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, the Executive Director/Chief Executive Officer and Secretary of the New Mexico Mortgage Finance Authority (the "Authority"), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on AprilJuly 17, 2024, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

EXECUTED, DATED AND SEALED AprilJuly 17, 2024.

Isidoro Hernandez Executive Director/Chief Executive Officer and Secretary

(SEAL)

BOND RESOLUTION Peachtree Canyon <u>L</u>Apartments Project

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING THE ISSUANCE OR INCURRENCE OF INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$20,000,00021,500,000 IN THE FORM OF BONDS, NOTES OR OTHER DEBT OBLIGATIONS TO **CONSTRUCTION** AND **EQUIPPING** FINANCE THE OF A MULTIFAMILY RESIDENTIAL RENTAL HOUSING FACILITY: **PROVIDING FOR THE PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; APPROVING THE TERMS AND AUTHORIZING THE EXECUTION OF CERTAIN FINANCING AGREEMENTS REQUIRED IN** CONNECTION THEREWITH; RATIFYING CERTAIN ACTIONS HERETOFORE TAKEN IN CONNECTION WITH SUCH OBLIGATIONS; AND—AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; REPEALING A PRIOR **RESOLUTION OF THE AUTHORITY; AND RELATED MATTERS.**

WHEREAS, the New Mexico Mortgage Finance Authority (the "Authority") is authorized by the Constitution and the laws of the State of New Mexico (the "State"), particularly Chapter 58, Article 18, NMSA 1978, as amended (the "Act") (a) to issue revenue bonds, notes, loans and other obligations for the purpose of making project mortgage loans to finance the acquisition, construction or rehabilitation of multifamily housing facilities; (b) to enter into agreements for the purpose of providing revenues to pay such revenue bonds upon such terms and conditions as the Authority may deem advisable; (c) to secure the payment of such revenue bonds; and (d) to otherwise participate fully in federal government housing programs to secure for the people of the State the benefits of such programs; and

WHEREAS, to provide decent, safe and sanitary residential housing facilities for low or moderate income persons within the State who are eligible under the Act, and after having determined that mortgage loans are not otherwise available upon reasonably equivalent terms and conditions from private lenders, the Authority has developed rules and regulations with respect to the issuance by the Authority of multifamily revenue bonds, notes, loans and other obligations to finance the construction, acquisition/rehabilitation and/or equipping of multifamily residential facilities intended for rental to eligible persons located in the State; and

WHEREAS, Peachtree Canyon Apartments, LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith), on behalf of itself and its affiliated entities either existing now or to be created (collectively, the "Borrowers" and each, a "Borrower"), has proposed a project consisting of the construction and equipping of the multifamily housing project identified in Exhibit A attached hereto (the "Project"); and

WHEREAS, to finance a portion of the Project costs, to fund necessary reserves and to pay certain issuance costs, the Borrower has requested the Authority to issue its Tax-Exempt Multifamily Housing Revenue Bonds (Peachtree Canyon <u>I</u> Apartments Project) Series 2024, in an aggregate principal amount not to exceed \$20,000,00021,500,000 (the "Series 2024 Bonds"); and

WHEREAS, following the posting of a notice of a public hearing on the Authority's website on March 21, 2024 (the "**Notice**"), the Authority conducted a public hearing on March 29, 2024 pursuant to and in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended ("**Code**"), at which such hearing all interested parties were given an opportunity to express their views orally or in writing for or against the proposed issuance of the Series 2024 Bonds to finance the costs of the Project, all pursuant to a plan of financing; and

WHEREAS, the Authority has proposed to issue the Series 2024 Bonds pursuant to one or more trust indentures, loan agreements, financing agreements, <u>purchase agreements</u> and/or funding agreements (each, a "Financing Agreement") in order to make a loan of the proceeds thereof to the Borrower to finance the costs of the Project; and

WHEREAS, the Series 2024 Bonds are expected to be purchased by Cedar Rapids Bank and Trust Company (including any affiliate thereof, the "**Purchaser**"), pursuant to a Financing Agreement-or other purchase agreement; and

WHEREAS, pursuant to the Financing Agreements, the Borrower will be required to make loan payments sufficient to pay when due the principal, premium (if any), and interest on the Series 2024 Bonds and related fees, costs and expenses and thereby provide a revenue source with which to pay the Series 2024 Bonds, and the Series 2024 Bonds shall be a special limited obligation of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Financing Agreements, as applicable; and

WHEREAS, in order to assure the Authority and the holders of the Series 2024 Bonds that interest thereon will be excludible from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and to satisfy the public purposes for which the Series 2024 Bonds is authorized to be issued under the Act, and to satisfy the purposes of the Authority in determining to issue the Series 2024 Bonds, certain limits on the occupancy of units at the Project and other requirements have been established pursuant to the terms of a Tax Regulatory Agreement (the "Regulatory Agreement"), by and among the Authority, the Purchaser and the Borrower and the Tax Certificate and Agreement (the "Tax Certificate") to be entered into between the Authority and the Borrower; and

WHEREAS, in furtherance of the purposes of the Authority, it has been deemed appropriate and necessary that the Authority authorize the issuance and sale of the Series 2024 Bonds and prescribe and establish conditions and other appropriate matters with respect to the issuance thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Words used in the foregoing recitals shall have the same meanings when used in the body of this Resolution.

Section 2. The Authority hereby finds, determines and declares that the issuance of the Series 2024 Bonds, the sale thereof to the Purchaser, and the loan of the proceeds thereof to the Borrower to finance the construction and equipping of the Project is in furtherance of the public

purposes set forth in the Act, is in compliance with the provisions of the Act, and therefore is in the public interest.

Section 3. The Chair, the Executive Director/Chief Executive Officer and Secretary, the Chief Housing Officer, the Chief Financial Officer or the Chief Lending Officer of the Authority (the "**Authorized Officers**") are each hereby authorized to execute, attest, seal and deliver on behalf of the Authority one or more Financing Agreements, Regulatory Agreements, Tax Certificates and such other relating agreements, documents and certificates (collectively, the "**Authority Documents**"), their execution thereof to constitute conclusive evidence of their and the Authority's approval of the terms thereof, subject to the parameters set forth in this Resolution.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Series 2024 Bonds which shall be designated, unless otherwise provided by an officer of the Authority pursuant to <u>Section 9</u> hereof, New Mexico Mortgage Finance Authority Tax-Exempt Multifamily Housing Revenue Bonds (Peachtree Canyon <u>I</u> Apartments Project) Series 2024 in an aggregate principal amount not to exceed <u>\$20,000,00021,500,000</u>. The Series 2024 Bonds shall be issued only in fully registered form and shall have a maturity not to exceed forty (40) years after their date of issuance. The weighted average interest rate on the Series 2024 Bonds shall not exceed 10% per annum.

Section 5. The form, terms and provisions of the Series 2024 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Financing Agreements, as applicable. Each Authorized Officer is hereby authorized to execute, attest and seal by facsimile the Series 2024 Bonds and to deliver the Series 2024 Bonds to the bond registrar for authentication as may be required.

Section 6. The Series 2024 Bonds shall be sold to the Purchaser at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of <u>athe</u> Financing Agreements or other purchase agreement. Each Authorized Officer is hereby authorized to execute and deliver such Financing Agreement or other purchase agreementAgreements for and on behalf of the Authority. Each Authorized Officer is hereby further authorized to specify and agree as to the interest rates and maturities of the Series 2024 Bonds for and on behalf of the Authority by the execution of the Financing Agreements, as applicable, provided such terms are within the parameters set by this Resolution.

Section 7. Each Authorized Officer is authorized to take all action necessary or reasonably required by the Authority Documents to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 8. Upon issuance, the Series 2024 Bonds will constitute a special limited obligation of the Authority payable solely from and to the extent of the sources set forth in the Financing Agreements, as applicable. No provision of this Resolution, the Authority Documents or any other instrument shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 9. The appropriate officials of the Authority, including without limitation the Authorized Officers, are authorized to make any alterations, changes or additions in the Authority

Documents, the Series 2024 Bonds, or any other document herein authorized or that may be made pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Series 2024 Bonds are unable to be closed prior to the expiration of the volume cap allocations for the Series 2024 Bonds, as determined by the appropriate officials of the Authority, including without limitation the Authorized Officers, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Series 2024 Bonds, or any other document herein as may be necessary or desirable to issue the Series 2024 Bonds, prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Financing Agreements for a period of no more than a year until such Series 2024 Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 10. The appropriate officials of the Authority, including without limitation the Authorized Officers, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 11. After any of the Series 2024 Bonds are delivered to the Purchaser, this Resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Series 2024 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Financing Agreements.

At the public hearing conducted by the Authority on March 29, 2024 Section 12. regarding the proposal of the Authority to issue the Series 2024 Bonds for the purpose of financing the costs of the Project, all interested parties who desired to do so were given the opportunity to express their views orally and in writing for or against the proposed Series 2024 Bonds and the Notice of the public hearing was published on the Authority's website Project. (https://housingnm.org/meetings-events-notices) on March 21, 2024 in compliance with the requirements of Section 147(f) of the Code. The Notice was published in an area of the Authority's website which is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the plan of finance, the issuance of the Series 2024 Bonds and the Project. The Notice remained continuously published on the Authority's website for the entire period of at least 7 days prior to the hearing date described in the Notice. The Authority has considered all oral and written statements which were made or filed for or against the proposed Series 2024 Bonds and hereby determines that the proposed issuance by the Authority of the Series 2024 Bonds, for the purposes set forth in the Notice, is in the best interest of the Authority and the same is hereby approved in accordance with the public approval requirements of Section 147(f) of the Code.

Section 13. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Resolution, the Series 2024 Bonds or any other document executed in connection therewith against any officer of the Authority or employee, as such, in his or her individual capacity, past, present or future, of the Authority, either directly or through the Authority, whether by virtue of any constitutional provision, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution, the Series 2024 Bonds and all other documents referred to herein are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be

incurred by, any officer of the Authority, employee as such, past, present or future, of the Authority, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Authority, the Trustee, or the bondholder or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Note or any other documents referred to herein and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Note or any other documents referred to herein, expressly waived and released. The immunity of officers of the Authority and employees of the Authority under the provisions contained in this <u>Section 13</u> shall survive the termination of this Resolution.

Section 14. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this Resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

Section 15. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this Resolution.

Section 16. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. <u>However, the resolution adopted by the Authority on April 17, 2024 with respect to the Project and the Series 2024 Bonds is hereby repealed in its entirety.</u>

Section 17. All actions not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, consultants, contractors or agents directed toward the issuance and sale of the Series 2024 Bonds are hereby approved and ratified.

Section 18. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS APRILJULY 17, 2024.

Chair

(SEAL)

ATTEST:

Executive Director/Chief Executive Officer and Secretary

EXHIBIT A

PROJECT

The Project is described below:

• a 144-unit multifamily housing apartment project to be located at North Jornada Road and Peachtree Hills Road in Las Cruces, New Mexico

Summary report: Litera Compare for Word 11.4.0.111 Document co 6/28/2024 3:51:58 PM	omparison done on			
Style name: Default Style				
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Original DMS: nd://4875-6283-5633/1/New Mexico Ho Canyon I MF 2024 BOND RESOLUTION.docx	using MFA Peachtree			
Modified DMS: nd://4875-6283-5633/2/New Mexico Ho Canyon I MF 2024 BOND RESOLUTION.docx	ousing MFA Peachtree			
Changes:				
Add	27			
Delete	22			
Move From	0			
Move To	0			
Table Insert	0			
Table Delete	0			
Table moves to 0				
Table moves from	0			
Embedded Graphics (Visio, ChemDraw, Images etc.)	0			
Embedded Excel	0			
Format changes	0			
Total Changes:	49			

Peachtree Canyon I Apartments Project

CERTIFICATE REGARDING THE RESOLUTION

OF THE AUTHORITY

I, the undersigned, Isidoro Hernandez, the Executive Director/Chief Executive Officer and Secretary of the New Mexico Mortgage Finance Authority (the "Authority"), DO HEREBY CERTIFY that: (i) the annexed resolution was duly adopted by the members of the New Mexico Mortgage Finance Authority at a meeting thereof duly called and held on July 17, 2024, at which meeting a quorum was present and acting throughout; (ii) the annexed resolution has been compared by me with the original thereof recorded in the minute book of the Authority and is a correct transcript therefrom and of the whole of said original; (iii) the annexed resolution has not been altered, amended or repealed; and (iv) the annexed resolution is in full force and effect on the date of this certificate.

EXECUTED, DATED AND SEALED July 17, 2024.

Isidoro Hernandez Executive Director/Chief Executive Officer and Secretary

(SEAL)

BOND RESOLUTION Peachtree Canyon I Apartments Project

A RESOLUTION OF THE NEW MEXICO MORTGAGE FINANCE AUTHORITY (THE "AUTHORITY") AUTHORIZING THE ISSUANCE OR INCURRENCE OF INDEBTEDNESS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$21,500,000 IN THE FORM OF BONDS, NOTES OR OTHER DEBT OBLIGATIONS TO FINANCE THE EQUIPPING CONSTRUCTION AND OF Α MULTIFAMILY **RESIDENTIAL RENTAL HOUSING FACILITY; PROVIDING FOR THE** PLEDGE OF REVENUES FOR THE PAYMENT OF SUCH BONDS; APPROVING THE TERMS AND AUTHORIZING THE EXECUTION OF **CERTAIN FINANCING AGREEMENTS REQUIRED IN CONNECTION** THEREWITH: **RATIFYING CERTAIN** ACTIONS HERETOFORE TAKEN IN **CONNECTION** WITH SUCH **OBLIGATIONS;** AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY **CONSUMMATION** TO THE OF THE TRANSACTIONS **CONTEMPLATED BY THIS RESOLUTION; REPEALING A PRIOR RESOLUTION OF THE AUTHORITY; AND RELATED MATTERS.**

WHEREAS, the New Mexico Mortgage Finance Authority (the "Authority") is authorized by the Constitution and the laws of the State of New Mexico (the "State"), particularly Chapter 58, Article 18, NMSA 1978, as amended (the "Act") (a) to issue revenue bonds, notes, loans and other obligations for the purpose of making project mortgage loans to finance the acquisition, construction or rehabilitation of multifamily housing facilities, (b) to enter into agreements for the purpose of providing revenues to pay such revenue bonds upon such terms and conditions as the Authority may deem advisable, (c) to secure the payment of such revenue bonds, and (d) to otherwise participate fully in federal government housing programs to secure for the people of the State the benefits of such programs; and

WHEREAS, to provide decent, safe and sanitary residential housing facilities for low or moderate income persons within the State who are eligible under the Act, and after having determined that mortgage loans are not otherwise available upon reasonably equivalent terms and conditions from private lenders, the Authority has developed rules and regulations with respect to the issuance by the Authority of multifamily revenue bonds, notes, loans and other obligations to finance the construction, acquisition/rehabilitation and/or equipping of multifamily residential facilities intended for rental to eligible persons located in the State; and

WHEREAS, Peachtree Canyon Apartments, LLLP, a New Mexico limited liability limited partnership (or an entity related to or affiliated therewith), on behalf of itself and its affiliated entities either existing now or to be created (collectively, the "Borrowers" and each, a "Borrower"), has proposed a project consisting of the construction and equipping of the multifamily housing project identified in Exhibit A attached hereto (the "Project"); and

WHEREAS, to finance a portion of the Project costs, to fund necessary reserves and to pay certain issuance costs, the Borrower has requested the Authority to issue its Tax-Exempt Multifamily Housing Revenue Bonds (Peachtree Canyon I Apartments Project) Series 2024, in an aggregate principal amount not to exceed \$21,500,000 (the "Series 2024 Bonds"); and

WHEREAS, following the posting of a notice of a public hearing on the Authority's website on March 21, 2024 (the "Notice"), the Authority conducted a public hearing on March 29, 2024 pursuant to and in compliance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended ("Code"), at which such hearing all interested parties were given an opportunity to express their views orally or in writing for or against the proposed issuance of the Series 2024 Bonds to finance the costs of the Project, all pursuant to a plan of financing; and

WHEREAS, the Authority has proposed to issue the Series 2024 Bonds pursuant to one or more trust indentures, loan agreements, financing agreements, purchase agreements and/or funding agreements (each, a "Financing Agreement") in order to make a loan of the proceeds thereof to the Borrower to finance the costs of the Project; and

WHEREAS, the Series 2024 Bonds are expected to be purchased by Cedar Rapids Bank and Trust Company (including any affiliate thereof, the "**Purchaser**"), pursuant to a Financing Agreement; and

WHEREAS, pursuant to the Financing Agreements, the Borrower will be required to make loan payments sufficient to pay when due the principal, premium (if any), and interest on the Series 2024 Bonds and related fees, costs and expenses and thereby provide a revenue source with which to pay the Series 2024 Bonds, and the Series 2024 Bonds shall be a special limited obligation of the Authority payable solely from and secured by the proceeds, moneys, revenues, rights, interest and collections pledged therefor under the Financing Agreements, as applicable; and

WHEREAS, in order to assure the Authority and the holders of the Series 2024 Bonds that interest thereon will be excludible from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and to satisfy the public purposes for which the Series 2024 Bonds is authorized to be issued under the Act, and to satisfy the purposes of the Authority in determining to issue the Series 2024 Bonds, certain limits on the occupancy of units at the Project and other requirements have been established pursuant to the terms of a Tax Regulatory Agreement (the "Regulatory Agreement"), by and among the Authority, the Purchaser and the Borrower and the Tax Certificate and Agreement (the "Tax Certificate") to be entered into between the Authority and the Borrower; and

WHEREAS, in furtherance of the purposes of the Authority, it has been deemed appropriate and necessary that the Authority authorize the issuance and sale of the Series 2024 Bonds and prescribe and establish conditions and other appropriate matters with respect to the issuance thereof.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY, AS FOLLOWS:

Section 1. Words used in the foregoing recitals shall have the same meanings when used in the body of this Resolution.

Section 2. The Authority hereby finds, determines and declares that the issuance of the Series 2024 Bonds, the sale thereof to the Purchaser, and the loan of the proceeds thereof to the Borrower to finance the construction and equipping of the Project is in furtherance of the public

purposes set forth in the Act, is in compliance with the provisions of the Act, and therefore is in the public interest.

Section 3. The Chair, the Executive Director/Chief Executive Officer and Secretary, the Chief Housing Officer, the Chief Financial Officer or the Chief Lending Officer of the Authority (the "**Authorized Officers**") are each hereby authorized to execute, attest, seal and deliver on behalf of the Authority one or more Financing Agreements, Regulatory Agreements, Tax Certificates and such other relating agreements, documents and certificates (collectively, the "**Authority Documents**"), their execution thereof to constitute conclusive evidence of their and the Authority's approval of the terms thereof, subject to the parameters set forth in this Resolution.

Section 4. For the purpose of providing decent, safe and sanitary residential housing for low or moderate income persons within the State, all as authorized under the Act, the Authority shall issue the Series 2024 Bonds which shall be designated, unless otherwise provided by an officer of the Authority pursuant to <u>Section 9</u> hereof, New Mexico Mortgage Finance Authority Tax-Exempt Multifamily Housing Revenue Bonds (Peachtree Canyon I Apartments Project) Series 2024 in an aggregate principal amount not to exceed \$21,500,000. The Series 2024 Bonds shall be issued only in fully registered form and shall have a maturity not to exceed forty (40) years after their date of issuance. The weighted average interest rate on the Series 2024 Bonds shall not exceed 10% per annum.

Section 5. The form, terms and provisions of the Series 2024 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption, tender and number shall be as set forth in the Financing Agreements, as applicable. Each Authorized Officer is hereby authorized to execute, attest and seal by facsimile the Series 2024 Bonds and to deliver the Series 2024 Bonds to the bond registrar for authentication as may be required.

Section 6. The Series 2024 Bonds shall be sold to the Purchaser at a price not less than 100% of the principal amount thereof plus accrued interest, if any, in accordance with the provisions of the Financing Agreements. Each Authorized Officer is hereby authorized to execute and deliver such Financing Agreements for and on behalf of the Authority. Each Authorized Officer is hereby further authorized to specify and agree as to the interest rates and maturities of the Series 2024 Bonds for and on behalf of the Authority by the execution of the Financing Agreements, as applicable, provided such terms are within the parameters set by this Resolution.

Section 7. Each Authorized Officer is authorized to take all action necessary or reasonably required by the Authority Documents to carry out, give effect to and consummate the transactions as contemplated thereby.

Section 8. Upon issuance, the Series 2024 Bonds will constitute a special limited obligation of the Authority payable solely from and to the extent of the sources set forth in the Financing Agreements, as applicable. No provision of this Resolution, the Authority Documents or any other instrument shall be construed as creating a general obligation of the Authority, or as creating a general obligation of the State or any political subdivision thereof, or as incurring or creating a charge upon the general credit of the Authority.

Section 9. The appropriate officials of the Authority, including without limitation the Authorized Officers, are authorized to make any alterations, changes or additions in the Authority Documents, the Series 2024 Bonds, or any other document herein authorized or that may be made

pursuant to the Act which may be necessary or desirable. In addition, to the extent that the mortgage loans to be made to the Borrower with proceeds of the Series 2024 Bonds are unable to be closed prior to the expiration of the volume cap allocations for the Series 2024 Bonds, as determined by the appropriate officials of the Authority, including without limitation the Authorized Officers, such appropriate officials of the Authority are authorized to make any alterations, changes or additions in the Authority Documents, the Series 2024 Bonds, or any other document herein as may be necessary or desirable to issue the Series 2024 Bonds prior to expiration of the volume cap allocations and invest the proceeds thereof in permitted investments as provided under the Financing Agreements for a period of no more than a year until such Series 2024 Bonds can be refunded or remarketed and the proceeds thereof be used to make mortgage loans to the Borrower.

Section 10. The appropriate officials of the Authority, including without limitation the Authorized Officers, are hereby authorized and directed to execute and deliver for and on behalf of the Authority any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein.

Section 11. After any of the Series 2024 Bonds are delivered to the Purchaser, this Resolution shall be and remain irrepealable until the principal of, premium, if any, and interest on the Series 2024 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Financing Agreements.

At the public hearing conducted by the Authority on March 29, 2024 Section 12. regarding the proposal of the Authority to issue the Series 2024 Bonds for the purpose of financing the costs of the Project, all interested parties who desired to do so were given the opportunity to express their views orally and in writing for or against the proposed Series 2024 Bonds and the Notice of the public hearing was published on the Authority's website Project. (https://housingnm.org/meetings-events-notices) on March 21, 2024 in compliance with the requirements of Section 147(f) of the Code. The Notice was published in an area of the Authority's website which is used to inform its residents about events affecting the residents and which is clearly identified and accessible to members of the general public seeking information concerning the plan of finance, the issuance of the Series 2024 Bonds and the Project. The Notice remained continuously published on the Authority's website for the entire period of at least 7 days prior to the hearing date described in the Notice. The Authority has considered all oral and written statements which were made or filed for or against the proposed Series 2024 Bonds and hereby determines that the proposed issuance by the Authority of the Series 2024 Bonds, for the purposes set forth in the Notice, is in the best interest of the Authority and the same is hereby approved in accordance with the public approval requirements of Section 147(f) of the Code.

Section 13. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the Authority contained in this Resolution, the Series 2024 Bonds or any other document executed in connection therewith against any officer of the Authority or employee, as such, in his or her individual capacity, past, present or future, of the Authority, either directly or through the Authority, whether by virtue of any constitutional provision, statute or rule or law, or by the enforcement of any assessment or penalty or otherwise, it being expressly agreed and understood that this Resolution, the Series 2024 Bonds and all other documents referred to herein are solely corporate obligations, and that no personal liability whatsoever shall attach to, or be incurred by, any officer of the Authority, employee as such, past, present or future, of the

Authority, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Authority, the Trustee, or the bondholder or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such member, officer and employee is, by the adoption of this Resolution and the execution of the Note or any other documents referred to herein and as a condition of, and as a part of the consideration for, the adoption of this Resolution and the execution of the Note or any other documents referred to herein and the execution of the Note or any other documents referred. The immunity of officers of the Authority and employees of the Authority under the provisions contained in this <u>Section 13</u> shall survive the termination of this Resolution.

Section 14. Except as otherwise disclosed to the governing board of the Authority prior to the adoption of this Resolution, no member or employee of the Authority has any interest, direct or indirect, in the transactions contemplated by the Authority herein.

Section 15. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this Resolution.

Section 16. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. However, the resolution adopted by the Authority on April 17, 2024 with respect to the Project and the Series 2024 Bonds is hereby repealed in its entirety.

Section 17. All actions not inconsistent with the provisions of this Resolution heretofore taken by or at the direction of the Authority and its directors, officers, counsel, advisors, consultants, contractors or agents directed toward the issuance and sale of the Series 2024 Bonds are hereby approved and ratified.

Section 18. This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE AUTHORITY THIS JULY 17, 2024.

Chair

(SEAL)

ATTEST:

Executive Director/Chief Executive Officer and Secretary

EXHIBIT A

PROJECT

The Project is described below:

• a 144-unit multifamily housing apartment project to be located at North Jornada Road and Peachtree Hills Road in Las Cruces, New Mexico



NEW MEXICO MORTGAGE FINANCE AUTHORITY Contracted Services/Credit Committee Meeting Tuesday, July 09, 2024 @ 10:00 am MFA – Albuquerque

WebEx join the meeting from the calendar or call 1-408-418-9388 (access code): 2485 316 1174

	AGENDA ITEM	TIME ALLOTTED	COMMITTEE RECOMMENDED	BOARD ACTION REQUIRED
1	2024 Regional Housing Authority (RHA) Annual Report – John Garcia	10:00-10:10	3-2	YES
2	2024 Recovery Housing Program Award Recommendations – Jackie Homet	10:10-10:20	3-2	YES
3	Questions/comments from Committee	10:20-10:30		NO

Committee Members present: Rebecca Wurzburger, Chair	□ present	□ absent	Conference call
Attorney General Raul Torrez/Designee Gideon Elliot	□ present	□ absent	C conference call
Patricia Sullivan	□ present	□ absent	Econference call

Howards



MEMO

TO:): MFA E		oard of Directors
	Through:		Contract Services – July 9, 2024
	Throug	gh:	Policy Committee – July 2, 2024
FROM:		Jackie	Homet, Recovery Housing Program, Program Manager
DATE: Jul		July 17	, 2024
SUBJECT:		Recovery Housing Program Award Recommendations	
DoA:		#15 All	Programmatic RFP Language Approved and Selection of Vendor (12)

Recommendation

Staff is requesting approval to award Recovery Housing Program funding to the New Mexico Reentry Center in the amount of \$1,000,000. They are eligible for this funding after submitting an approved application through the current NOFA.

Background

Section 8071 of the SUPPORT for Patients and Communities Act ("SUPPORT Act"), defines the purpose of the Recovery Housing Program to be, "...to Help Individuals in Recovery From a Substance Use Disorder Become Stably Housed." Through this program, the U.S. Department of Housing and Urban Development ("HUD") authorizes assistance to grantees to provide stable, temporary housing to individuals in recovery from a substance use disorder. The RHP assistance is limited, per individual, to a period of not more than two years or until the individual secures permanent housing, whichever is earlier.

Discussion

A NOFA was released May 1, 2024, to solicit organizations that have the capacity to operate a Recovery Housing Program for low- to moderate-income individuals in recovery from a substance use disorder. The amount of funding available through the NOFA is \$2,349,584. Three agencies submitted applications.

1. Supporting People in Need (SPIN) – Silver City

2. UNM Health Sciences Center – Lifting Opportunities for Transformation and Upward Growth ("Loft-Up") – Albuquerque

3. NM Reentry Center - Albuquerque

Two applicants did not score high enough to be awarded at this time (SPIN and Loft-Up). We have notified them that the NOFA will be open until all RHP funds are awarded, and we encourage them to address their areas of weakness and reapply.

The New Mexico Reentry Center submitted an application requesting \$1,000,000 to expand their existing recovery program in Albuquerque. Since their inception in 2020, their housing program has been specifically tailored to address individuals with Opioid use disorders, providing supportive housing and stability programs to support their clients' reintegration in the community. Their next goal is to purchase

or lease a building to be utilized as transitional housing. This funding will allow them to expand their efforts to assist people in recovery from all substance use disorders. In their first three years of operation, the Center assisted 250 people. In 2024, that number has already increased to 650. Approximately 70% of those have been provided assistance with supportive housing. One of those clients is "E.S."

E.S. was released after serving five years in federal prison. Upon her release last year, she found the NM Reentry Center, where they were able to assist her with basic needs, employment and case management. E.S. has utilized all the different services offered, showcasing the comprehensive support available at the NM Reentry Center.

With their support, E.S. **successfully relocated to a new apartment**. This assistance gave her the stability she needed to start a new chapter in her life. Today, she is employed at the NM Reentry Center, as an Intensive Case Manager, exemplifying the true spirit of the mission and aligning with their vision of empowering our community.

The following shows a projected budget, submitted by the NM Reentry Center, for utilizing the requested \$1,000,000 in Recovery Housing Program funds.

Property acquisition (purchase or lease), renovations, furnishings, necessary equipment	\$300,000
Utilities, supplies, etc.	\$100,000
Salaries: counselors, case managers, support staff	\$250,000
Program services – counseling, job training, health/program facilitation	\$350,000
Total RHP funding	\$1,000,000

Summary

Staff is requesting approval to award Recovery Housing Program funding to the New Mexico Reentry Center in the amount of \$1,000,000. They are eligible for this funding after submitting an approved application through the current NOFA.



то:	MFA Board of Through: Through:	Directors Contract Services Committee – 7/16/2024 PC Committee – 7/2/2024	
FROM:	John Garcia, Assistant Director of Community Development		
DATE:	7/17/2024		
SUBJECT:	Regional Housing Authority 2023 Annual Report		

Recommendation:

Staff recommends approval of the Regional Housing Authority 2023 Annual Report as mandated by the Regional Housing Act. The report includes operation and fiscal activities for Eastern Regional Housing Authority (ERHA), Northern Regional Housing Authority (NRHA) and Western Regional Housing Authority (WRHA) from 7/1/2022 through 6/30/2023.

Background:

The Regional Housing Law 11-3A-29 NMSA 1978, mandates that MFA provide oversight of certain RHA activities, to include submission of an Annual Report, relative to their operations and fiscal activities, to the Department of Finance and Administration (DFA), Legislative Oversight Committee (LOC), and the Legislative Finance Committee (LFC).

The Department of Housing and Urban Development (HUD) funds the Regional Housing Authorities and is the agency that approves and provides oversight of operational activities such as budgets, procurements, and 5-year plans. MFA is in a role of limited oversight and works with HUD to obtain information as required per the Regional Housing Law, Chapter 11, Article 3A NMSA 1978. MFA only has oversight responsibilities of the items listed below. No funding was appropriated to MFA for the RHA oversight.

- 1. Review of the RHA's operation budget (MFA Staff)
- New member(s) of the RHA's Board of Commissioners are reviewed and approved by the MFA Board prior to recommendation to the Governor's Boards and Commissions (NMSA 1978 § 11-3A-6 E)
- 3. Approve new executive directors (MFA Board) (NMSA 1978 § 11-3A-6 C)
- Approve the articles of incorporations and bylaws, and any subsequent changes of any nonprofit entities to be created by the RHA (MFA Board)(NMSA 1978 § 11-3A-9)
- Financial and Operational Oversight only as provided for below. (NMSA 1978 § 11-3A-30):

- a. Approve contracts and MOUs with a value greater than \$100,000 (MFA Board) (NMSA 1978 § 11-3A-30 A (1))
- b. Approve transfers, sales, or liquidations of any real or personal property with a value greater than \$100,000 (MFA Board) (NMSA 1978 § 11-3A-30 A (2))
- 6. Review of the final operating budget of the RHA and each nonprofit it has established (MFA Staff and Board) (NMSA 1978 § 11-3A-30 B)
- 7. Review of the RHA's external financial audits (MFA Staff and Board) (NMSA 1978 § 11-3A-30-C)
 - Review of the RHA's annual report of financial and operational activities and dissemination of the same to the Department of Finance and Administration of the State of New Mexico, the MFA oversight committee, and the legislative finance committee (MFA Staff and Board) (NMSA 1978 § 11-3A-30 D)
 - b. qualified audit opinion¹ for more than two consecutive years (MFA Staff and Board) (NMSA 1978 § 11-3A-30 E)
 - c. Where an RHA fails to correct any qualified audit within one year of the release of the audit all state funds shall be abated until such time as the corrective actions are taken (NMSA 1978 § 11-3A-30 E)

Discussion:

1

This report provides an update of the above-mentioned items for the three (3) New Mexico RHAs listed below from 7/1/2022 through 6/30/2023.

- Eastern Regional Housing Authority (ERHA) located in Roswell
- Western Regional Housing Authority (WRHA) located in Silver City
- Northern Regional Housing Authority (NRHA) located in Taos
- 1. Each fiscal year the RHAs are required to provide MFA with a final operating budget for review. The information below reflects each RHA's Low Income Rent Subsidy and Section 8 Voucher subsidy amounts that were approved by HUD.

Agency	HUD Approved Subsidy (7/1/22 – 6/30/23)	Date Approved by RHA Board and/or HUD
ERHA	Low Rent Public Housing \$1,502,250	6/24/23
	Section 8 Vouchers <u>\$9,018,491</u>	
	\$10,520,741	
WRHA	Low Rent Public Housing (152 units) \$1,005,670	1/31/23
	Section 8 Vouchers (Allocated 916) <u>\$4,807,686</u>	
	\$5,813,356	
NRHA	Low Rent Public Housing \$4,164,500	6/27/23
	Section 8 Vouchers <u>\$ 299,350</u>	
	\$4,463,859	

2. Board of Commissioners – The powers of each regional housing authority shall be vested in its board of commissioners with representation for each county within its respective region.

The Boards and Commissions Department of the State of New Mexico completed the updated background checks and renewal terms for each of the RHA's Board of Commissioners. As of the date of this reporting, the rosters listed below reflect the most up-to-date status.

County within Region	Commissioner Assigned to	Current Status and Term End			
	County	Date			
Otero	Michael O'Hara	7/1/27			
Chavez	Terri Douglass	7/1/27			
Eddy	Sylvia Bueno	7/1/25			
Lea	Ella Turner	7/1/25			
Otero	Nadia Sikes	7/1/28			
Chavez	Alfred Velasquez, Jr.	7/1/25			

Eastern Regional Housing Authority – 1 Vacancy

Western Regional Housing Authority – 1 Vacancy

County within Region	Commissioner Assigned to	Current Status and Term End
	County	Date
Grant	Lynne Featheringill	7/1/24 Renewal Pending
Sierra	Dr. G Vincent Barrett	7/1/27
Socorro	Jacqueline Muncy	7/1/25
Valencia	Carol Ann Anaya	7/1/25
Grant	Martha Ann Peru Salas	7/1/25
Hidalgo	Irene Galvan	7/1/26

Northern Regional Housing Authority – 1 Vacancy

County within Region	Commissioner Assigned to	Current Status and Term End			
	County	Date			
Sandoval	Jolene Slowen	7/1/26			
San Juan	Nichole R Sandoval-Belt	7/1/28			
San Miguel	Donna Vigil	7/1/28			
Cibola	Rev. Garland McCoy Moore	7/1/25			
Colfax	Rayetta M Trujillo	7/1/25			
Taos	Bernadine Trujillo	7/1/27			

3. Executive Directors – There are no changes to the RHA Executive Directors for ERHA and WRHA. NRHA's executive director resigned his position on 03/08/2024 and NRHA is in the process of finding potential candidates for the ED position. NRHA will adhere to its established guidelines for hiring a new executive director. Upon completion of the process and selection of a qualified candidate, NRHA will submit documentation to MFA. MFA will present the recommended candidate to MFA's Board of Directors for approval.

- ERHA: Chris Herbert has served as Executive Director since 2006
- WRHA: Cathy DeMarco has served as Executive Director since 2003
- NRHA: Vacant
- 4. Approve the articles of incorporations and bylaws, and any subsequent changes of any nonprofit entities to be created by the RHA No Activity reported from 7/01/22 to 06/30/23.
- 5. Limited Financial and Operational Oversight.
 - a. Approve contracts and MOUs with a value greater than \$100,000
 - On January 24, 2023, the MFA Board approved WRHA's contract with Cooks General Contracting. *
 - On August 17, 2022, the MFA Board approved NRHA contract with Northeastern Construction Company. *
 - During this review period, NRHA entered two contracts exceeding \$100,000 without MFA approval. Both contracts were with Sturdy Homes Ltd. Co & Sol System.
 - ERHA did not report any contracts exceeding \$100,000 for this review period.

*Board Memos Attached

- b. Approve transfers, sales, or liquidations of any real or personal property with a value greater than \$100,000. -No activity was reported from 7/01/2022 to 06/30/2023
- 6. Review of the final operating budget of the RHA and each nonprofit it has established (HUD Approved 5 Year Plans)
- 7. Review of the RHA's external financial audits. Submission of external financial audits to the State Auditor, MFA, LFC, DFA and LOC. The RHA state approved audits are included in this report.

Completed Audits are submitted by the RHA to the State auditor's office for review and approval and published on the Office of the State Auditor website. The audits are then provided to MFA for review and distribution to the committees mentioned in Item# 7.

EASTERN REGIONAL HOUSING AUTHORITY

ERHA received an unmodified opinion on the FYE 6/30/23 audit. There are 4 findings related to Financial Statements, 2 findings related to Federal Awards and 2 findings related to NMSA 1978 totaling 8 findings noted in this audit.

2023-002 Review of the Schedule of Expenditures of Federal Awards (SEFA) -

Significant Deficiency Criteria - Effective internal controls require documentation as evidence that the control has been implemented. Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, per 2CFR 200.510(b) "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended."

Condition - There is no documentation that the financial statements, including the SEFA, of the Housing Authority have been reviewed.

Cause - Because the Authority has few employees they communicate daily and therefore did not recognize the need to document the review process.

Effect - Incorrect and/or incomplete financial information may be provided to the board at public meetings. In addition, there is an increased potential for program reporting to be incorrect as the underlying financial information may not have been appropriately reviewed.

Questioned Costs - None

Perspective – The documentation of review of the Schedule of Expenditures of Federal Awards was not retained.

Recommendation - The review process for financial statements and the SEFA should be clearly documented. Management may want to consider the use of a checklist.

Management Response: The Authority will ensure that the SEFA is reviewed at end of each year, and signed off by management.

Estimated Completion Date: July 2024

Responsible Party: Executive Director

2023-003 – Review of journal entries – Significant Deficiency Criteria – The Committee of Sponsoring Organizations (COSO) internal control framework requires policies and procedures to include documentation of review processes.

Condition – Review of journal entries does not occur prior to posting.

Cause – Lack of awareness & small number of management/financial staff.

Effect – Potential for unauthorized or incorrect entries to be posted.

Recommendation – Establish a written procedure where journal entries and supporting documentation should be reviewed & documented prior to general ledger posting.

Management Response: Journal entries shall be reviewed prior to posting to GL

Estimated Completion Date: March 2024

Responsible Party: Executive Director Deputy Director

2023-005 – Taxable fringe benefit not included in W-2 wages – Other Noncompliance Criteria – Per IRS Publication 15-B, employer's tax guide to fringe benefit income related to the personal use of employer vehicle should be added to W-2 income. Condition –

Fringe benefit income is not added to employees W-2 wages for personal use of employer owned vehicles. Seventeen (17) of fifty-one (51) employees had additional income added to their W-2 for 2023.

Cause – Authority misunderstanding of the fringe benefit requirements.

Effect – Potential for employer tax penalties for non-compliance.

Recommendation – The Authority should add fringe benefit income to employee's W-2 for personal use of vehicle, in accordance with IRS Publication 15-B.

Management Response: Payroll Clerk added this on the last payroll of December when notified by auditor. Taxable fringe benefit will be included on all applicable staff W2s on an ongoing basis. **Estimated Completion Date:** 12/31/2023 **Responsible Party:** Finance Director and Payroll Clerk

2023-006 – Capital asset detail, depreciation and reconciliation – Material Weakness

Criteria – The Committee of Sponsoring Organizations (COSO) internal control framework requires policies and procedures to include maintenance and reconciliation of account balances for appropriate and accurate financial reporting.

Condition – Capital asset detail, depreciation and reconciliation were not maintained. Material audit journal entries were proposed to correct recording of sale of the Woodleaf Development property. In summary, the gain on sale was increased \$2,862,957.

Cause – Lack of documentation of clear procedures to include reconciliation processes. **Effect** – Financial statements were materially misstated due to the incorrect recording of the gain on sale of the Woodleaf Development property. Lack of maintenance of capital asset records leads to a potential lack of control over Authority assets. **Recommendation** – Document and implement clear procedures for the maintenance of capital assets, to include proper identification and recording of disposal activity and reconciliation of the depreciation schedule to the general ledger and physical inventory. **Management Response:** The Authority is reviewing the proper procedure for the posting of capital assets and will properly post capital assets and reconcile on a monthly basis.

Estimated Completion Date: July 1, 2024 **Responsible Party:** Finance Director and Payroll Clerk

2023-007 – Payroll taxes not paid and payroll tax reports not filed timely – Material

Weakness Criteria – Employment taxes under 26 CFR§ 601.401 require deposit of withheld taxes and employer taxes of \$2,000 or more be electronically deposited based on the pay day per the federally described schedule. Payroll reports are due at the end of the month following the end of the calendar quarter.

Condition – Payroll taxes not paid and payroll tax reports not filed timely. As of June 30, 2023 payroll taxes payable were \$264,600. Payroll reports for March-June 2023 were

not filed until December, 2023. **Cause** – Lack of clear review procedures for each payroll to include reconciliation, review and payment of payroll taxes and other payroll liabilities.

Effect – The Authority will likely incur substantial penalties and interest for late payment of taxes.

Recommendation – All late payroll taxes should immediately be remitted to the appropriate government and the related payroll reports should be filed immediately. In addition, the Authority should establish procedures and internal controls to minimize the re-occurrence of late payment of taxes and late filing of payroll reports.

Management Response: Payroll Department/Finance worked on getting this all paid as soon as auditor notified Finance Director that they had not been paid. Payments were all made in Dec 2023 and 941's were mailed out certified. Finance has requested that Payroll is to notify Finance every payroll when payments are made as per corrective action plan. Also Payroll Clerk has to fill out excel spread sheet that has been setup for Finance when Finance balances the bank daily so that Finance knows when the payment has been made and to look for withdrawal on bank side.

Estimated Completion Date: 12/31/23

Responsible Party: Finance Director and Payroll Clerk

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-001 - Internal Control over Federal Award – Reporting (VMS) – Significant Deficiency in internal controls over compliance over reporting

ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: US Department of Housing and Urban Development Award Year: 2023

Criteria - Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, program reporting requires HUD-52681-B, *Voucher for Payment of Annual Contributions and Operating Statement (OMB No. 2577-0169).* The PHA submits this form monthly to HUD electronically via the VMS. Congress has instructed HUD to use VMS data to determine renewal funding levels.

Condition - The HUD 52681-B VMS report is not reviewed prior to submission. **Cause** - Because the Authority has few employees they communicate daily and therefore did not recognize the need for review.

Effect - Potential non-compliance with program requirements and that non-compliance may go undetected for an extended period of time.

Questioned Costs - None

Perspective – The documentation of review was not retained for any of the twelve monthly reports.

Recommendation - The Authority should establish a clearly documented review process

wherein someone other than the preparer reviews the VMS report prior to submission. **Management Response:** The Authority will have a member of management review VMS submissions prior to submission.

Estimated Completion Date: February, 2024

Responsible Party: Executive Director and Deputy Director and Assistant Deputy Director.

2023-009 Application Access Control – Significant Deficiency in internal control over compliance over reporting ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: US Department of Housing and Urban Development Award Year: 2023 Criteria – NMAC 1.12.20.14 (A) Application Access Control, "Access to agency business and systems applications shall be restricted to those individuals who have an identified business need to access those applications or systems in the performance of their job responsibilities." "In addition, Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non- Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition – All the users for the Housing Authority within the "Housing Pro" software have administrative level access.

Cause – The Housing Authority gave all of their section 8 and public housing employees' full access within the "Housing Pro" software, without considering the need to modify user permission based on their job responsibilities.

Effect – The users can access modules within the "Housing Pro" software for which their job duties do not allow for.

Questioned Costs – None

Perspective –All employees have administrative access to the Housing Pro software. **Recommendation** – We recommend that the Housing Authority should review each employees' access permissions within the "Housing Pro" software and modify their access according to their job

responsibilities.

Management Response: All employee access was reviewed and corrected so that only the two Deputy Directors have administrative access.

Estimated Completion Date: November 30, 2023 **Responsible Party:** Deputy Director

SECTION 12-6-5 NMSA 1978 FINDINGS

2023-004 CPO Certification expired – Other Non-compliance Criteria - The State of New Mexico requires each Local government to have a Chief Procurement Officer. Per Procurement Code, Section 13-1-95.2.

Condition - No current Chief Procurement Officer – certification expired as of 7/31/21. **Cause** - Due to delay from COVID restrictions and employee name changes (notification of expiration not received) the required re-certifications did not occur prior to expiration of certification.

Effect - Lack of compliance with State requirement and potential for procurement violations due to outdated knowledge.

Recommendation - Enroll in training and re-certification as soon as possible. Management Response: Staff attended procurement training and attained the CPO certification. ERHA will ensure that staff is recertified every 2 years as required. Estimated Completion Date: October 9, 2023 Responsible Party: Deputy Director

2023-008 (2021-002) Late Audit Report – Other Non-Compliance Repeated with modification.

Condition – The audit report was submitted after September 30, 2023. **Management's Progress on Finding Resolution** - Although the Housing Authority worked with the auditor to complete the audit timely; due to the complexity of accounting issues resulting from the sale of Woodleaf Development, a stretch in resources due to past absorptions and the early due date we were unable to meet deadline (No significant progress from prior year).

Criteria – Per 2.2.2 NMAC the audit report for independent public housing authorities is due to the New Mexico State Auditor's office on September 30, 2023.

Cause – Complex accounting and presentation issues due to the sale of the Woodleaf Development property and compounding of past absorptions led to delays in completing the audit.

Effect – Audited report late.

Recommendation – All agencies involved should work together to find workable solutions when deadlines conflict or are extended by one agency and not another. **Management Response** - Eastern Regional Housing Authority will work with the auditor to find workable solutions for the next audit.

Estimated Completion Date: Fiscal Year 2024

Responsible Party: Executive Director, Deputy Director and Finance Director

WESTERN REGIONAL HOUSING AUTHORITY

WRHA received an unmodified opinion on the FYE 6/30/23 audit. There is 1 finding related to Financial Statements, 2 findings related to Federal Awards and 1 finding related to NMSA 1978 totaling 4 findings noted in this audit.

FINANCIAL STATEMENT FINDINGS

2023-003: Journal entry review and posting (Significant Deficiency)

Criteria: Reliable internal controls require review processes to be documented by the individual or system performing the review and clearly dated journal entries for each accounting period.

Condition: Journal entries are not reviewed prior to posting, and a template used for standard monthly journal entries has prior fiscal year dates. Documentation of performance of other review procedures is not retained consistently.

Cause: Because the Authority has very few employees, they communicate daily and therefore did not recognize the need for documentation of reviews and an aging general ledger software that does not allow for date changes to template standard monthly journal entries.

Effect: Potential for processes to go un-reviewed allowing errors to occur and not be detected in a timely manner.

Auditors' Recommendation: System capabilities for journal entries should be reviewed and processes revised to allow for documented review and proper dating.

Views of Responsible Officials: The Housing Authority is working in coordination with our Software provider in regard to the dates on the templates and will adjust our review process to approve journal entries prior to posting.

Estimated Completion Date: October 31, 2023 Responsible Party: Executive Director

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-001: Eligibility, Special Tests and Provisions (Reasonable Rent, Housing Assistance Payment)

– Significant Deficiency in Internal Controls over Compliance over Maintenance of Tenant Files

ALN and Title: 14.871 Section 8 Housing Choice Vouchers

Federal Agency: U.S. Department of Housing and Urban Development Award Year: 2023

Criteria: Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Title 24 US Code of Federal Regulations Part 982 Subpart K requires housing authorities operating a Section 8 program to examine and re-examine tenant eligibility regularly, ensure that rent paid under the Section 8 program meets the definition of "reasonable rent" as defined by HUD, and requires certain documentation to be maintained related to tenant rent and Housing Assistance Payments.

Condition: The Authority does not have effective controls over this compliance requirement, which resulted in the following during our review of tenant files:

- For one of the 49 tenant files tested, the Application had not been signed by the applicant.
- For one of the 49 tenant files tested, the file did not contain a copy of the Rent Reasonable Valuation form.

• For one of the 49 tenant files tested, the HAP contract was not signed off as reviewed by the Housing Specialist.

Cause: The Authority did not have controls in place to help follow the appropriate procedures in accordance with procedures to ensure compliance.

Effect: The Authority may unintentionally approve a tenant who is not eligible which could lead to questioned costs and/or repayment of funds to the Grantor agency. *Questioned Costs:* None noted.

Auditors' Recommendation: The Auditors recommend that the Authority strengthen its controls over tenant file documentation to ensure proper signoffs, forms, and data entry are present.

Views of Responsible Officials: The Housing Authority does have controls in place, we have file checklists to be followed by the staff, but unfortunately, staff errors do occur. These items have been addressed with staff.

Estimated Completion Date: September 30, 2023 Responsible Party: Executive Director

2023-002: Eligibility, Special Reporting, Special Tests and Provisions (Utility Allowance Schedule, Housing Assistance Payment) – Significant Deficiency in Internal Controls over Compliance over Tenant Calculations

ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: U.S. Department of Housing and Urban Development Award Year: 2023

Criteria: Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per Title 24 US Code of Federal Regulations Part 982.517(d) Use of utility allowance schedule, the PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

Condition: The Authority does not have effective controls over this compliance requirement, which caused one of the 49 tenant files tested to include a clerical error in the Utility Allowance calculation inputted into the software by the Housing Specialist. This in turn lowered the HAP payment by \$18 and is listed in the Family Report inaccurately.

Cause: The Authority did not have controls in place to help follow the appropriate procedures in accordance with procedures to ensure compliance.

Effect: The Authority may unintentionally approve a tenant for an incorrect amount of assistance which could lead to questioned costs and/or repayment of funds to the Grantor agency and inaccurate reporting.

Questioned Costs: \$18 of known questioned costs and \$2,685 of likely questioned costs when extrapolated to the population.

Auditors' Recommendation: The Auditors recommend that the Authority strengthen its controls over tenant files and eligibility determinations to ensure that information is accurately transferred into the system used for eligibility determinations and assistance calculations.

Views of Responsible Officials:: The Housing Authority does have controls in place, we require staff to manually calculate the rent and utility allowance and then compare to the computer generated calculations, but unfortunately, staff errors do occur. These items have been addressed with staff and the HAP was recalculated with the correct utility allowance and the additional HAP was paid to the appropriate party in September.

Estimated Completion Date: September 30, 2023

Responsible Party: Executive Director

SECTION 12-6-5 NMSA 1978 FINDINGS

2023-004: Failure to submit unclaimed property (Other non-compliance)

Criteria: New Mexico Statutes for Uniform Unclaimed Property Section 7-8A require the holders of property unclaimed for more than one year to be escheated to the State of New Mexico.

Condition: The Housing Authority's has outstanding checks greater than one year old of \$5,865, plus check written to NM Taxation and Revenue of \$1,190 to submit unclaimed property for 2018-2019.

Cause: The Housing Authority attempted to submit unclaimed property balances to the State of New Mexico in 2020 but the check to the State remains outstanding.

Effect: The Housing Authority may incur interest costs for failure to pay or report unclaimed property.

Auditors' Recommendation: The Housing Authority should report and submit all unclaimed property to the State of New Mexico in accordance with the NM State Statutes.

Views of Responsible Officials: The Housing Authority is aware of the issue and will submit all unclaimed property to the State of New Mexico in accordance with the NM State Statutes.

Estimated Completion Date: October 31, 2023

Responsible Party: Executive Director

NORTHERN REGIONAL HOUSING AUTHORITY

NRHA's most recently completed audit was for the FYE 6/30/21, which contained an unmodified opinion with 15 findings. This audit was reported on the 2022 RHA Annual Report last year. MFA is very concerned with the two years of incomplete NRHA audits and has expressed this with NRHA leadership. The FYE 6/30/22 and FYE 6/30/23 audits are not complete with no timeline of completion, due to unforeseen circumstances.

MFA has provided training and technical assistance to NRHA on a continuing basis since 2019, which included onsite training, use of MFA's facilities for Board meetings, consultation from MFA's General Counsel and facilitating assistance from Eastern Regional and El Camino Real Housing Authorities. MFA has assisted NRHA in recruiting commissioners and executive directors. MFA understands, while having no authority to enforce any corrective action against NRHA, MFA is very invested in the success of NRHA and will continue to reach out to NRHA and provide assistance to help them out of their troubled status with HUD.

Update on Overall Status of NRHA:

- NRHA continues to be in troubled status with HUD (since 2020).
- HUD sent the NRHA Board a Failure to Comply letter (FTC) at the end of last year.
- The NRHA's Board has not responded to HUD's FTC letter as of the date of this report.

Summary:

Staff recommends approval of the Regional Housing Authority 2023 Annual Report as mandated by the Regional Housing Act. The report includes operation and fiscal activities for Eastern, Western and Northern Regional Housing Authorities from 7/1/22 through 6/30/23.

Contracts over \$100,000



TO:	Policy Committee
FROM:	Theresa Laredo-Garcia, Program Development Manager
DATE:	January 24, 2023
SUBJECT:	Western Regional Housing Authority (WRHA) Contract Approval > 100K

Recommendation

MFA staff recommends Policy Committee approval for Western Regional Housing Authority (WRHA) to enter into a service contract with a value greater than \$100,000.

Background

During the 2009 Legislative Session for the state of New Mexico, Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) was enacted amending the Regional Housing Law 11-3A-29 NMSA 1978, to re-define the activities of the Regional Housing Authorities and to mandate that MFA provide oversight of certain activities. This oversight includes approval of a Regional Housing Authority's need to enter into or sign any contract, memorandum of understanding or other agreement with a value greater than \$100,000.

Discussion

WRHA is working on 7 duplexes (14 units) to replace the existing roofs with metal roofing, remove swamp coolers and replace them with HVAC systems, and re-stucco the exterior of the buildings. The projects are located in Lordsburg, NM. WRHA will be utilizing 100% HUD funding for multiple grant allocations to complete the project. Upon MFA's approval, WRHA will move forward with the completion of this project to meet upcoming HUD expenditure deadlines.

WRHA has evaluated the project for service needs, created a scope of work, and procured a qualified service provider through a sealed bid process that complies with state and federal procurement guidelines.

Cooks General Contracting – has been selected as the contractor to perform the work on this project. Cooks General Contracting proved to be a responsible company with a good reputation to perform the construction services for WRHA's scope of work, while providing the best pricing to complete the project in 2023. The amount of the contract is approximately \$298,800 + GRT or \$21,343 per unit. (See attached Bid Tabulation Sheet)

Summary

MFA staff recommends approval for Western Regional Housing Authority (WRHA) to enter into a service contract, with a value greater than \$100,000.

BID TABULATION SHEET

Western Regional Housing Authority Replace Roofs, HVAC & Re-stucco Project January 11, 2023 @ 2:00 PM

CONTRACTOR	BID AMOUNT	BID FORM w/O Addendum	Subcontractor Form	Non-Collusion Form	HUD-5369 A Form	Campaign Donation Form	Bid Bond Form or Check
Classic and notices, dre	Base Bid 447, 607, 50	/	7				B
	Deduct. Alt.No.1 42, 691, 72	V	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
Cook's general	Base Bid 800						C
Contracting	Deduct. Alt.No.1 42,000	V	\checkmark	\checkmark	V	\checkmark	V
Nm Rlumbing	Base Bid 391, 750						B
Solutions	Deduct. Alt.No.1_53,850	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
	Base Bid						
	Deduct. Alt.No.1						
	Base Bid						
	Deduct. Alt.No.1						
	Base Bid						I
	Deduct. Alt.No.1						
	Base Bid						
	Deduct. Alt.No.1						

Date of Bid: _______

BY CONTRACTOR: Contraction

REPLACE ROOFS, HVAC & RE-STUCCO

Western Regional Housing Authority Silver City, New Mexico

To the Board of the Western Regional Housing Authority (also called "OWNER"):

- 1. In compliance with the Invitation for Bids for the above referenced project, the undersigned, having examined the Bid Documents, Contract Documents and Drawings, and having examined the site of the project and being familiar with the conditions surrounding the proposed construction, hereby propose to furnish all labor, materials, and supplies required to perform the work in conformance therewith and in the time stated therein, at the price or prices stated in this proposal.
- 2. See BID DESCRIPTION for a description of the Bid Lots, Base Bid and Deductive Alternate No. 1.
- 3. <u>BASE BID.</u> Bidder agrees to perform the work described in the Contract Documents for the lump sum price of:

Two hundred nings sut parsad sign & hundred Dollars) (\$) 298, 800.00

Do not include New Mexico Gross Receipts Tax in bid amount.

4. <u>DEDUCTIVE ALTERNATE NO.1.</u> Bidder agrees to perform the Work described as Deductive Alternate No.1 in the Contract Documents for the lump sum price of:

Fanty for the sent & toka - (Dollars) (\$) 42,000

Bid amounts are to be shown in both words and figures. In case of discrepancy, the amount shown in words will govern.

- 5. The undersigned hereby acknowledges that Deductive Alternate No. 1 may be subtracted from the Base Bid until there is available funding, at the discretion of the Owner.
- 6. The Bidder agrees that this bid shall be good and may not be withdrawn for a period of thirty (30) calendar days after the bid opening. If the Contract is to be awarded, Owner will give the successful Bidder a NOTICE OF AWARD within thirty (30) days after the bid opening.
- 7. Owner reserves the right to reject any or all bids and to waive any informality in the bidding.

00300-1

8. The undersigned tenders herewith, as a bid guarantee, a Cashier's Check or Bid Bond in the sum of five (5) percent of the Base Bid amount.

BID BOND:

Four tec than and nine handed for (Dollars) (\$) \$14, 940

- The undersigned hereby agrees to execute the final Contract, Performance Bond, and Labor and Materials Payment Bond within ten (10) days after receipt of the Notice of Award.
- 10. It is hereby mutually understood and agreed that in case the undersigned does not execute the Contract and Bonds within ten (10) days after receipt of the Notice of Award, the undersigned forfeits the accompanying Check or Bid Bond as liquidated damages for delay and additional expense to the Owner caused thereby, and Owner may proceed to award the Contract to others.
- 11. The undersigned agrees within ten (10) days after receipt of the Notice of Award, to deliver to the Owner CERTIFICATES OF INSURANCE as required in the General Conditions. Insurance coverage is required of general contractor and all subcontractors. A certificate of insurance confirming insurance and Workman's Compensation coverage of general contractor and all subcontractors will be required prior to contract execution. Bids received where insurance and Workman's Compensation certificate of insurance contractor and Workman's Compensation certificate of insurance contractor and all subcontractors will be required prior to contract execution.
- 12. The undersigned hereby agrees to commence the work within fourteen (14) days after receipt of NOTICE TO PROCEED. The undersigned further agrees that all work items will be completed within One Hundred Eighty (180) calendar days from the date shown on the Notice to Proceed. The Notice to Proceed will be dated to include the anticipated time for delivery of materials.
- 13. The undersigned hereby acknowledges that there are LIQUIDATED DAMAGES payable to the Owner for delays in the construction of the project. The undersigned hereby agrees to pay the Owner the sum of Two Hundred Dollars (\$200.00) Liquidated Damages for each calendar day of delay until the Work is substantially complete.
- 14. The undersigned hereby acknowledges that the entire work is subject to Federal Wage Rates as issued specifically for this project by the US Department of Housing and Urban Development; that certified weekly payroll reports shall be submitted to the Owner.
- 15. In accordance with the New Mexico Subcontractors Fair Practice Act of 1988, attached to this proposal is the list of Subcontractors and Suppliers who will provide material and labor for the project based on the Base Bid Proposal in its entirety.
- 16. If requested, Bidder agrees to furnish to Owner all information and data necessary for Owner to determine the qualifications and ability of Bidder to perform the Work, including a Contractor's Qualification Statement (such as AIA Document A305).

17. Addenda: The Bidder hereby acknowledges receipt of the following addenda to the drawings and project manuals; all provisions and requirements of which addenda have been taken into consideration in the preparation of this proposal.

Addenda No. _____ Dated_____ Addenda No. _____ Dated_____

- 18. Bid Proposal Contents:
 - ____1. Bid Proposal Form.
- _____2. List of Subcontractors.
- _____3. Non-Collusive Affidavit.
- Campaign Contributions Disclosure Form.
- 5. Representation, Certifications, and other Statements of Bidders, HUD-5369A.
- ____6. Bid Bond or Cashier's Check.
- 19. The undersigned declares that the bid is made without collusion with any firm or corporation.
- 22. The Bid Proposal is hereby respectfully submitted. The signatory hereto certifies and warrants that he/she has full authority to submit this Bid Proposal on behalf of the Bidder.

By: (Authorized Signature)	Date:/71/3-2-2
Print or Type Same Name: Conclud Lovk	
Title: 0kmer	
Company: Look's heard Contraction	
Address: 18-29 Hug 170 E	_Telephone:
City: Silver 6 to more	Cell phone: 5 25 - 5 3 9 - 2 55
State: Zip: 8806/	-
Email Address: <u>rough 89 & hotmaile</u>	im
New Mexico State Contractor's License No	
New Mexico State Contractor's License Classification(s).	Ρ
Contractor's New Mexico State Taxation No. (CRS ID)	335662-00-6
Contractor's Federal Taxation Identification No. (TIN) 73	- 1687279

SECTION 00400 - SUBCONTRACTOR'S FAIR PRACTICE ACT COMPLIANCE

LIST OF PROJECT SUBCONTRACTORSFORAMOUNTS EXCEEDING \$5000

Subcontractor's Business Name	the Rom Hearting I exalin
Principal Place of Business	Silver Lity
Telephone Number	575-538-1731
NM Contractor's License No. (If applicable)	•
Type of Work	HVAC
Subcontractor's Business Name	Jas planing + Hanty
Principal Place of Business	Silver Coto
Telephone Number	575-538-2973
NM Contractor's License No. (If applicable)	
Type of Work	HLAS
Subcontractor's Business Name	
Principal Place of Business	
Telephone Number	
Type of Work	
Subcontractor's Business Name	
Principal Place of Business	
Telephone Number	
NM Contractor's License No. (If applicable)	
Type of Work	
Subcontractor's Business Name	
Principal Place of Business	
Telephone Number	
Type of Work	

10/1

Signature of Authorized Representative for Bidder

Duplicate, complete, and submit additional sheets as required.

______ Date

SECTION 00410 NON-COLLUSION AFFIDAVIT OF PRIME CONTRACTOR

State of No	ew Mexico)	
County of	Gran	t	

I, DOROTHY JMARTIN_being first duly sworn deposes and says that:

(1) He/She is the owner of Contris Gameral

<u>Controction</u>, the Bidder that has submitted the attached Bid.

- (2) He/She is fully informed respecting the preparation and contents of the attached Bid and of all pertinent circumstances respecting such Bid.
- (3) Such Bid is genuine and is not a collusive or sham Bid.
- (4) Neither the said Bidder nor any of its partners, officers, owners, agents, representatives, employees, or parties in interest, including this affiant, has in anyway colluded, conspired, connived or agreed, directly or indirectly with any Bidder, firm, or person to submit a collusive or sham bid in connection with the Contract for which the attached Bid has been submitted or to refrain from bidding in connection with such contract, sought by agreement or collusion or communication or conference with any other Bidder, firm or person to fix the price or prices in the attached Bid or of any other Bidder, or to fix any overhead, profit, or cost element of the Bid price or the Bid Price of any other Bidder or to secure through any collusion, conspiracy or conveyance or unlawful agreement any advantage against the Owner or any person interested in the proposed Contract; and
- (5) The price or prices quoted in the attached Bid are fair and are not tainted by any collusion, conspiracy, conveyance or unlawful agreement on the part of the Bidder or any of its agents, representatives, owners, employees or parties of interest, including this affiant.

/s/	

Subscribed and sworn to before me this day of day of
NOTARY PUBLIC Develop Marting Commission Expires: 11-12-2024
SPONTAL CONTACT
EXPIRES 11-12-2024
S OF NEW MARKEN

CAMPAIGN CONTRIBUTION DISCLOSURE FORM

"Representative of a prospective contractor" means an officer or director of a corporation, a member or manager of a limited liability corporation, a partner of a partnership or a trustee of a trust of the prospective contractor.

DISCLOSURE OF CONTRIBUTIONS:

Contribution Made By:

Relation to Prospective Contractor:

Name of Applicable Public Official:

Date Contribution(s) Made:

Amount(s) of Contribution(s)

Nature of Contribution(s)

Purpose of Contribution(s)

(The above fields are unlimited in size)

Signature

Date

Title (position)

--OR----

NO CONTRIBUTIONS IN THE AGGREGATE TOTAL OVER TWO HUNDRED FIFTY DOLLARS (\$250) WERE MADE to an applicable public official by me, a family member or representative.

1/1 Signature

Title (Position)

U.S. Department of Housing and Urban Development

Office of Public and Indian Housing

Representations, Certifications, and Other Statements of Bidders Public and Indian Housing Programs

Representations, Certifications, and Other Statements of Bidders

Public and Indian Housing Programs

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1. Certificate of Independent Price Determination

(a) The bidder certifies that--

(1) The prices in this bid have been arrived at independently, without, for the purpose of restricting competition, any consultation, communication, or agreement with any other bidder or competitor relating to (i) those prices, (ii) the intention to submit a bid, or (iii) the methods or factors used to calculate the prices offered;

(2) The prices in this bid have not been and will not be knowingly disclosed by the bidder, directly or indirectly, to any other bidder or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a competitive proposal solicitation) unless otherwise required by law; and

(3) No attempt has been made or will be made by the bidder to induce any other concern to submit or not to submit a bid for the purpose of restricting competition.

(b) Each signature on the bid is considered to be a certification by the signatory that the signatory--

(1) Is the person in the bidder's organization responsible for determining the prices being offered in this bid or proposal, and that the signatory has not participated and will not participate in any action contrary to subparagraphs (a)(I) through (a)(3) above; or

(2) (i) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to subparagraphs (a)(l) through (a)(3) above.

[insert

full name of person(s) in the bidder's organization responsible for determining the prices offered in this bid or proposal, and the title of his or her position in the bidder's organization];

 (ii) As an authorized agent, does certify that the principals named in subdivision (b)(2)(i) above have not participated, and will not participate, in any action contrary to subparagraphs (a)(1) through (a)(3) above; and (iii) As an agent, has not personally participated, and will not participate in any action contrary to subparagraphs (a)(1) through (a)(3) above.

(c) If the bidder deletes or modifies subparagraph (a)2 above, the bidder must furnish with its bid a signed statement setting forth in detail the circumstances of the disclosure.

[] [Contracting Officer check if following paragraph is applicable]

(d) Non-collusive affidavit. (applicable to contracts for construction and equipment exceeding \$50,000)

(1) Each bidder shall execute, in the form provided by the PHA/ IHA, an affidavit to the effect that he/she has not colluded with any other person, firm or corporation in regard to any bid submitted in response to this solicitation. If the successful bidder did not submit the affidavit with his/her bid, he/she must submit it within three (3) working days of bid opening. Failure to submit the affidavit by that date may render the bid nonresponsive. No contract award will be made without a properly executed affidavit.

(2) A fully executed "Non-collusive Affidavit" Kais, [] is not included with the bid.

2. Contingent Fee Representation and Agreement

(a) Definitions. As used in this provision:

"Bona fide employee" means a person, employed by a bidder and subject to the bidder's supervision and control as to time, place, and manner of performance, who neither exerts, nor proposes to exert improper influence to solicit or obtain contracts nor holds out as being able to obtain any contract(s) through improper influence.

"Improper influence" means any influence that induces or tends to induce a PHA/IHA employee or officer to give consideration or to act regarding a PHA/IHA contract on any basis other than the merits of the matter.

(b) The bidder represents and certifies as part of its bid that, except for full-time bona fide employees working solely for the bidder, the bidder:

(1) [] has, finas not employed or retained any person or company to solicit or obtain this contract; and

(2) [] has, the as not paid or agreed to pay to any person or company employed or retained to solicit or obtain this contract any commission, percentage, brokerage, or other fee contingent upon or resulting from the award of this contract.

(c) If the answer to either (a)(1) or (a)(2) above is affirmative, the bidder shall make an immediate and full written disclosure to the PHA/IHA Contracting Officer.

(d) Any misrepresentation by the bidder shall give the PHA/IHA the right to (1) terminate the contract; (2) at its discretion, deduct from contract payments the amount of any commission, percentage, brokerage, or other contingent fee; or (3) take other remedy pursuant to the contract.

Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions (applicable to contracts exceeding \$100,000)

(a) The definitions and prohibitions contained in Section 1352 of title 31, United States Code, are hereby incorporated by reference in paragraph (b) of this certification.

(b) The bidder, by signing its bid, hereby certifies to the best of his or her knowledge and belief as of December 23, 1989 that:

(1) No Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with the awarding of a contract resulting from this solicitation;

(2) If any funds other than Federal appropriated funds (including profit or fee received under a covered Federal transaction) have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on his or her behalf in connection with this solicitation, the bidder shall complete and submit, with its bid, OMB standard form LLL, "Disclosure of Lobbying Activities;" and

(3) He or she will include the language of this certification in all subcontracts at any tier and require that all recipients of subcontract awards in excess of \$100,000 shall certify and disclose accordingly.

(c) Submission of this certification and disclosure is a prerequisite for making or entering into this contract imposed by section 1352, title 31, United States Code. Any person who makes an expenditure prohibited under this provision or who fails to file or amend the disclosure form to be filed or amended by this provision, shall be subject to a civil penalty of not less than \$10,000, and not more than \$100,000, for each such failure.

(d) Indian tribes (except those chartered by States) and Indian organizations as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450B) are exempt from the requirements of this provision.

4. Organizational Conflicts of Interest Certification

The bidder certifies that to the best of its knowledge and belief and except as otherwise disclosed, he or she does not have any organizational conflict of interest which is defined as a situation in which the nature of work to be performed under this proposed contract and the bidder's organizational, financial, contractual, or other interests may, without some restriction on future activities:

(a) Result in an unfair competitive advantage to the bidder; or,

(b) Impair the bidder's objectivity in performing the contract work.

In the absence of any actual or apparent conflict, I hereby certify that to the best of my knowledge and belief, no actual or apparent conflict of interest exists with regard to my possible performance of this procurement.

5. Bidder's Certification of Eligibility

(a) By the submission of this bid, the bidder certifies that to the best of its knowledge and belief, neither it, nor any person or firm which has an interest in the bidder's firm, nor any of the bidder's subcontractors, is ineligible to:

 Be awarded contracts by any agency of the United States Government, HUD, or the State in which this contract is to be performed; or,

(2) Participate in HUD programs pursuant to 24 CFR Part 24.

(b) The certification in paragraph (a) above is a material representation of fact upon which reliance was placed when making award. If it is later determined that the bidder knowingly rendered an erroneous certification, the contract may be terminated for default, and the bidder may be debarred or suspended from participation in HUD programs and other Federal contract programs.

6. Minimum Bid Acceptance Period

(a) "Acceptance period," as used in this provision, means the number of calendar days available to the PHA/IHA for awarding a contract from the date specified in this solicitation for receipt of bids.

(b) This provision supersedes any language pertaining to the acceptance period that may appear elsewhere in this solicitation.

(c) The PHA/IHA requires a minimum acceptance period of thirty (30) calendar days.

(d) In the space provided immediately below, bidders may specify a longer acceptance period than the PHA's/IHA's minimum requirement. The bidder allows the following acceptance period: calendar days.

(e) A bid allowing less than the PHA's/IHA's minimum acceptance period will be rejected.

(f) The bidder agrees to execute all that it has undertaken to do, in compliance with its bid, if that bid is accepted in writing within (1) the acceptance period stated in paragraph (c) above or (2) any longer acceptance period stated in paragraph (d) above.

7. Small, Minority, Women-Owned Business Concern Representation

The bidder represents and certifies as part of its bid/ offer that it --

(a) [] is, Ke not a small business concern. "Small business concern," as used in this provision, means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding, and qualified as a small business under the criteria and size standards in 13 CFR 121.

(b) [] is, [4] is not a women-owned business enterprise. "Womenowned business enterprise," as used in this provision, means a business that is at least 51 percent owned by a woman or women who are U.S. citizens and who also control and operate the business.

(c) [A] is, [] is not a minority business enterprise. "Minority business enterprise," as used in this provision, means a business which is at least 51 percent owned or controlled by one or more minority group members or, in the case of a publicly owned business, at least 51 percent of its voting stock is owned by one or more minority group members, and whose management and daily operations are controlled by one or more such individuals. For the purpose of this definition, minority group members are:

(Check the block applicable to you)

- [] Black Americans [] Asian Pacific Americans
 - [] Asian Indian Americans
- Hispanic Americans
 [] Native Americans
- [] Asian Indian Americans
- icans [] Hasidic Jewish Americans

8. Indian-Owned Economic Enterprise and Indian Organization Representation (applicable only if this selicitation is for a contract to be performed on a project for an Indian Housing Authority)

The bidder represents and certifies that it:

(a) [] is, [] is not an Indian-owned economic enterprise. "Economic enterprise," as used in this provision, means any commercial, industrial, or business activity established or organized for the purpose of profit, which is at least 51 percent Indian owned. "Indian," as used in this provision, means any person who is a member of any tribe, band, group, pueblo, or community which is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs and any "Native" as defined in the Alaska Native Claims Settlement Act.

(b) [] is, [] is not an Indian organization. "Indian organization," as used in this provision, means the governing body of any Indian tribe or entity established or recognized by such governing body. Indian "tribe" means any Indian tribe, band, group, goeblo, or community including Native villages and Native groups (including corporations organized by Kenai, Juneau, Sitka, and Kodiak) as defined in the Alaska Native Claims Settlement Act, which is recognized by the Federal Government as eligible for services from the Bureau of Indian Affairs.

9. Certification of Eligibility Under the Davis-Bacon Act (applicable to construction contracts exceeding \$2,000)

(a) By the submission of this bid, the bidder certifies that neither it nor any person or firm who has an interest in the bidder's firm is a person or firm ineligible to be awarded contracts by the United States Government by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(b) No part of the contract resulting from this solicitation shall be subcontracted to any person or firm ineligible to be awarded contracts by the United States Government by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR 5.12(a)(1).

(c) The penalty for making false statements is prescribed in the U. S. Criminal Code, 18 U.S.C. 1001.

10. Certification of Nonsegregated Facilities (applicable to contracts exceeding \$10,000)

(a) The bidder's attention is called to the clause entitled Equal Employment Opportunity of the General Conditions of the Contract for Construction.

(b) "Segregated facilities," as used in this provision, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees, that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin because of habit, local custom, or otherwise,

(c) By the submission of this bid, the bidder certifies that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The bidder agrees that a breach of this certification is a violation of the Equal Employment Opportunity clause in the contract.

(d) The bidder further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) prior to entering into subcontracts which exceed \$10,000 and are not exempt from the requirements of the Equal Employment Opportunity clause, it will:

(1) Obtain identical certifications from the proposed subcontractors;

(2) Retain the certifications in its files; and

(3) Forward the following notice to the proposed subcontractors (except if the proposed subcontractors have submitted identical certifications for specific time periods):

Notice to Prospective Subcontractors of Requirement for Certifications of Nonsegregated Facilities

A Certification of Nonsegregated Facilities must be submitted before the award of a subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Employment Opportunity clause of the prime contract. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

Note: The penalty for making false statements in bids is prescribed in 18 U.S.C. 1001.

11. Clean Air and Water Certification (applicable to contracts exceeding \$100,000)

The bidder certifies that:

(a) Any facility to be used in the performance of this contract [] is, Mis not listed on the Environmental Protection Agency List of Violating Facilities:

(b) The bidder will immediately notify the PHA/IHA Contracting Officer, before award, of the receipt of any communication from the Administrator, or a designee, of the Environmental Protection Agency, indicating that any facility that the bidder proposes to use for the performance of the contract is under consideration to be listed on the EPA List of Violating Facilities; and,

(c) The bidder will include a certification substantially the same as this certification, including this paragraph (c), in every nonexempt subcontract.

72 Previous Participation Certificate (applicable to construction and equipment contracts exceeding \$50,000)

(a) The bidder shall complete and submit with his/her bid the Form HUD-2530, "Previous Participation Certificate." If the successful bidder does not submit the certificate with his/her bid, he/she must submit it within three (3) working days of bid opening. Failure to submit the certificate by that date may render the bid nonresponsive. No contract award will be made without a properly executed certificate.

(b) A fully executed "Previous Participation Certificate"

[] is, [v] is not included with the bid.

13. Bidder's Signature

The bidder hereby certifies that the information contained in these certifications and representations is accurate, complete, and current.

putan 11	11/2023
(Signature and Date)	
Ronald loop	٢

(Typed or Printed Name)

ounor (Title)

(Company Name

(Company Address)



MEMO

TO: MFA Board of Directors

	Through:		Contracted Services Committee – August 9, 2022
	Throug	;h:	Policy Committee – August 2, 2022
FROM:		Theres	a Laredo-Garcia, Program Development Manager
DATE:		August	s 17, 2022
SUBJEC	CT:		rn Regional Housing Authority (NRHA) ct Approval greater than 100K

Recommendation

MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into and sign a service contract with Northeastern Construction Company as the contractor to perform the remodel project in Las Vegas, New Mexico.

Background

During the 2009 Legislative Session for the state of New Mexico, Senate Bill 20 (Laws of New Mexico 2009, Chapter 28) was enacted amending the Regional Housing Law 11-3A-29 NMSA 1978, to re-define the activities of the Regional Housing Authorities and to mandate that MFA provide oversight of certain activities. This oversight includes approval of a Regional Housing Authority's need to enter into, or sign any contract, memorandum of understanding or other agreement with a value greater than \$100,000.

Discussion

NRHA is working on a remodel project for ten (10) scattered site units located in Las Vegas, NM. The units are in need of extensive rehabilitation and have been uninhabitable since 2001. These units were previously managed by the Las Vegas Housing Authority (LVHA). LVHA consolidated with NRHA in January 2021. Since the consolidation, NRHA has been diligently working on this project with the objective to add ten affordable housing units to their regional inventory. They will be utilizing 100% U.S. Department of Housing and Urban Development (HUD) funding for multiple grant years to complete the project. NRHA will comply with all applicable HUD guidelines. Upon MFA's Board approval, NRHA will move forward with the completion of this project to meet upcoming HUD expenditure deadlines.

- On June 15, 2022, MFA's Board approved NRHA's contract with Duke City Builders, LLC., procured through a sealed bid process that complies with state and federal procurement guidelines.
- Duke City Builders, LLC., the lowest bidder, failed to execute the Contract, Performance Bond and Labor and Materials Payment Bond within ten (10) days of the Notice of Award, as required by the Bid Proposal. A Contract Termination was issued

on July 21, 2022. Duke City Builders submitted bid was \$1,125,000 or \$112,500 per unit.

Northeastern Construction Company, the next lowest bidder, has been selected as the contractor to perform the work on these projects. Northeastern has been contacted and after careful evaluation of the current market and increased costs in labor and materials, will utilize the Deductive Alternate #1 and #2 stated in the bid, therefore, decreasing the number of units to eight (8), versus the ten (10) included in the Base Bid. The amount of this contact is approximately \$1,485,400 or \$185,675 per unit.

Northeastern has an active contractor's license and has been confirmed on SAMs. They have proved to be a responsible company with a good reputation to perform the construction services.

Summary

MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into and sign a service contract with Northeastern Construction Company as the contractor to perform the remodel project in Las Vegas, New Mexico.

.....

Annual Reports from Regional Housing Authorities

From:	rha.herbert
То:	John Garcia
Cc:	Theresa Laredo-Garcia
Subject:	Re: [EXTERNAL] FW: report 2024
Date:	Wednesday, June 12, 2024 8:17:37 AM
Attachments:	Outlook-Facebook.png
	Outlook-Instagram.png
	Outlook-Twitter.png
	Outlook-wv4m4pyp.png
	Outlook-Facebook.png
	Outlook-Instagram.png
	Outlook-Twitter.png
	Outlook-rgn1vefp.png

Board approval was on 6/24/23.

Sent via the Samsung Galaxy S23+ 5G, an AT&T 5G smartphone

------ Original message ------From: John Garcia <jgarcia@housingnm.org> Date: 6/11/24 4:31 PM (GMT-07:00) To: "rha.herbert" <rha.herbert@dfn.com> Cc: Theresa Laredo-Garcia <tgarcia@housingnm.org> Subject: Re: [EXTERNAL] FW: report 2024

No worries Chris!

Just one more question; what was the date your Board/HUD approve your Housing subsidy?

Agency	HUD Approved Subsidy (7/1/22 – 6/30/23)	Date Approved by RHA Board and/or HUD
ERHA	Low Rent Public Housing \$1,502,250	<mark>?</mark>
	Section 8 Vouchers <u>\$9,018,491</u>	
	\$10,520,741	

Thank you!



John Garcia Assistant Director of Community Development New Mexico Mortgage Finance Authority Direct:505.767.2252 Fax: 505.242.2766 www.housingnm.org



From: rha.herbert <rha.herbert@dfn.com>
Sent: Monday, June 10, 2024 5:06 PM
To: John Garcia <jgarcia@housingnm.org>
Cc: Theresa Laredo-Garcia <tgarcia@housingnm.org>
Subject: Re: [EXTERNAL] FW: report 2024

Sorry John, your right I included 2024 events in that report.

The numbers are correct, the vaughn project and the non profit are in the 2024 period.

Chris Herbert

Sent via the Samsung Galaxy S23+ 5G, an AT&T 5G smartphone

------ Original message ------From: John Garcia <jgarcia@housingnm.org> Date: 6/10/24 4:04 PM (GMT-07:00) To: "rha.herbert" <rha.herbert@dfn.com> Cc: Theresa Laredo-Garcia <tgarcia@housingnm.org> Subject: Re: [EXTERNAL] FW: report 2024

Good afternoon Chris,

The reporting period for the RHA Annual report is **07/01/202-06/30/2023**, does the information and numbers you provided reflect this time period? the Vaughn project and LOC were just approved recently. Also, when was your non-profit formed? let me know if you have any questions.

Thank you,



John Garcia Assistant Director of Community Development New Mexico Mortgage Finance Authority Direct:505.767.2252 Fax: 505.242.2766 www.housingnm.org



From: rha.herbert <rha.herbert@dfn.com>
Sent: Monday, June 3, 2024 1:48 PM
To: John Garcia <jgarcia@housingnm.org>
Subject: [EXTERNAL] FW: report 2024

Sent via the Samsung Galaxy S23+ 5G, an AT&T 5G smartphone

------ Original message ------From: Chris Herbert <chrisherbert575@gmail.com> Date: 6/3/24 1:47 PM (GMT-07:00) To: "rha.herbert" <rha.herbert@dfn.com> Subject: report 2024

Eastern Regional Housing Authority Annual Report

We have formed a non-profit organization to serve as our development arm for our PHA. 2024 Activity

We have procured HUD RAD consultants to aid in creating our RAD plan and applying to HUD RAD approvals. 2024 Activity

We have been fortunate enough to receive a grant contract from the Governor's office to rehabilitate our Vaughn public housing units for the sum of 3 million dollars. 2024 Activity

The City of Alamogordo Housing Authority is under a management contract with us and these public housing units will merge into the region in July of 2024. 2024 Activity

Public Housing Operating Fund \$1,502,250 Public Housing Capital Fund \$784,877 Housing Choice Voucher and EHV Program \$9,018,491

Commissioners Pam Clark has resigned last year and has moved out of state

Contracts above 100k Vaughn Rehab grant \$3,000,000 (MFA approved) 2024 Activity Line of credit for the above Pioneer Bank \$1,700,00 (MFA approved) 2024 Activity

Chris Herbert

Executive Director Eastern Regional Housing Authority of New Mexico

Disclaimer

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Western Regional Housing Authority

Agency	HUD Approved Subsidy (7/1/22 – 6/30/23)	Date Approved by RHA Board and/or HUD
WRHA	Low Rent Public Housing (152 Units) \$1,005,670 Section 8 Vouchers (Allocated 916) <u>\$4,807,686</u>	1/31/23
	\$5,813,356	

Western Regional Housing Authority – 1 Vacancy

County within Region	Commissioner Assigned to County	Current Status and Term End Date
Grant	Lynne Featheringill	7/1/24 Renewal pending
Sierra	Dr. G Vincent Barrett	7/1/27
Socorro	Jacqueline Muncy	7/1/25
Valencia	Carol Ann Anaya	7/1/25
Grant	Martha Ann Peru Salas	7/1/25
Hidalgo	Irene Galvan	7/1/26

Executive Directors:

• WRHA: Cathy De Marco has served as Executive Director since 2003

Creation/Dissolution of nonprofit entities:

• WRHA: N/A

Approve contracts and MOUs with a value greater than \$100,000:

• WRHA: January 24, 2023, MFA Board approved WRHA's contract with Cooks General Contracting. (See Attached Board Memo)

Approve Transfers, sales, or liquidations of any real or personal property with a value greater than \$100,000.

• WRHA: N/A

Submission of external financial audits. (electronic copy is attached and 3 hard copies were mailed out on 5/14/24)

Agency Highlights and achievements:

• Received a High Performer Rating on our Section 8 Management Assessment Program (SEMAP)



June 18, 2024

New Mexico Mortgage Finance Authority Regional Housing Authority Oversight Attn: John Garcia

Re: Northern Regional Housing Authority

This report is being prepared by Natasha Martinez, Deputy Director for Northern Regional Housing. We currently do not have an Executive Director.

As of June 5, 2024 the current board members are Board Chair Rayetta M Trujillo, Colfax County (renewal 7/1/2025), Vice Chair Jolene Slowen, Sandoval County (renewal 7/1/2026), Secretary Donna Vigil, San Miguel County (renewal sent 6/2024), Treasurer Nichole R Sandoval-Belt, San Juan County (renewal sent 6/2024), Member Rev Garland McCoy Moore, Cibola County (renewal 7/1/2025) and Bernadine Trujillo, Taos County (renewal 7/1/2027). Former Vice Chair Steven Brugger resigned his position from the NRHA Board during the June 2023 Board Meeting. NRHA currently has 1 open board member position open.

The 2024-2025 Budget is still in preparation and will be presented to the NRHA Board at the June regular meeting. The 2023-2024 Budget for Public Housing was \$4,164,500.00 and for Section 8 was \$299,350.00, not including Capital Fund Transfers in. (Also attached as a PDF)

The Contracts for FY 2023 over \$100,000 are listed on the next page:







CONTRACTS OVER \$100,000 FY24

VENDOR	DATE	AMOUNT
Sturdy Homes Ltd.Co. & Sol System	6/30/2023	\$ 640,000.00
Sturdy Homes Ltd.Co. & Sol System	1/20/2023	\$ 735,000.00
Northeastern Construction LLC	8/26/2022	\$ 1,495,400.00

8 Unit Rehabilitation Project

These units are located in Las Vegas, NM and are public housing units. These units were part of a Region 3 turnkey project that was not completed back in the early 2000s. Since the time of the project halt Las Vegas Housing Authority did not receive any additional resources. Las Vegas Housing Authority had to accumulate enough resources to complete this project. The resources had just been accumulated at the time of the transfer from Las Vegas Housing Authority into Northern Regional Housing Authority. These were 8 of the last 10 that started off with 39. After completion of this project there will still be 2 units left. These units were almost completely dilapidated and needed extreme work almost to the point of rebuild. Currently all of the 8 rehabbed units are housed by NRHA.

<u>5 Unit Remodel Project Taos</u>

These units are located in Taos, NM and are public housing units. These units were abandoned in a disarray. In attempts to help our occupancy we had moved this to modernization. We first in 2021 abated all the units for mold and asbestos so the rehab was easily engineered. This Project is still ongoing but will bring more availability to the units in the Taos area.

6 Unit Remodel Project Questa

These units are located in Questa, NM and are public housing units. These units were abandoned in a disarray, similar to the units in Taos. In attempts to help our occupancy we had moved this to modernization. We first in 2021 abated all the units for mold and asbestos so the rehab was easily engineered. This Project is still ongoing but will bring more availability to the units in the Questa area.







We do not have our audit for FY2022 and FY 2023. The Independent Auditors that are in contract with Northern Regional Housing are having to do additional procedures, due to unforeseen circumstances.

Thank you for your consideration and continued support of the Northern Regional Housing Authority.

Respectfully,

Natasha E. Martinez Deputy Director Northern Regional Housing Authority





RHA Finacial Audits

State of New Mexico Eastern Regional Housing Authority

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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Eastern Regional Housing Authority Official Roster June 30, 2023

Board of Commissioners

Name	<u></u> <u>Title</u>
Terri Douglass	Chairperson
Waymon L. Dowdy, Sr.	Vice-Chairperson
Ella Turner	Treasurer
Michael O'Hara	Secretary
Alfred Velasquez, Jr.	Commissioner
Sylvia Bueno	Resident Commissioner

Administrative Officials

Chris Herbet	Executive Director
Irene Murillo	Deputy Director
Olivia Cruz	Finance Director

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FINANCIAL SECTION





Carr, Riggs & Ingram, LLC 2452 Missouri Avenue Las Cruces, NM 88001

575.523.7444 575.527.0872 (fax) CRIcpa.com

INDEPENDENT AUDITOR'S REPORT

Joseph M. Maestas, P.E., New Mexico State Auditor Eastern Regional Housing Authority Roswell, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Eastern Regional Housing Authority (the "Housing Authority"), as of and for the year ended June 30, 2023, 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.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of June 30, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component unit, TDS-ERHA Unidos, which represent 19%, 19%, and 1%, respectively, of the assets, net position, and revenues of the Authority as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for TDS-ERHA Unidos, is based solely on the report of other auditors.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The financial statements of TDS-ERHA Unidos were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 historic context. Our opinion on the basic financial statements is not affected by that missing information.

Accounting principles generally accepted in the United States of America require that the GASB required pension schedules on pages 48 through 50 and the notes to the required supplementary information on page 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying combining and individual program schedules, 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), schedule of collateral pledged by depository for public funds, schedule of deposit accounts and the financial data schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual program schedules, schedule of expenditures of federal awards, schedule of collateral pledged by depository for public funds, schedule of deposit accounts and the financial data schedule, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2024 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 solely 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 effectiveness of the Housing Authority's internal control over financial 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.

Carr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram, LLC Las Cruces, New Mexico February 16, 2024

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BASIC FINANCIAL STATEMENTS



Eastern Regional Housing Authority Statement of Net Position

	Primary Government	Component Unit TDS-ERHA
June 30, 2023	Total	Unidos
Assets Current assets		
Cash and cash equivalents	\$ 4,648,212	Ś 846
Receivables (net of allowance)	\$ 4,048,212	γ 0 4 0
Accounts receivable - grants	89,894	-
Accounts receivable - tenants	28,080	3,379
Accounts receivable - other	49,811	-
Due from others (Alamogordo HA)	3,523	-
	0,010	
Total current assets	4,819,520	4,225
Non-current assets	70,500	50.407
Restricted cash and cash equivalents	76,538	50,437
Tenant security deposits	-	7,647
Investments	290,161	-
Deposits	-	100
Capital assets not being depreciated	903,546	13,075
Capital assets being depreciated	19,572,507	2,289,248
Less accumulated depreciation	(17,631,029)	(423,052)
Total non-current assets	3,211,723	1,937,455
Total assets	8,031,243	1,941,680
Deferred outflows		
Deferred outflows - pension	520,340	-
Total deferred outflows	520,340	
Total assets and deferred outflows	\$ 8,551,583	\$ 1,941,680
		(Continued)

	Primary Government Total	Component Unit TDS-ERHA Unidos
Liabilities		
Current liabilities		
Accounts payable	\$ 2,416	
Accrued expenses Prepaid rent	243,401 27,002	9,590 363
Compensated absences, current portion	19,083	505
compensated absences, current portion	19,085	
Total current liabilities	291,902	11,379
Current liabilities (payable from restricted assets)		
Tenant deposits	76,454	7,197
FSS deposits	633	-
Long term debt, current portion	-	16,149
Total current liabilities (payable from restricted assets)	77,087	23,346
Non-current liabilities		
FSS deposits, net of current portion	113,167	-
Long term debt, net of current portion	95,258	531,567
Net pension liability	1,872,681	-
Total non-current liabilities	2,081,106	531,567
Total liabilities	2,450,095	566,292
Deferred inflows		
Deferred inflows - pension	45,543	-
	10,010	
Total deferred inflows of resources	45,543	-
Net position		
Net investment in capital assets	2,845,024	1,331,555
Restricted for		_,,
Housing assistance	18,144	-
Unrestricted	3,192,777	43,833
Total net position	6,055,945	1,375,388
Total liabilities, deferred inflows, and net position	\$ 8,551,583	Ş 1,941,680

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

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Eastern Regional Housing Authority Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023	Primary Government Total	Component Unit TDS-ERHA Unidos
Operating revenues Tenant rental revenue Other tenant revenue Management and administrative fees Miscellaneous income HUD subsidy grants	\$ 1,086,254 28,558 224,417 33,303 10,704,573	\$ 91,068 1,681 - 438 -
Total operating revenues	12,077,105	93,187
Operating expenses Personnel services and benefit Management and administrative fees Professional / contract service fees Repairs and maintenance Utilities Materials and supplies Insurance Housing assistance payments Miscellaneous Depreciation	3,112,224 13,918 144,558 1,063,334 581,076 285,350 20,870 8,315,746 363,669 389,888	- 35,755 - 27,172 2,139 - 18,976 - - 72,336
Total operating expenses	14,290,633	156,378
Operating income (loss)	(2,213,528)	(63,191)
Non-operating revenues (expenses) Interest income Interest expense Gain on sale of capital asset Total non-operating revenues (expenses)	3,775 (12,917) 3,528,491 3,519,349	54 (5,550) - (5,496)
Total (loss) before capital grants	1,305,821	(68,687)
HUD Capital grants	784,877	-
Change in net position Total net position - beginning of year Restatement	2,090,698 3,965,247 -	(68,687) 734,806 709,269
Total net assets - beginning of year, as restated	3,965,247	1,444,075
Total net position - end of year	\$ 6,055,945	Ş 1,375,388

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

Eastern Regional Housing Authority Statement of Cash Flows

For the Year Ended June 30, 2023	G	Primary overnment	Со	mponent Unit
Cash flows from operating activities Cash received from tenants Cash received for services	\$	11,616,422 2,055	\$	88,020 2,173
Grant - subsidies Cash payments to suppliers for goods and services Cash payments to employees for services		1,502,250 (11,980,828) (2,716,703)		- (86,749) -
Net cash provided by operating activities		(1,576,804)		3,444
Cash flows from noncapital financing activities Temporary financing - other funds		1,673		-
Net cash provided by noncapital financing activities		1,673		-
Cash flows from capital and related financing activities Proceeds from sale of assets Cash payments for principal and interest Cash received from intergovernmental sources Acquisition and construction of capital assets Expense of sale		4,400,000 (1,367,917) 784,877 (215,881) (282,237)		- (15,988) - - -
Net cash provided by capital and related financing activities		3,318,842		(15,988)
Cash flows from investing activities Interest earnings Investments purchased		1,086 1,603		-
Net cash provided by investing activities		2,689		-
Net increase in cash and cash equivalents		1,746,400		(12,544)
Cash and cash equivalents - beginning of year		2,978,350	*	63,827
Cash and cash equivalents - end of year	Ş	4,724,750	Ş	51,283
Per Statement of Net Position Cash and cash equivalents Restricted cash and cash equivalents	\$	4,648,212 76,538	\$	846 50,437
Cash and cash equivalents - end of year	\$	4,724,750	\$	51,283
Noncash Transactions Book value of assets sold * as restated per note 2. Previously stated at \$36,986 (51%); as re	\$ estat	(589,272) ed \$63,827 (1		-) ontinued)

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

For the Year Ended June 30, 2023		Total		Total
Reconciliation of operating (loss) to net cash provided by operati	nga	activities		
Operating (loss)	\$	(2,213,528)	\$	(68,687)
Adjustments to reconcile operating (loss)				
to net cash provided by operating activities				
Depreciation		389,888		72,336
Changes in assets and liabilities				-
Decrease (increase) in tenant/other receivables		23,127		(1,388)
(Increase) in intergovernmental receivable		(89,894)		-
(Increase) in prepaid expenses and other current assets		-		-
(Decrease) increase in accounts payable and accrued ex		(23,519)		1,270
Increase in accrued salaries and compensated absences		209,760		-
(Decrease) in prepaid rent		(30,648)		(1,660)
(Decrease) increase in tenant deposits/escrow		(27,748)		1,573
Increase in net pension contributions and liability		185,758		-
Total adjustments		636,724		72,131
Net cash provided by operating activities	Ş	(1,576,804)	Ş	3,444

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Eastern Regional Housing Authority, New Mexico, Inc., (the Authority) was created pursuant to the Regional Housing Law of the State of New Mexico, and exists to provide decent, safe, and sanitary housing for lower income residents of Chaves, Eddy, Lea, Lincoln, Otero, Curry, Union, Roosevelt, Harding, Quay, Guadalupe, and De Baca Counties. The Authority also assists other organizations and units of local governments to operate, manage, and administer housing programs and projects, and achieve this objective. The Authority's Administrative Services Department is dependent upon administrative fees from the U.S. Department of Housing and Urban Development ("HUD") Section 8 program and on administrative and management fees earned from the Authority owned apartment complexes as more fully described below.

On March 31, 2009, the New Mexico Legislature restructured the State's Regional Housing Authorities. The Region VI and Region IV Housing Authorities were combined to form the Eastern Regional Housing Authority. The Region VI Housing Authority was chosen to maintain separate financial records from Region IV Authority until the end of the 2009 fiscal year since HUD contracts were separately issued through June 30, 2009. As of July 1, 2009, the operations of Region VI and IV were combined. The Regional Housing Authorities of Region VI had been the fiscal agent for Region IV Housing Authority since May 8, 2008, through June 30, 2009.

Reporting Entity

The Authority's combined financial statements include all of the Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting, include whether: (1) the organization is legally separate (can sue and be sued in their own name), (2) the Authority hold the corporate powers of the organization, (3) the Authority appoints a voting majority of the organization's board, (4) the Authority is able to impose its will on the organization, (5) the organization has the potential to impose a financial/benefit/burden on the Authority, (6) there is a fiscal dependency by the organization of the Authority. Based on the aforementioned criteria, the Authority determined it had blended component units as follows. The Authority has created, in accordance with the Regional Housing Law, Section 11-3A-1, NMSA 1978, the following non-profit corporations to issue bonds for the acquisition and rehabilitation of apartment projects: RHA Housing Development Corporation (Woodleaf) is a blended component unit. The Authority also reports TDS-ERHA a limited liability company as a discretely presented component unit.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit

Woodleaf Development (RHA Housing Development Corporation) was organized to aid in relieving a serious shortage of decent, safe and sanitary housing for persons of low or moderate income through issuance of revenue bonds to finance the acquisition of qualified housing projects. Although legally separate, Woodleaf Development (RHA Housing Development Corporation) is governed by a board comprised primarily of the Authority Board members and the services provided by Woodleaf Development (RHA Housing Development Corporation) create a financial benefit relationship with the Eastern Regional Housing Authority. Woodleaf Development (RHA Housing Development Corporation) does not issue separate financial statements. Their financial statements are included in the Authority's Financial Report for the year ended June 30, 2023.

Discretely Presented Component Unit

The TDS-ERHA Unidos, LLC (a New Mexico Limited Liability Company) was created in 2016 by the members: Tierra Del Sol, Inc. (a New Mexico Non-Profit Corporation) and Eastern Regional Housing Authority. The purpose of the entity is to acquire, build, own, maintain and operate a sixteen unit affordable housing complex located in Eunice, New Mexico. The LLC is governed by the two members in relation to their ownership interest; which is 51% Eastern Regional Housing Authority and 49% Terra Del Sol, Inc. Consent or approval of members shall be based on their membership units. The manager is appointed by at least 2/3 interest in the membership of the LLC. The property is managed by J L Gray Company, Inc.

A separately issued audit report is available by contacting the following office.

J L Gray Company, Inc. 1816 East Mojave Street Farmington, NM 87401

The financial statements (i.e., the statement of net position, the statement of activities and the statement of cash flows) report information on all of the activities of the primary government and its component units. The Authority reports only business-type activities which rely to a significant extent on fees and charges to external customers for support. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is 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.

The Housing Authority receives no property taxes revenue and had no tax abatements requiring separate disclosure under GASB Statement No. 77.

The proprietary fund is reported using the *economic resources measurement* focus and the *accrual basis of accounting*.

Basic Financial Statements

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2023.

As discussed earlier, the Authority has one discretely presented component unit. TDS-ERHA Unidos, LLC is considered to be a component unit, and is shown in separate column in the government-wide financial statements.

The following programs are operated by the Housing Authority and are individual financial statements for these programs are presented as supplementary information.

- Woodleaf Development A 152 unit apartment complex in Hobbs, New Mexico, which is owned by RHA Housing Development Corporation and managed by the Authority. The Woodleaf Development property was sold in August, 2022.
- Low Rent Public Housing A program with a combined total of 312 rental units in Roswell, Vaughn, Eunice, Lovington, Artesia and Tucumcari. The developments are owned and managed by the Authority. Participants in this program pay rent equal to 30% of their adjusted income. HUD, through the Authority, pays the balance of the rent.
- Emergency Housing Vouchers To facilitate the leasing of emergency vouchers funded by HUD for individuals and families who are homeless, at risk of homelessness, fleeing or attempting to flee violence or recently homeless or having high risk of housing instability.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic Financial Statements (Continued)

- Section 8 Housing Voucher Program A rent subsidy program funded by HUD. The subsidy is equal to the difference between a payment standard based on HUD published fair market rents and a percentage of the tenant's adjusted monthly income.
- Administrative Services Department The department of the Authority which manages the above listed developments and provides support to the above listed programs for which it receives management and/or administrative fees.
- Pubic Housing Self-Sufficiency Under ROSS Funded by HUD, the program funds are used to address the needs of public housing residents by providing supportive services, resident empowerment activities, and/or assisting residents in becoming economically self sufficient. Per HUD requirements, these funds are closed out into the Low Rent Public Housing Program on the financial statements.

During the course of operatons, the Authority has activity between programs for various purposes. Any residual balances outstanding at year end are reported as due from/to other programs. While these balances are reported in detail financial statements, eliminations are made in the preparation of the basic financial statements. Balances between the programs included in the detail financial statements are eliminated.

In addition, management fees are paid by the programs to the administrative activities. These interprogram revenues and expenses are eliminated in the basic financial statement.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in detail financial statements, certain eliminations are made in the preparaton of the basic financial statements.

Budgetary Information

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 expenses. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The 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.

Investments

Investments for the Authority are reported at fair value (generally based on quoted market prices). The Authority holds only certificates of deposit with original maturities greater than three months.

Receivables and Payables

Allowance for doubtful accounts – Accounts receivable have been reported net of the allowance for doubtful accounts. Accounts receivable in excess of 90 days are subject to being considered as uncollectible.

Interprogram Activities and Transactions

During the course of operations, transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" within the financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Restricted Assets

Certain assets of the Authority are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

Tenant deposit accounts – Deposited in non-interest bearing accounts and refunded to the tenant upon move out when all obligations have been satisfied.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Land is not depreciated. The other property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Building and improvements	7 - 40
Equipment and furnishings	3 - 10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The Authority has one (1) item that qualifies for reporting as deferred outflows of resources, the *deferred outflows related to pensions*, reported in the statement of net position. The deferred outflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB. The deferred outflows related to pensions will be recognized as either pension expense or a reduction in the net pension liability in future reporting years.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, 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. The Authority has one (1) item that qualifies for reporting as deferred inflows of resources. The *deferred inflows related to pensions* are an aggregate of items related to pensions as calculated in accordance with GASB. The deferred inflows related to pensions will be recognized as a reduction to pension expense in future reporting years.

Compensated Absences

The Authority's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in financial statements. Accumulated sick leave lapses when employees leave the employ of the Authority and, accordingly upon separation from service, no monetary obligation exists.

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

Leases

Lease contracts that provide the Authority with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability.

The Authority has two leases for copy machines at June 30, 2023. The effect of lease accounting under GASB 87 is immaterial to the financial statements and therefore the Authority has chosen not to report these leases in accordance with Governmental Accounting Standards.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the 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. 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Categories and Classification of Net Position

Net position flow assumption – Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Revenues and Expenditures/Expenses

Proprietary fund operating and nonoperating revenues and expenses – 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 Authority are tenant rents, management fees and HUD subsidy grants. Operating expenses for proprietary funds include the personnel and services, repairs and maintenance, housing assistance payments, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to allowance for doubtful accounts, pension liability, and current portion of compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 16, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. There were no significant impacts of implementing this statement.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. There were no significant impacts of implementing this statement.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. There were no significant impacts of implementing this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

In June 2020, the GASB issued GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. There were no significant impacts of implementing this statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for varying dates depending on the requirement. There were no significant impacts of implementing this statement.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Authority is evaluating the requirements of the above statements and the impact on reporting.

Note 2: RESTATEMENTS

Beginning net position was corrected for the following:

TDS-ERHA Unidos – Correction to include 100% as discretely presented component unit \$709,769

In prior years TDS-ERHA Unidos was included as a blended component unit at 51%. Upon further review of the operating agreement it was determined that because the agreement requires 2/3 vote of the membership to hire a manager the Authority is unable to exert control over the organization as a 51% owner-member.

Note 3: 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, 2023.

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, from which excess funds 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 asked 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.

The Housing Authority's accounts at an insured depository institution, including all noninterestbearing 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 3: DEPOSITS AND INVESTMENTS (Continued)

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). At June 30, 2023, \$4,779,001 of the Housing Authority's bank balance of \$5,279,001 was exposed to custodial credit risk. Although the \$4,779,000 was uninsured, \$7,486,653 was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name. The Housing Authority has no uninsured and uncollateralized deposits at June 30, 2023.

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. The collateral pledged for both deposits and investments is listed on the schedule of collateral pledged by depository for public funds of this report.

	Pioneer
	Bank
Amount of deposits	\$ 5,279,001
FDIC coverage	(500,000)
Total uninsured public funds	4,779,001
Collateral requirement (100%) of uninsured funds)	4,779,001
Pledged collateral	7,486,653
Over (under) collateralized	\$ 2,707,652

The schedule of pledged collateral to secure the deposits as of June 30, 2023 is as follows:

Note 3: DEPOSITS AND INVESTMENTS (Continued)

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

Primary Government

Cash and cash equivalents per statement of net position Investments per statement of net position Restricted cash and cash equivalents per statement of net position	\$ 4,648,212 290,161 76,538
Total cash, cash equivalents and investments	5,014,911
Plus: outstanding checks Less: outstanding deposits and other adjustments Less: petty cash	280,280 (15,187) (1,003)
Bank balance of deposits	\$ 5,279,001
Component Unit	
Cash and cash equivalents per statement of net position Restricted cash and cash equivalents per statement of net position Cash for tenant security deposits per statement of net position	\$ 846 50,437 7,647
Total cash, cash equivalents and investments	58,930
Bank balance of deposits	\$ 58,930

Note 4: ACCOUNTS RECEIVABLE

	Accounts Receivable		Allowance for Uncollectible			Net	Component Unit	
Tenants			0					
Low Rent Public Housing TDS-ERHA Unidos	\$	28,080	\$	-	\$	28,080	\$	- 3,379
Total	\$	28,080	\$	-	\$	28,080	\$	3,379
Grants								
Due from HUD-FSS Grant	\$	89,894	\$	-	\$	89,894	\$	-
Other								
Others	\$	11,222	\$	-	\$	11,222	\$	-
Tahoka Housing Authority		38,589		-		38,589		-
Totals	\$	49,811	\$	-	\$	49,811	\$	-

Note 5: CAPITAL ASSETS

	Balance				Balance	Component
Business Type Activities	June 30, 2022	Reclassifications	Additions	Deletions	June 30, 2023	Unit
Capital assets, not being depreciated						
Land	\$ 1,057,508	\$ (6,668)	\$ -	\$ (147,294)	\$ 903,546	\$ 13,075
Total capital assets, not being depreciated	1,057,508	(6,668)	-	(147,294)	903,546	13,075
Depreciable capital assets						
Buildings and improvements	21,695,325	(1,167,517)	-	(3,216,815)	17,310,993	2,289,248
Equipment and furnishings	2,045,632	-	215,882	-	2,261,514	-
Total depreciable capital assets	23,740,956	(1,167,517)	215,882	(3,216,815)	19,572,507	2,289,248
Less accumulated depreciation						
Building/Improvements	(18,474,912)	178,866	(236,366)	2,774,837	(15,757,575)	-
Equipment/furnishings	(1,719,932)	-	(153,522)	-	(1,873,454)	(423,052)
Total accumulated depreciation	(20,194,844)	178,866	(389,888)	2,774,837	(17,631,029)	(423,052)
Depreciable capital assets, net	3,546,112	(988,651)	(174,006)	(441,978)	1,941,478	1,866,197
Capital assets, net	\$ 4,603,620	\$ (995,319)	\$ (174,006)	\$ (589,272)	\$ 2,845,024	\$ 1,879,271

On August 3, 2022 the Authority sold the Woodleaf Development property for \$4,400,000. After expenses of sale and the remaining book value of the property, a gain on sale of \$3,528,491 was realized.

*TDS-ERHA Unidos was reclassified from a blended component unit to a discretely presented component unit.

Note 6: LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities during the fiscal year ending June 30, 2023.

	Balance June 30, 2022	Reclass	* sifications	A	dditions	Retirements	_	Balance e 30, 2023	 e Within ne Year
Primary Government									
Woodleaf Development	\$ 1,355,000	\$	-	\$	-	\$ (1,355,000)	\$	-	\$ -
N/P NMMFA Housing Trust Fund	287,490		(287,490)		-	-		-	-
Administrative Services Dept-RIII	95,258		-		-	-		95,258	-
Compensated absences	25,660		-		109,262	(115,839)		19,083	19,083
Total long-term liabilities	\$ 1,763,408	\$	(287,490)	\$	109,262	\$ (1,470,839)	\$	114,341	\$ 19,083

* TDS-ERHA Unidos was reclassified from a blended component unit to a discretely presented component unit

	Balance e 30, 2022	* Restatement	Ac	lditions	Deletions	Balance e 30, 2023	 ue Within One Year
Component Unit NMMFA NM Housing Trust Fund	\$ 287,490	\$ 276,215	\$	-	\$ 15,989	\$ 547,716	\$ 16,149
Total long-term liabilities	\$ 287,490	\$ 276,215	\$	-	\$ 15,989	\$ 547,716	\$ 16,149

Below are the terms, amounts due, and maturity dates of the Authority's outstanding long term debt:

Woodleaf Development

7.125% revenue bond payable, due in annual principal and semi-annual interest installments of approximately \$245,000 with a maturity date of December 2027, secured by pledged revenues from the Woodleaf Development and assets held by the bond trustee as established by the bond indenture. This bond was paid off on August 3, 2023 upon the sale of Woodleaf Development.

Administrative Services Deparment – RIII

0% interest note payable due to Region III with no stated maturity. The debt was incurred in Region IV in prior years, and absorbed by the Authority as part of the combination of the two offices. The Authority is currently awaiting guidance from the State on how to properly dispose of this debt.

Note 6: LONG-TERM LIABILITIES (Continued)

Component Unit – Long Term Debt

On December 15, 2016, Eastern Regional Housing Authority took out a loan of \$607,289 with coborrower Tierra Del Sol Housing Corporation from New Mexico Mortgage Finance Authority (NMMFA) for construction of an apartment project containing 16 rental housing units for income eligible persons or families at NW corner of Ave. M & 23rd Street, in the city of Eunice, County of Lea, New Mexico. The loan will bear interest at the rate of 1% per annum from November 2020 as renegotiated and will be repaid in accordance with the Note terms. Annual debt service requirements to maturity is as follows:

The Project is financed with a 32 year mortgage payable to New Mexico Mortgage Finance Authority, Housing Trust Fund. The loan was modified on October 1, 2020. The modification reduced the principal amount from \$607,399 to \$590,000 via a payment from the Operating Deficit Reserve, reduced the interest rate from 3% to 1%, increased amortization from 30 years to 32 years, and extended the maturity date accordingly. The mortgage is payable in monthly installments of \$1,796 including interest through October 2052.

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

Years ended:	
June 30, 2024	\$ 16,149
June 30, 2025	16,311
June 30, 2026	16,475
June 30, 2027	16,641
June 30, 2028	16,808
Subsequent years	465,332
Total Mortgage Debt	\$ 547,716

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.

Family Self Sufficiency (FSS) Escrow

The Section 8 Housing Program has a long-term obligation for Family Self Sufficiency (FSS) Escrow for Section 8 money being held for the benefit of the program participants. The money is to assist the participants in achieving home ownership. The money can be drawn upon completion of the program or under certain other circumstances. The total amount as of June 30, 2023 was \$115,341 of which \$633 is shown as short-term relating to the current year's graduates of the program.

Note 7: RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions; worker's compensation; and natural disasters. The Authority is insured through the Risk Management Division of the General Services department which is accounted for as internal service fund of the State of New Mexico. In general, the Risk Management Division responds to suits against the State of New Mexico and state agencies, manages funds to provide unemployment compensation, tort liability insurance, worker's compensation and general and property insurance, and attempts to reduce the number of lawsuits against the state and state agencies thrugh the risk management process. The actuarial gains and losses of the Risk Management Division were not available and not included in this report. However, the Authority is not liable for more than the premiums paid.

Note 8: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of counsel for the Authority, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Authority or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amouts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts not recorded, if any, to be immaterial.

Note 9: ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations generaly apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The Authority has no legal obligations associated with the retirement of any long-lived assets.

Note 10: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

General Information about the 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 an annual comprehensive 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, 2022 available at http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report.

Contributions – The contribution requirements of defined benefit plan members and the 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 fiscal year 2023 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 44 of the PERA fiscal year 2022 annual audit report at http://www.nmpera.org/financial-overview.

The PERA coverage option that applies to Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from the Housing Authority were \$120,374 and there were no employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2023.

Note 10: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

General Information about the 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, 2021. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2022, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022. 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, the membership groups for each of the membership groups: municipal general members; municipal police members, the membership groups for each of the membership groups: municipal general members; municipal police members; municipal fire members; municipal members; municipal fire members; municipal police members; municipal fire members; municipal police members; municipal fire members; municipal members; municipal fire members; municipal members.

The 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, 2022. Only employer contributions for the pay period end dates that fell within the period of July 1, 2021 to June 30, 2022 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to fiscal year 2022 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 Municipal General Division, at June 30, 2023, the Housing Authority reported a liability of \$1,872,681 for its proportionate share of the net pension liability. At June 30, 2022, the Housing Authority's proportion was 0.105580 percent, which changed from its proportion of 0.098625 percent as of June 30, 2021.

Note 10: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

For the year ended June 30, 2023, the Housing Authority recognized PERA Fund Municipal General Division pension expense of \$306,085. At June 30, 2023, the Housing Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Ou	eferred Itflows of esources	lı	Deferred nflows of esources
Differences between expected and actual experience Changes of assumptions	\$		ć	
Net difference between projected and actual earnings on	Ş	-	\$	-
pension plan investments		185,331		-
Changes in proportion and differences between the City's		·		
contributions and proportionate share of contributions		207,128		-
Housing Authority's difference				
between expected and actual experience		7,507		45,543
Housing Authority's contributions				
subsequent to the measurement date		120,374		-
Total	\$	520,340	\$	45,543

\$120,374 reported as deferred outflows of resources related to pensions resulting from the Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 172,854
2025	81,757
2026	(46,520)
2027	146,332

As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2021 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, 2022 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, 2022. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2021, actuarial valuation.

Note 10: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	25 years
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investement expense
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
Mortality assumption	The mortality assumptions are based on the RHP-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in- service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety group.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

The long-term expected rate of return on pension plan investments was determined using a building block method 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	35.50%	6.35%
Risk Reduction & Mitigation	19.50	1.90
Credit Oriented Fixed Income	15.00	4.45
Real Assets	20.00	5.10
Multi-Risk Allocations	10.00	6.65
Total	100.00%	

Note 10: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Discount rate – The discount rate used to measure the total pension liability was 7.25 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 GASB Statement No. 67.

Therefore, the 7.25 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.

Sensitivity of the Employer'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 Housing Authority's net pension liability in each PERA Fund Division that the Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	Current				
PERA Fund Municipal General Division	19	% Decrease (6.25%)	Di	scount Rate (7.25%)	1% Increase (8.25%)
Housing Authority's proportionate share of					
the net pension liability	\$	2,833,768	\$	1,872,681	\$ 1,074,272

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2022 PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan – as of June 30, 2023, amounts due to PERA from the Housing Authority total \$2,445.

Note 11: 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. THIS PAGE INTENTIONALLY LEFT BLANK



REQUIRED SUPPLEMENTARY INFORMATION



Eastern Regional Housing Authority Schedule of the Authority's Proportionate Share of the Net Pension Liability of PERA Fund Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

		June	e 30,
Fiscal Year	2023	2022	2021
Measurement Date	2022	2021	2020
Housing Authority's proportion of the net pension liability Municipal General	0.1056%	0.0986%	0.0898%
Housing Authority's proportionate share of the net pension liability			
Municipal General	\$1,872,681	\$1,111,176	\$1,815,961
	\$1,872,681	\$1,111,176	\$1,815,961
Housing Authority's covered payroll Municipal General	\$1,316,497	\$1,191,116	\$1,085,904
	\$1,316,497	\$1,191,116	\$1,085,904
Housing Authority's proportionate share of the net pension liability as a percentage of its covered payroll Municipal General	142.25%	93.28%	167.23%
Plan fiduciary net position as a percentage of the total pension liability Municipal General	69.35%	77.25%	66.36%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Housing Authority will present information for those years for which information is available.

						Ju	ine 30,				
	2020		2019		2018		2017		2016		2015
	2019		2018		2017		2016		2015		2014
	0.0698%		0.0755%		0.0740%		0.0704%		0.0700%		0.0711%
\$1	,208,308	\$1	,023,749	\$1	L,016,823	\$1	,124,756	\$	724,926	\$	546,075
\$1	,208,308	\$1	1,023,749	\$1	L,016,823	\$1	.,124,756	\$	724,926	\$	546,075
\$	821,704		821,687		·		811,053				809,163
\$	821,704	Ş	821,687	Ş	806,905	Ş	811,053	Ş	809,163	Ş	809,163
	147.05%		124.59%		126.02%		138.68%		89.59%		67.49%
	70.52%		71.13%		73.74%		69.18%		76.99%		81.29%

See notes to the required supplementary information.

Eastern Regional Housing Authority Schedule of the Authority's Contributions Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

As of and for the Year Ended June 30,	2023	2022	2021
Contractually required contribution Municipal General	\$ 120,374	\$ 100,712	\$ 91,120
	\$ 120,374	\$ 100,712	\$ 91,120
Contributions in relation to the contractually required contribution		<u> </u>	<u> </u>
Municipal General	\$ (120,374)	\$ (100,712)	\$ (91,120)
	\$ (120,374)	\$ (100,712)	\$ (91,120)
Housing Authority's covered payroll Municipal General	\$1,573,516	\$1,316,497	\$1,191,111
	\$1,573,516	\$1,316,497	\$1,191,111
Contributions as a percentage of covered payroll Municipal General	7.65%	7.65%	7.65%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Housing Authority will present information for those years for which information is available.

See notes to the required supplementary information.

	2020	2019	2019 2		2018 2017 2016		2016	2015	
\$	82,972	\$ 60,806	\$	60,804	\$	59,711	\$	53,772	\$ 55,805
\$	82,972	\$ 60,806	\$	60,804	\$	59,711	\$	53,772	\$ 55,805
\$	(82,972)	\$ (60,806)	\$	(60,804)	\$	(59 <i>,</i> 711)	\$	(53,772)	\$ (55,805)
\$	(82,972)	\$ (60,806)	\$	(60,804)	\$	(59,711)	\$	(53,772)	\$ (55,805)
\$1	,084,601	\$ 821,703	\$	821,676	\$	806,905	\$	726,649	\$ 754,122
\$1	,084,601	\$ 821,703	\$	821,676	\$	806,905	\$	726,649	\$ 754,122
	7.65%	7.40%		7.40%		7.40%		7.40%	7.40%

See notes to the required supplementary information.

Eastern Regional Housing Authority Notes to Supplementary Information

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's audit which is available at https://www.nmpera.org/financial-overview.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2022 report is available at https://www.nmpera.org/assets/financialoverview/retirement-fund-valuation-reports/.



SUPPLEMENTARY INFORMATION



Eastern Regional Housing Authority Schedule of Net Position-Detail June 30, 2023

	Woodleaf	Low Rent Public
	Development	
Assets		
Current assets		
Cash and cash equivalents	\$-	\$ 1,296,307
Receivables (net of allowance)		
Accounts receivable - grants	-	-
Accounts receivable - tenants	-	28,080
Accounts receivable - other	-	-
Due from others (Alamogordo HA)	-	-
Due from other funds	-	13,402
Total current assets	-	1,337,789
Non-current assets		
Restricted cash and cash equivalents	-	76,538
Investments	-	290,161
Capital assets not being depreciated	-	784,921
Capital assets being depreciated	-	18,699,381
Less accumulated depreciation	-	(17,081,635)
Total non-current assets	-	2,769,366
Total assets	_	4,107,155
Deferred outflows		
Deferred outflows - pension	-	245,059
Total deferred outflows	-	245,059
Total assets and deferred outflows	Ş -	\$ 4,352,214

	nergency Iousing		Section 8 Housing		ministrative Services	
V	ouchers	F	Program	D	epartment	Total
\$	50,500	\$	175,790	\$	3,125,615	\$ 4,648,212
	-		-		89,894	89,894
	-		-		-	28,080
	-		-		49,811	49,811
	-		-		3,523	3,523
	-		-		181,082	194,484
	50,500		175,790		3,449,925	5,014,004
	-		-		-	76,538
	-		-		-	290,161
	-		-		118,625	903,546
	-		-		873,126	19,572,507
	-		-		(549 <i>,</i> 394)	(17,631,029)
	-		-		442,357	3,211,723
	50,500		175,790		3,892,282	8,225,727
	_		_		275,281	520,340
	_		_		275,201	520,540
	-		-		275,281	520,340
Ş	50,500	Ş	175,790	Ş	4,167,563	\$ 8,746,067
						(Continued)

Eastern Regional Housing Authority Schedule of Net Position-Detail June 30, 2023

		odleaf opment	I	w Rent Public ousing
Liabilities				
Current liabilities				
Accounts payable	\$	-	\$	2,198
Accrued expenses		-		-
Prepaid rent		-		27,002
Compensated absences, current portion		-		11,908
Due to other funds		-		59,953
Total current liabilities		-		101,061
Current liabilities (payable from restricted assets)				
Tenant deposits		-		76,454
FSS deposits		-		-
Total current liabilities (payable from restricted assets)		-		76,454
Non-current liabilities				
FSS deposits, net of current portion		_		_
Long term debt, net of current portion		-		-
Net pension liability		-		881,956
Total non-current liabilities		-		881,956
Total liabilities		-	1	,059,471
Deferred inflows				21 447
Deferred inflows - pension		-		21,447
Total deferred inflows of resources		-		21,447
Net position				
Net investment in capital assets		-	2	,402,667
Restricted for				
Housing assistance Unrestricted		-		- 868,629
		-		500,023
Total net position		-	3	,271,296
Total liabilities, deferred inflows, and net position	Ş	-	Ş 4	,352,214

F	nergency Iousing ouchers	Section 8 Housing Program		ministrative Services epartment	Total
				•	
\$	-	\$-	\$	218	\$ 2,416
	-	-		243,401	243,401
	- 339	-		- 6,836	27,002 19,083
	99,053	-		35,478	194,484
					·
	99,392	_		285,933	486,386
	-	-		-	76,454
	-	633		-	633
	-	633		-	77,087
	-	113,167		-	113,167
	-	, -		95,258	95,258
	-	-		990,725	1,872,681
	-	113,167		1,085,983	2,081,106
	99,392	113,800		1,371,916	2,644,579
	-	-		24,096	45,543
	-	-		24,096	45,543
	-	-		442,357	2,845,024
	-	18,144		-	18,144
	(48,892)	43,846		2,329,194	3,192,777
	(48,892)	61,990		2,771,551	6,055,945
Ş	50,500	\$ 175,790	Ş	4,167,563	\$ 8,746,067

Eastern Regional Housing Authority Schedule of Revenues, Expenses and Changes in Net Position-Detail

For the Year Ended June 30, 2023	Woodleaf Development	Low Rent Public Housing
One reting revenues		
Operating revenues Tenant rental revenue	\$ 44,446	\$ 1,032,208
Other tenant revenue	2,195	26,363
Management and administrative fees	2,155	1,953
Miscellaneous income	2,055	-
HUD subsidy grants		1,502,250
Total operating revenues	48,696	2,562,774
Operating expenses		
Personnel services and benefit	98,742	1,403,216
Management and administrative fees	4,489	263,013
Professional / contract service fees	15,796	99,391
Repairs and maintenance	7,918	1,027,561
Utilities	11,659	522,930
Materials and supplies	1,483	265,234
Insurance	-	17,810
Housing assistance payments	-	-
Miscellaneous	269	145,530
Depreciation	6,656	295,583
Total operating expenses	147,012	4,040,268
Operating income (loss)	(98,316)	(1,477,494)
Non-operating revenues (expenses)		
Interest income	621	1,086
Interest expense	(12,917)	-
Extraordinary gain/loss	(1,091,649)	-
Gain/Loss on sale of capital asset	3,528,491	-
Total non-operating revenues (expenses)	2,424,546	1,086
Total (loss) before capital grants	2,326,230	(1,476,408)
Operating transfer in		233,560
Operating transfer (out)	- (3,394,812)	(233,560)
Equity transfer in	(3,394,012)	(233,300)
Equity transfer (out)	(112,625)	-
HUD Capital grants	(,,	784,877
Change in net position	(1,181,207)	(691,531)
Total net position - beginning of year	1,181,207	3,962,827
Total net position - end of year	Ş -	\$ 3,271,296

	mergency Housing /ouchers	Section 8 Housing Program	Administrative Services Department	Eliminations	Total
ć		\$-	\$ 9,600	\$ -	\$ 1,086,254
\$	-	ې - -	\$ 9,600	Ş - -	\$ 1,086,254 28,558
	_	-	1,353,469	(1,168,785)	186,637
	-	69,028	_,000,100	(_)_00), 00,	71,083
	381,667	8,636,823	183,833	-	10,704,573
	381,667	8,705,851	1,546,902	(1,168,785)	12,077,105
	50,020	-	1,560,246		3,112,224
	29,405	883,603	2,193	(1,168,785)	13,918
	-	-	29,371	-	144,558
	-	-	27,855	-	1,063,334
	-	-	46,487	-	581,076
	-	-	18,633	-	285,350
	-	-	3,060	-	20,870
	470,057	7,845,689	-	-	8,315,746
	24,814	-	193,056	-	363,669
	-	-	87,649	-	389,888
	574,296	8,729,292	1,968,550	(1,168,785)	14,290,633
	(192,629)	(23,441)	(421,648)	-	(2,213,528)
	-	-	2,068	-	3,775
	-	-	-	-	(12,917)
	-	-	1,091,649	-	-
	-	-	-	-	3,528,491
	-	-	1,093,717	-	3,519,349
	(192,629)	(23,441)	672,069	-	1,305,821
		200	2 410 426		2 644 106
	-	(15,824)	3,410,436	-	3,644,196 (3,644,196)
	_	(13,824)	112,625	_	112,625
	_	-	-		(112,625)
	-	-	-	-	784,877
	(192,629)	(39,065)	4,195,130		2,090,698
	143,737	101,055	(1,423,579)	_	3,965,247
Ş	(48,892)	Ş 61 <i>,</i> 990	\$ 2,771,551	Ş -	\$ 6,055,945

Eastern Regional Housing Authority Statement of Cash Flows - Detail

For the Year Ended June 30, 2023	Woodleaf	Low Rent Public
For the real Ended June 30, 2023	Development	Housing
Cash flows from operating activities Cash received from tenants Cash received for services	\$ 22,426 2,055	\$ 1,057,361 -
Grant - subsidies Cash payments to suppliers for goods and services Cash payments to employees for services	۔ (52,766) (199,892)	1,502,250 (2,342,663) (1,279,777)
Net cash provided by operating activities	(228,177)	(1,062,829)
Cash flows from noncapital financing activities Temporary financing - other funds Other nonoperating revenues	1,034,094 (4,486,461)	17,535
Net cash provided by noncapital financing activities	(3,452,367)	17,535
Cash flows from capital and related financing activities Proceeds from sale of assets Cash payments for principal and interest Cash received from intergovernmental sources Acquisition and construction of capital assets Expense of sale	4,400,000 (1,367,917) - - (282,237)	- - 784,877 - -
Net cash provided by capital and related financing activities	2,749,846	784,877
Cash flows from investing activities Interest earnings Investments purchased	- 621	1,086 (1,086)
Net cash provided by investing activities	621	-
Net (decrease) increase in cash and cash equivalents	(930,077)	(260,417)
Cash and cash equivalents - beginning of year	930,077	1,633,262
Cash and cash equivalents - end of year	Ş -	\$ 1,372,845
Per Statement of Net Position Cash and cash equivalents Restricted cash and cash equivalents	\$ - -	\$ 1,296,307 76,538
Cash and cash equivalents - end of year	\$ -	\$ 1,372,845
Noncash Transactions Assets transferred Book value of assets sold	\$ (112,625) (589,272)	\$ -

l	mergency Housing /ouchers	ł	ection 8 Iousing Program		ministrative Services epartment	Elimination		Total
		-	108.011		epartment			lota
\$	381,667 -	\$ 8	3,688,767 -	\$	1,466,201 -	\$ -	. \$	2,055
	- (524,276) (50,736)	(8	- 3,729,292) -		- (331,831) (1,186,298)	-	-	1,502,250 (11,980,828) (2,716,703)
	(193,345)		(40,525)		(51,928)	_	-	(1,576,804)
	50,986 -		(250) (15,624)		(1,100,692) 4,502,085	-	-	1,673 -
	50,986		(15,874)		3,401,393	-		1,673
	- - -		-		- - - (215,881) -	-	- - -	4,400,000 (1,367,917) 784,877 (215,881) (282,237)
	_		_		(215,881)			3,318,842
	-		-		2,068	-	-	1,086 1,603
	-		-		2,068	-		2,689
	(142,359)		(56,399)		3,135,652			1,746,400
	192,859		232,189		(10,037)		-	2,978,350
\$	50,500	\$	175,790	Ş	3,125,615	\$ -	. Ş	4,724,750
\$	50,500 -	\$	175,790 -	\$	3,125,615 -	\$ -	- \$	4,648,212 76,538
\$	50,500	\$	175,790	\$	3,125,615	\$ -	- \$	4,724,750
\$	-	\$	-	\$	112,625 -	\$ -	- \$	۔ (589,272) (Continued)

Eastern Regional Housing Authority Statement of Cash Flows - Detail

	v	Voodleaf	Low Rent Public
For the Year Ended June 30, 2023	De	velopment	Housing
Reconciliation of operating (loss) to net cash provided by operat			
Operating (loss)	\$	(98,316)	\$(1,477,494)
Adjustments to reconcile operating (loss) to net cash provided by operating activities			
Depreciation Changes in assets and liabilities		6,656	295,583
Decrease (increase) in tenant/other receivables (Increase) in intergovernmental receivable		22,085	(8,151)
(Decrease) in accounts payable and accrued expenses (Decrease) increase in accrued salaries and		(11,152)	(1,191)
compensated		(4,183)	(25,810)
(Decrease) in prepaid rent		(17,371)	3,807
(Decrease) increase in tenant deposits/escrow		(28,929)	1,181
(Decrease) increase in net pension contributions and			
liability		(96,967)	149,246
Total adjustments		(129,861)	414,665
Net cash provided by operating activities	Ş	(228,177)	\$(1,062,829)

Emergenc Housing	/	Section 8 Housing	Ad	ministrative Services				
Vouchers		Program	D	epartment	Eliı	mination		Total
\$ (192,62	9) (\$ (23,441)	\$	(421,648)	\$	-	\$	(2,213,528)
	-	-		87,649		-		389,888
	-	-		9,193 (89,894)		-		23,127 (89,894)
	-	-		(11,176)		-		(23,519)
(71	6)	-		240,469		-		209,760
	-	(17 <i>,</i> 084) -		-		-		(30,648) (27,748)
	-	-		133,479		-		185,758
(71	6)	(17,084)		369,720		-		636,724
Ş (193 <i>,</i> 34	5) \$	\$ (40 <i>,</i> 525)	Ş	(51,928)	Ş	-	Ş	(1,576,804)

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

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SUPPORTING SCHEDULES



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Eastern Regional Housing Authority Schedule of Collateral Pledged by Depository for Public Funds June 30, 2023

Name of Depository/ Location of Safekeeper	Interest Rate	Description of Pledged Collateral	Maturity	CUSIP No.	air Market Value ne 30, 2023
Pioneer Bank	1.50	Federal Home Ln Mtg Cc	2/1/2032	3133LPUC9	\$ 1,444,504
Pioneer Bank	2.00	Federal Nat Mtg Assn	1/1/2032	3140X4HB5	231,620
Pioneer Bank	1.50	Federal Nat Mtg Assn	1/1/2042	3140XFG88	510,509
Pioneer Bank	1.50	Federal Nat Mtg Assn	10/1/2036	31418D5B4	1,457,193
Pioneer Bank	2.00	Federal Nat Mtg Assn	3/1/2036	31418DXH0	2,536,166
Pioneer Bank	3.00	Govt Nat Mtg Assn II	7/20/2050	3617NLQA7	1,306,660
Total Pledged Collateral					\$ 7,486,653

Eastern Regional Housing Authority Schedule of Deposit Accounts June 30, 2023

Bank Name/ Account Name	-				Deposits n Transit	
Pioneer Bank						
ASA Development	Checking	\$	2,674,392	\$	-	
ASA General	Checking		560,427		15,624	
ASA Payroll	Checking		-		-	
Eunice General	Checking		8,721		-	
Eunice Security Dep	Checking		3,875		-	
Sec 8 FSS	Checking		134,169		-	
Sec 8 FSS Forfeit	Checking		37,780		-	
Lovington General	Checking		115,303		-	
Lovington Security Dep	Checking		12,479		-	
Sec 8 Housing Voucher	Checking		104,676		-	
SSM General	Checking		1,311		-	
SSM2 General	Checking		202,047		-	
SSM Security Dep	Checking		17,184		-	
Tucumcari General	Checking		632,013		-	
THA Security Dep	Checking		9,323		-	
Vaughn General	Checking		43,050		-	
Vaughn Security Dep	Checking		3,184		-	
AHA General	Checking		333,173		-	
	Checking		30,493		-	
AHA Security Dep EHV General	Checking		65,242		-	
SSM Pioneer Bank	Certificate of Deposit		100,924		_	
	Certificate of Deposit		15,709		_	
Eunice 2682 Pioneer Bank	Certificate of Deposit		10,473		-	
Eunice 2683 Pioneer Bank	Certificate of Deposit		139,535			
Lovington Pioneer Bank	Certificate of Deposit		23,520		_	
Tucumcari Pioneer Bank	Certificate of Deposit		25,520		_	
Total deposits		Ş	5,279,001	Ş	15,624	
Plus petty cash Less restricted cash and cash equivalents pe Less investments per statement of net positi						
Cash and cash equivalents per statement of ne	et position					
Component Unit						
Washington Federal						
TDS-ERHA Unidos LLC	Checking		846			
TDS-ERHA Unidos LLC	Checking		58,084			
Total deposits			58,930		-	
Less restricted cash and cash equivalents pe Less tenant security deposits per statement	•					
Cash and cash equivalents per statement of ne	et position					

Outstanding Checks	Other Adjustments	F	Reconciled Balance
\$-		\$	2,674,392
121,566	-		454,485
3,262	-		(3,262)
1,757	-		6,964
-	-		3,875
20,370	-		113,799
-	-		37,780
5,597	-		109,706
-	-		12,479
80,028	437		24,211
674	-		637
5,263	-		196,785
-	-		17,184
7,056	-		624,957
-	-		9,323
3,695	-		39,355
-	-		3,184
16,272	-		316,901
-	-		30,493
14,742	-		50,500
-	-		100,924
-	-		15,709
-	-		10,473
-	-		139,535
-	-		23,520
Ş 280,280	Ş 437		5,013,908
			1,003
			(76,538)
			(290,161)
		\$	4,648,212
		ć	846
		Ş	
			38,084
-	-		58,930
			(50 427)
			(7,047)
		Ş	846
		\$	846 58,084 58,930 (50,437) (7,647)

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description	Pu	Low Rent blic Housing Program /1002000001 14.850		Housing Choice Vouchers Program 14.871
111 112 113	Cash - Unrestricted Cash - Restricted - Modernization and Development Cash - Other Restricted	\$	1,296,307 - -	\$	- - 175,790
114	Cash - Tenant Security Deposits		76,538		
100	Total Cash		1,372,845		175,790
124 125	Accounts Receivable - Other Government Accounts Receivable - Miscellaneous		-		-
126 126.1	Accounts Receivable - Tenants - Dwelling Rents Allowance for Doubtful Accounts - Dwelling Rents		28,080 -		-
120	Total Receivables, Net of Allowance for Doubtful Accounts		28,080		_
131	Investments - Unrestricted		290,161		-
130	Total Investments		290,161		
142 144	Prepaid Expenses and Other Assets Inter Program Due From		- 13,402		-
150	Total Current Assets		1,704,488		175,790
161 162 163 166	Land Buildings Furniture, Equipment & Machinery - Dwellings Accumulated Depreciation		784,921 17,267,445 1,431,936 (17,081,635)		- - -
160	Total Capital Assets, Net of Accumulated Depreciation		2,402,667		-
180	Total Non-Current Assets		2,402,667		-
190	Total Assets		4,107,155		175,790
200	Deferred Outflows of Resources		245,059		-
290	Iotal Assets and Deterred Outflows of Resources	Ş	4,352,214	Ş	175,790

Emer Hou	EHV gency sing chers		1 Business Activities		2 State Local		Total
\$	-	\$	3,125,615	\$	846	\$	4,422,768
5	- 60,500 -		-		- 50,437 7,647		- 276,727 84,185
5	0,500		3,125,615		58,930		4,783,680
	- - -		93,417 49,811 - -		- - 3,379 -		93,417 49,811 31,459 -
	_		143,228		3,379		174,687
	_		-		-		290,161
	_		-		-		290,161
	-		- 181,082		100		100 194,484
5	0,500		3,449,925		62,409		5,443,112
	- - -		118,625 43,548 829,578 (549,394)		13,075 2,289,248 - (423,052)		916,621 19,600,241 2,261,514 (18,054,081)
	-		442,357		1,879,271		4,724,295
	-		442,357		1,879,271		4,724,295
5	0,500		3,892,282		1,941,680		10,167,407
	-		275,281		-		520,340
Ş 5	0,500	Ş	4,167,563	Ş	1,941,680	Ş	10,687,747

(Continued)

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description	Pu	Low Rent blic Housing Program 1002000001 14.850		Housing Choice Vouchers Program 14.871
		<u>,</u>	2.400	<u>,</u>	
312	Accounts Payable <= 90 Days	\$	2,198	\$	-
321	Accrued Wage/Payroll Taxes Payable		-		-
322	Accrued Compensated Absences - Current Portion		11,908		-
341 343	Tenant Security Deposits		76,454		-
343 345	Current Portion of Long-term Debt - Capital Projects Other Current Liabilities		-		-
345 347			27,002		633
547	Inter Program Due To		59,953		
310	Total Current Liabilities		177,515		633
	Long-term Debt, Net of Current - Capital				
351	Projects/Mortgage Revenue		_		-
352	Long-Term Debt, Net of Current - Operating Borrowings		_		-
353	Non-current Liabilities - Other		_		113,167
357	Accrued Pension and OPEB Liabilities		881,956		-
350	Total Non-Current Liabilities		881,956		113,167
300	Total Liabilities		1,059,471		113,800
400	Deferred Inflows of Resources		21,447		-
508.1	Net investment in capital assets		2,402,667		-
511	Restricted Net Position		-		18,144
512.1	Unrestricted Net Position		868,629		43,846
513	Total Equity/Net Position		3,271,296		61,990
600	Total Liabilities, Deferred Inflows of Resources, and				
000	Equity/Net Position	\$	4,352,214	\$	175,790
	$1 D \cdots \cdots \cdots$	۲	.,	7	3,, 33

Emergency Housing Vouchers	1 Business Activities	2 State Local	Total
\$ - 339 - - - 99,053	\$ 218 243,401 6,836 - - 35,478	\$ 11,016 - 7,197 16,149 363	\$ 13,432 243,401 19,083 83,651 16,149 27,998 194,484
99,392	285,933	34,725	598,198
- - -	- 95,258 - 990,725	- 531,567 - -	- 626,825 113,167 1,872,681
-	1,085,983	531,567	2,612,673
99,392	1,371,916	566,292	3,210,871
-	24,096	-	45,543
- (48,892)	442,357 - 2,329,194	1,331,555 - 43,833	4,176,579 18,144 3,236,610
(48,892)	2,771,551	1,375,388	7,431,333
\$ 50,500	\$ 4,167,563	\$ 1,941,680	\$ 10,687,747

14.EHV

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871
70300	Net Tenant Rental Revenue	\$ 1,032,208	\$ -
70400	Tenant Revenue - Other	26,363	-
70500	Total Tenant Revenue	1,058,571	-
70600	HUD PHA Operating Grants	1,502,250	8,636,823
70610	Capital Grants	784,877	-
71100	Investment Income - Unrestricted	1,086	-
71400	Fraud Recovery	-	31,248
71500	Other Revenue	1,953	37,780
71600	Gain or Loss on Sale of Capital Assets	-	-
70000	Total Revenue	3,348,737	8,705,851
91100	Administrative Salaries	223,822	-
91200	Auditing Fees	21,876	-
91300	Outside Management Fees	-	6,135
91400	Advertising and Marketing	5,590	-
91500	Employee Benefit Contributions - Administrative	254,021	-
91600	Office Expenses	28,385	-
91700	Legal Expense	2,817	-
91800	Travel	67,760	-
91810	Allocated Overhead	257,423	877,468
91000	Total Operating - Administrative	861,694	883,603
93100	Water	213,948	-
93200	Electricity	87,020	-
93300	Gas	147,823	-
93800	Other Utilities Expense	74,139	-
93000	Total Utilities	522,930	-
94100	Ordinary Maintenance & Operation - Labor	755,157	-
94200	Ordinary Maintenance & Operation - Materials & Other	1,349,302	-
94500	Employee Benefit Contributions - Ordinary Maintenance	128,232	-
94000	Total Maintenance	2,232,691	-
96110	Property Insurance	17,810	-
96100	Total Insurance Premiums	17,810	-

$\begin{array}{c c c c c c c c c c c c c c c c c c c $	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State Local	Subtotals	Eliminations	Totals
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	\$- -	\$			\$ - -	\$ 1,179,495 28,558
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	-	9,600	139,882	۔ 1,208,053	-	۔ 1,208,053
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	381,667	183,833	-	, ,	-	- 10,704,573 784 877
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	2 068	- 621		-	3,775
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	_	2,000			_	31,248
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	-	1.353.469	2.055	,	(1.168.785)	226,472
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-		,		-	3,528,491
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	381,667	1,548,970	3,671,049	- 17,656,274	- (1,168,785)	۔ 16,487,489
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$				-	-	-
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	31,801	1,067,914	13,791	1,337,328	-	1,337,328
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	3,646	2,351		-	27,873
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	-	-			6,135
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	,	-	,	-	7,783
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	13,011	,			-	592,811
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	,		,	-	119,813
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	-		6,541		-	11,604
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	-	40,556	-		-	108,316
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	29,405	-	4,489	1,168,785	(1,168,785)	-
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	74,217	1,619,195	(58,261)	3,380,448	(1,168,785)	2,211,663
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$		2 246	E 420	- 221 724	-	- 221 724
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$,			98,213
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	_	7,091				147,956
93,461 848,618 - 848, - 47,049 11,019 1,407,370 - 1,407, 128,232 - 128, - 47,049 104,480 2,384,220 - 2,384, - 3,060 - 20,870 - 20,	-	36,450			-	113,183
- 47,049 11,019 1,407,370 - 1,407, 128,232 - 128, - 47,049 104,480 2,384,220 - 2,384, - 3,060 - 20,870 - 20,	-	46,487	11,659	- 581,076	-	- 581,076
- 47,049 11,019 1,407,370 - 1,407, 128,232 - 128, - 47,049 104,480 2,384,220 - 2,384, - 3,060 - 20,870 - 20,			02.464	949 (10		040 (40
	-	-	,		-	848,618
- 47,049 104,480 2,384,220 - 2,384, - 3,060 - 20,870 - 20,	-	47,049	11,019		-	1,407,370
- 3,060 - 20,870 - 20,	-	-	-		-	- 120,252
· · · · · ·	-	47,049	104,480	2,384,220	-	2,384,220
- 3,060 - 20,870 - 20,	-	3,060	-	- 20,870	-	- 20,870
	-	3,060	-	- 20,870	-	- 20,870
20,870 - 20,				20,870	-	20,870

(Continued)

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description		Low Rent blic Housing Program M002000001 14.850		Housing Choice Vouchers Program 14.871
96200	Other General Expenses	\$	57,274	Ś	-
96210	Compensated Absences	Ŧ	41,984	Ŧ	-
96400	Bad Debt - Tenant Rents		10,302		-
96710	Interest expense		-		-
96000	Total Other General		109,560		-
96900	Total Operating Expenses		3,744,685		883,603
97000	Excess Operating Revenue Over Operating Expenses		(395,948)		7,822,248
97300	Housing Assistance Payments		-		7,845,689
97400	Depreciation Expense		295,583		-
90000	lotal Expenses	Ş	4,040,268	Ş	8,729,292
10010	Operating Transfers In	\$	233,560	\$	200
10020	Operating Transfers Out		(233,560)	'	(15,824)
10070	Extraordinary Items-Gain/Loss		-		-
10100	Total Other Financing Sources (Uses)		-		(15,624)
10000	Excess (Deficiency) of Operating Revenue Over (Under)		(604 534)		(20.005)
10000	Expenses		(691,531)		(39,065)
11030	Beginning Equity		3,962,827		101,055
11040-10	Correction of Error		-		-
11040-20	Equity Transfers		-		-
	Ending Equity (deficit)	Ş	3,271,296	Ş	61,990
11170	Administrative Fee Equity	Ş	-	Ş	43,846
11180	Housing Assistance Payments Equity	Ş	-	Ş	18,144
11190	Unit Months Available		4,824		24,696
11210	Number of Unit Months Leased		4,651		13,175
11270	Excess Cash	Ş	1,214,916	Ş	-

	14.EHV mergency Housing Vouchers		1 Business Activities		2 State Local		Subtotals	E	liminations		Totals
\$	24,814 5,208	\$	84,259 80,851	\$	89,328 77,192	\$	255,675 205,235 10,302	\$	-	\$	255,675 205,235 10,302
	-		-		18,467		18,467		-		18,467
	30,022		165,110		184,987		489,679		-		489,679
	104,239		1,880,901		242,865		۔ 6,856,293		- (1,168,785)		- 5,687,508
	277,428		(331,931)		3,428,184		10,799,981		-		10,799,981
	470,057 -		- 87,649		- 78,992		8,315,746 462,224		-		8,315,746 462,224
Ş	574,296	Ş	1,968,550	Ş	321,857	Ş	15,634,263	Ş	(1,168,785)	Ş	14,465,478
\$	-	\$	3,410,436	\$	- (3,394,812)	\$	3,644,196 (3,644,196)	\$	-	\$	3,644,196 (3,644,196)
	-		1,091,649		(1,091,649)		-		-		-
	-		4,502,085		(4,486,461)		-		-		-
	(192,629)		4,082,505		(1,137,269)		2,022,011		-		2,022,011
	143,737		(1,423,579)		1,916,013		4,700,053		-		4,700,053
	-		- 112,625		709,269 (112,625)		709,269 -		-		709,269
Ş	(48,892)	Ş	2,771,551	Ş	1,375,388	Ş	7,431,333	Ş	-	Ş	7,431,333
Ş	_	Ş	_	Ş	_		43,846	Ş	_	Ş	43,846
Ş	-	Ş	-	Ş	-		18,144	Ş	-	Ş	18,144
	744		_		140		30,404		_		30,404
	629		_		124		18,579		_		18,579
Ş	-	Ş	-	Ş	-	Ş	1,214,916	Ş	-	Ş	1,214,916

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description		SSM 400	Va	aughn 450
111 114	Cash - Unrestricted Cash - Tenant Security Deposits	\$	197,574 17,184	\$	39,405 3,184
100	Total Cash		214,758		42,589
126	Accounts Receivable - Tenants - Dwelling Rents		2,524		2,697
120	Total Receivables, Net of Allowance for Doubtful Accounts		2,524		2,697
131	Investments - Unrestricted		100,924		-
130	Total Investments		100,924		-
144	Inter Program Due From		13,402		-
150	Total Current Assets		331,608		45,286
161 162 163 166	Land Buildings Furniture, Equipment & Machinery - Dwellings Accumulated Depreciation		335,734 4,538,345 431,755 (4,367,771)		400,304 (130,099)
160	Total Capital Assets, Net of Accumulated		938,063		270,205
180	Total Non-Current Assets		938,063		270,205
190	Total Assets		1,269,671		315,491
200	Deferred Outflows of Resources		96,944		7,327
290	Iotal Assets and Deferred Outflows of Resources	Ş	1,366,615	Ş	322,818

Eu	nice 470	Lov	ington 490	ļ	Artesia 495	Tu	Tucumcari 496		Total
\$	7,064 3,875	\$	109,806 12,479	\$	317,101 30,493	\$	625,357 9,323	\$	1,296,307 76,538
	10,939		122,285		347,594		634,680		1,372,845
	1,667		5,012		1,165		15,015		28,080
	1,667		5,012		1,165		15,015		28,080
	26,182		139,535		-		23,520		290,161
	26,182		139,535		-		23,520		290,161
	-		-		-		-		13,402
	38,788		266,832		348,759		673,215		1,704,488
	20,392 588,717 79,224 (664,254)		215,936 191,971 49,782 (241,753)		102,969 7,486,262 402,013 (7,871,750)		109,890 4,061,846 469,162 (3,806,008)		784,921 17,267,445 1,431,936 (17,081,635)
	24,079		215,936		119,494		834,890		2,402,667
	24,079		215,936		119,494		834,890		2,402,667
	62,867		482,768		468,253		1,508,105		4,107,155
	5,904		19,503		57,934		57,447		245,059
Ş	68,771	Ş	502,271	Ş	526,187	Ş	1,565,552	Ş	4,352,214

(Continued)

Eastern Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number			SSM 400	Vaughn 450	
312 322 341 345	Accounts Payable <= 90 Days Accrued Compensated Absences - Current Portion Tenant Security Deposits Other Current Liabilities	\$	290 4,364 17,184 4,031	\$	751 3,100 966
<u>347</u> 310	Inter Program Due To Total Current Liabilities		6,102 31,971		3,412 8,229
357	Accrued Pension and OPEB Liabilities		348,898		26,368
350	Total Non-Current Liabilities		348,898		26,368
300	Total Liabilities		380,869		34,597
400	Deferred Inflows of Resources		8,485		642
508.1 512.1	Net investment in capital assets Unrestricted Net Position		938,063 39,198		270,205 17,374
513	Total Equity/Net Position		977,261		287,579
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$	1,366,615	\$	322,818

Eunice	e 470	Lovir	ngton 490	Ar	tesia 495	Tuc	cumcari 496		Total
-	- 475 3,875 1,575	\$	2,598 12,479 4,387	\$	1,908 1,896 30,493 10,134	\$	1,824 9,323 5,909	Ş	2,198 11,908 76,454 27,002
	0,455		5,923		10,094		3,967		59,953
36	6,380		25,387		54,525		21,023		177,515
22	1,248		70,189		208,503		206,750		881,956
22	1,248		70,189		208,503		206,750		881,956
57	7,628		95,576		263,028		227,773		1,059,471
	515		1,708		5,070		5,027		21,447
	4,079 3,451)		215,936 189,051		119,494 138,595		834,890 497,862		2,402,667 868,629
1(0,628		404,987		258,089		1,332,752		3,271,296
\$ 68	8,771	\$	502,271	\$	526,187	\$	1,565,552	\$	4,352,214

Eastern Regional Housing Authority Financial Data Schedule For the Year Ended June 30, 2023

Line Item					
Number	Description		SSM 400	Va	ughn 450
70300	Net Tenant Rental Revenue	\$	141,041	\$	41,804
70400	Tenant Revenue - Other	Ŷ	5,757	Ŷ	772
70500	Total Tenant Revenue		146,798		42,576
70600	HUD PHA Operating Grants		353,590		98,807
70610	Capital Grants		655,685		-
71100	Investment Income - Unrestricted		394		-
71500	Other Revenue		1,213		214
70000	Total Revenue		1,157,680		141,597
91100	Administrative Salaries		64,686		_
91200	Auditing Fees		3,646		3,646
91300	Outside Management Fees		52,772		12,871
91400	Advertising and Marketing		812		·
91500	Employee Benefit Contributions - Administrative		117,172		5 <i>,</i> 952
91600	Office Expenses		5,969		2,770
91700	Legal Expense		728		80
91800	Travel		6,968		886
91000	Total Operating - Administrative		252,753		26,205
93100	Water		7,148		6,606
93200	Electricity		12,811		3,618
93300	Gas		5,231		44,929
93800	Other Utilities Expense		14,131		10,029
93000	Total Utilities		39,321		65,182
94100	Ordinary Maintenance & Operation - Labor		322,594		29,269
94100	Ordinary Maintenance & Operation - Materials &		794,063		32,001
94200	Employee Benefit Contributions - Ordinary		136,165		7,561
94000	Total Maintenance		1,252,822		68,831

Eunice 470	Lovington 490	Artesia 495	Tucumcari 496	Total
\$ 62,904	\$ 122,990	\$ 462,555	\$ 200,914	\$ 1,032,208
4,964	2,034	8,434	4,402	26,363
67,868	125,024	470,989	205,316	1,058,571
	- / -	- /	,	, , -
52,704	138,399	455,528	403,222	1,502,250
-	-	-	129,192	784,877
63	557	-	72	1,086
-	-	221	305	1,953
120,635	263,980	926,738	738,107	3,348,737
-	34,743	75,533	48,860	223,822
3,646		3,646	3,646	21,876
12,871	-	88,811	57,920	257,423
1,689	-	868	2,221	5,590
5,821	43,496	33,132	48,448	254,021
1,526	1,996	8,914	7,210	28,385
		534	1,475	2,817
320	5,892	7,043	46,651	67,760
25,873	121,951	218,481	216,431	861,694
7,675	1,424	132,880	58,215	213,948
2,023	1,719	56,838	10,011	87,020
1,016		51,666	43,919	147,823
10,359	13,560	14,779	11,281	74,139
21,073	17,765	256,163	123,426	522,930
23,585	43,168	155,907	180,634	755,157
39,575		192,023	228,515	1,349,302
(8,384	-	(25,801)	16,526	128,232
54,776	108,458	322,129	425,675	2,232,691

(Continued)

Eastern Regional Housing Authority Financial Data Schedule For the Year Ended June 30, 2023

Line Item	-				
Number	Description		SSM 400	V	aughn 450
96110	Property Insurance	\$	3,010	\$	2,960
96100	Total Insurance Premiums		3,010		2,960
96200 96210 96400	Other General Expenses Compensated Absences Bad Debt - Tenant Rents		11,931 20,643 2,475		5,851 1,546 685
96000	Total Other General		35,049		8,082
96900	Total Operating Expenses		1,582,955		171,260
97000	Excess Operating Revenue Over Operating		(425,275)		(29,663)
97400	Depreciation Expense		166,407		10,008
90000	lotal Expenses	Ş	1,749,362	Ş	181,268
10010 10020	Operating Transfers In Operating Transfers Out	\$	191,560 -	\$	- (12,010)
10100	Total Other Financing Sources (Uses)		191,560		(12,010)
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$	(400,122)	\$	(51,681)
11030	Beginning Equity		1,377,383		339,260
	Ending Equity (deficit)	Ş	977,261	Ş	287,579
11180	Housing Assistance Payments Equity	Ş		Ş	
11190	Unit Months Available		1,008		240
11210	Number of Unit Months Leased		978		237
11270	Excess Cash	Ş	167,724	Ş	22,785

	Eunice 470	Lo	vington 490		Artesia 495	Tu	cumcari 496		Total
\$	2,960	\$	2,960	\$	2,960	\$	2,960	\$	17,810
	2,960		2,960		2,960		2,960		17,810
	2,066 1,388 -		10,550 6,638 573		13,630 5,835 4,488		13,246 5,934 2,081		57,274 41,984 10,302
	3,454		17,761		23,953		21,261		109,560
	108,136		268,895		823,686		789,753		3,744,685
	12,499		(4,915)		103,052		(51,646)		(395,948)
	1,029		-		97,623		20,516		295,583
Ş	109,165	Ş	268,895	Ş	921,309	Ş	810,269	Ş	4,040,268
\$	- (12,010)	\$	- (30,025)	\$	- (83,470)	\$	42,000 (96,045)	\$	233,560 (233,560)
	(12,010)		(30,025)		(83,470)		(54,045)		-
\$	(540) 11,168	\$	(34,940) 439,927	\$	(78,041) 336,130	\$	(126,207) 1,458,959	\$	(691,531) 3,962,827
Ş	10,628	Ş	404,987	Ş	258,089	s	1,332,752	S	3,271,296
Ş		ş	-	ş		Ş		Ş	
	240	7	600	٣	1,656	Ŧ	1,080	7	4,824
	237		599		1,574		1,026		4,651
Ş	(6,603)	Ş	219,037	Ş	225,594	Ş	586,379	Ş	

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COMPLIANCE SECTION





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INDEPENDENT AUDITOR'S 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

Joseph M. Maestas, P.E., New Mexico State Auditor Eastern Regional Housing Authority Roswell, New Mexico

We have audited, in accordance with the 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 Eastern Regional Housing Authority (the "Housing Authority"), as of and for the year ended June 30, 2023, 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 February 16, 2024. The financial statements of TDS-ERHA Unidos were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with TDS-ERHA Unidos.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-006 and 2023-007 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Regional Housing Authority, 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-004, 2023-005 and 2023-008.

The Housing Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Eastern Regional Housing Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Very truly yours,

Carr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram LLC. Las Cruces, New Mexico February 16, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Joseph M. Maestas, P.E., New Mexico State Auditor The Office of Management and Budget Eastern Regional Housing Authority Roswell, New Mexico

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Eastern Regional Housing Authority's (the "Housing Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2023. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 the major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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 a combination of deficiencies, in internal 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2003-009 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

arr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram, LLC Las Cruces, New Mexico February 16, 2024

Eastern Regional Housing Authority Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

Federal Grantor/Pass Through	Grant or State	Federal Assistance Listing
Grantor/Program Title	Number	Number
U.S. Department of Housing and Urban Development Direct Programs		
Public and Indian Housing	NM00200000121D	14.850
Housing Voucher Cluster Section 8 Housing Choice Vouchers COVID-19 Emergency Housing Vouchers	N/A N/A	14.871 14.EHV
Total Housing Voucher Cluster		
Public Housing Capital Fund	CFP 2021	14.872
Public Housing Capital Fund	CFP 2020	14.872
Public Housing Capital Fund	CFP 2019	14.872
Total Public Housing Capital Fund		
ROSS Family Self Sufficiency Program	NM002FSH453A014	14.896
Total U.S. Department of Housing and Urban Development - Direct Programs		
Total Expenditures of Federal Awards		

	Funds Federal Provided to Noncash									
Ех	penditures	Subrecipients								
\$	1,502,250	\$ -	\$ -							
	8,636,823 381,667	-	-							
	9,018,490									
	573,007	-	-							
	183,848	-	-							
	28,022	-	-							
	784,877	-	-							
	183,833	-	-							
	11,489,450	-	-							
Ş	11,489,450	Ş -	Ş -							

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Eastern Regional Housing Authority Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Eastern Regional Housing Authority (the "Housing Authority") and is presented on the full 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)*.

Federally Funded Loans

The Housing Authority has no federally funded loans or loan guarantee programs as of June 30, 2023.

10% de minimis Indirect Cost Rate

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

Federally Funded Insurance

The Housing Authority has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 11,489,450
Capitalized expenditures * Total expenditures funded by other sources	(784,877) 3,598,977
Total expenditures (including capitalized expenditures)*	\$ 14,303,550

*Expenses on the Schedule include \$784,877 of capitalized expenditures required by HUD to be included. These are not included on the statement of revenues, expenses, and changes in net position.

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1.	Type of auditors' report issued	Unmodified
2.	Internal control over financial reporting:	
	a. Material weaknesses identified?	Yes
	b. Significant deficiencies identified not considered to be material weaknesses?	Yes
	c. Noncompliance material to the financial statements noted?	No
Federa	al Awards:	
1.	Internal control over major programs:	
	a. Material weaknesses identified?	No
	b. Significant deficiencies identified not considered to be material weaknesses?	Yes
2.	Type of auditors' report issued on compliance for major programs	Jnmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
4.	Identification of major programs:	
	Assistance Listing <u>Number</u> <u>Federal Program</u> 14.871	
	14.871Housing Voucher Cluster	
5.	Dollar threshold used to distinguish between type A and type B programs:	\$750,000
6.	Auditee qualified as low-risk auditee?	

Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-002 Review of the Schedule of Expenditures of Federal Awards (SEFA) – Significant Deficiency

Criteria - Effective internal controls require documentation as evidence that the control has been implemented. Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, per 2CFR 200.510(b) "The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended."

Condition - There is no documentation that the financial statements, including the SEFA, of the Housing Authority have been reviewed.

Cause - Because the Authority has few employees they communicate daily and therefore did not recognize the need to document the review process.

Effect - Incorrect and/or incomplete financial information may be provided to the board at public meetings. In addition, there is an increased potential for program reporting to be incorrect as the underlying financial information may not have been appropriately reviewed.

Questioned Costs – None

Perspective – The documentation of review of the Schedule of Expenditures of Federal Awards was not retained.

Recommendation - The review process for financial statements and the SEFA should be clearly documented. Management may want to consider the use of a checklist.

Management Response: The Authority will ensure that the SEFA is reviewed at end of each year, and signed off by management.

Estimated Completion Date: July 2024 Responsible Party: Executive Director

SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)

2023-003 – Review of journal entries – Significant Deficiency

Criteria – The Committee of Sponsoring Organizations (COSO) internal control framework requires policies and procedures to include documentation of review processes.

Condition – Review of journal entries does not occur prior to posting.

Cause – Lack of awareness & small number of management/financial staff.

Effect – Potential for unauthorized or incorrect entries to be posted.

Recommendation – Establish a written procedure where journal entries and supporting documentation should be reviewed & documented prior to general ledger posting.

Management Response: Journal entries shall be reviewed prior to posting to GL

Estimated Completion Date: March, 2024 Responsible Party: Executive Director Deputy Director

2023-005 – Taxable fringe benefit not included in W-2 wages – Other Noncompliance

Criteria – Per IRS Publication 15-B, employer's tax guide to fringe benefit income related to the personal use of employer vehicle should be added to W-2 income.

Condition – Fringe benefit income is not added to employees W-2 wages for personal use of employer owned vehicles. Seventeen (17) of fifty one (51) employees had additional income added to their W-2 for 2023.

Cause – Authority misunderstanding of the fringe benefit requirements.

Effect – Potential for employer tax penalties for non-compliance.

Recommendation – The Authority should add fringe benefit income to employee's W-2 for personal use of vehicle, in accordance with IRS Publication 15-B.

Management Response: Payroll Clerk added this on the last payroll of December when notified by auditor. Taxable fringe benefit will be included on all applicable staff W2s on an ongoing basis.

Estimated Completion Date: 12/31/2023 **Responsible Party:** Finance Director and Payroll Clerk

SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)

2023-006 – Capital asset detail, depreciation and reconciliation – Material Weakness

Criteria – The Committee of Sponsoring Organizations (COSO) internal control framework requires policies and procedures to include maintenance and reconciliation of account balances for appropriate and accurate financial reporting.

Condition – Capital asset detail, depreciation and reconciliation were not maintained. Material audit journal entries were proposed to correct recording of sale of the Woodleaf Development property. In summary, the gain on sale was increased \$2,862,957.

Cause – Lack of documentation of clear procedures to include reconciliation processes.

Effect – Financial statements were materially misstated due to the incorrect recording of the gain on sale of the Woodleaf Development property. Lack of maintenance of capital asset records leads to a potential lack of control over Authority assets.

Recommendation – Document and implement clear procedures for the maintenance of capital assets, to include proper identification and recording of disposal activity and reconciliation of the depreciation schedule to the general ledger and physical inventory.

Management Response: The Authority is reviewing the proper procedure for the posting of capital assets and will properly post capital assets and reconcile on a monthly basis.

Estimated Completion Date: July 1, 2024 **Responsible Party:** Finance Director and Payroll Clerk

SECTION II: FINANCIAL STATEMENT FINDINGS (Continued)

2023-007 – Payroll taxes not paid and payroll tax reports not filed timely – Material Weakness

Criteria – Employment taxes under 26 CFR§ 601.401 require deposit of withheld taxes and employer taxes of \$2,000 or more be electronically deposited based on the pay day per the federally described schedule. Payroll reports are due at the end of the month following the end of the calendar quarter.

Condition – Payroll taxes not paid and payroll tax reports not filed timely. As of June 30, 2023 payroll taxes payable were \$264,600. Payroll reports for March-June 2023 were not filed until December, 2023.

Cause – Lack of clear review procedures for each payroll to include reconciliation, review and payment of payroll taxes and other payroll liabilities.

Effect – The Authority will likely incur substantial penalties and interest for late payment of taxes.

Recommendation – All late payroll taxes should immediately be remitted to the appropriate government and the related payroll reports should be filed immediately. In addition, the Authority should establish procedures and internal controls to minimize the re-occurrence of late payment of taxes and late filing of payroll reports.

Management Response: Payroll Department/Finance worked on getting this all paid as soon as auditor notified Finance Director that they had not been paid. Payments were all made in Dec 2023 and 941's were mailed out certified. Finance has requested that Payroll is to notify Finance every payroll when payments are made as per corrective action plan. Also Payroll Clerk has to fill out excel spread sheet that has been setup for Finance when Finance balances the bank daily so that Finance knows when the payment has been made and to look for withdrawal on bank side.

Estimated Completion Date: 12/31/23 **Responsible Party:** Finance Director and Payroll Clerk

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-001 - Internal Control over Federal Award – Reporting (VMS) – Significant Deficiency in internal controls over compliance over reporting

ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: US Department of Housing and Urban Development Award Year: 2023

Criteria - Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, program reporting requires HUD-52681-B, *Voucher for Payment of Annual Contributions and Operating Statement (OMB No. 2577-0169).* The PHA submits this form monthly to HUD electronically via the VMS. Congress has instructed HUD to use VMS data to determine renewal funding levels.

Condition - The HUD 52681-B VMS report is not reviewed prior to submission.

Cause - Because the Authority has few employees they communicate daily and therefore did not recognize the need for review.

Effect - Potential non-compliance with program requirements and that non-compliance may go undetected for an extended period of time.

Questioned Costs – None

Perspective – The documentation of review was not retained for any of the twelve monthly reports.

Recommendation - The Authority should establish a clearly documented review process wherein someone other than the preparer reviews the VMS report prior to submission.

Management Response: The Authority will have a member of management review VMS submissions prior to submission.

Estimated Completion Date: February, 2024 Responsible Party: Executive Director and Deputy Director and Assistant Deputy Director

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

2023-009 Application Access Control – Significant Deficiency in internal control over compliance over reporting

ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: US Department of Housing and Urban Development Award Year: 2023

Criteria – NMAC 1.12.20.14 (A) Application Access Control, "Access to agency business and systems applications shall be restricted to those individuals who have an identified business need to access those applications or systems in the performance of their job responsibilities." "In addition, Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition – All the users for the Housing Authority within the "Housing Pro" software have administrative level access.

Cause – The Housing Authority gave all of their section 8 and public housing employees' full access within the "Housing Pro" software, without considering the need to modify user permission based on their job responsibilities.

Effect – The users can access modules within the "Housing Pro" software for which their job duties do not allow for.

Questioned Costs – None

Perspective –All employees have administrative access to the Housing Pro software.

Recommendation – We recommend that the Housing Authority should review each employees' access permissions within the "Housing Pro" software and modify their access according to their job responsibilities.

Management Response: All employee access was reviewed and corrected so that only the two Deputy Directors have administrative access.

Estimated Completion Date: November 30, 2023 Responsible Party: Deputy Director

SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS

2023-004 CPO Certification expired – Other Non-compliance

Criteria - The State of New Mexico requires each Local government to have a Chief Procurement Officer. Per Procurement Code, Section 13-1-95.2.

Condition - No current Chief Procurement Officer – certification expired as of 7/31/21.

Cause - Due to delay from COVID restrictions and employee name changes (notification of expiration not received) the required re-certifications did not occur prior to expiration of certification.

Effect - Lack of compliance with State requirement and potential for procurement violations due to outdated knowledge.

Recommendation - Enroll in training and re-certification as soon as possible.

Management Response: Staff attended procurement training and attained the CPO certification. ERHA will ensure that staff is recertified every 2 years as required.

Estimated Completion Date: October 9, 2023 Responsible Party: Deputy Director

2023-008 (2021-002) Late Audit Report – Other Non-Compliance

Repeated with modification.

Condition – The audit report was submitted after September 30, 2023.

Management's Progress on Finding Resolution - Although the Housing Authority worked with the auditor to complete the audit timely; due to the complexity of accounting issues resulting from the sale of Woodleaf Development, a stretch in resources due to past absorptions and the early due date we were unable to meet deadline (No significant progress from prior year).

Criteria – Per 2.2.2 NMAC the audit report for independent public housing authorities is due to the New Mexico State Auditor's office on September 30, 2023.

SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)

2023-008 Late Audit Report – Other Non-Compliance (Continued)

Cause – Complex accounting and presentation issues due to the sale of the Woodleaf Development property and compounding of past absorptions led to delays in completing the audit.

Effect – Audited report late.

Recommendation – All agencies involved should work together to find workable solutions when deadlines conflict or are extended by one agency and not another.

Management Response - Eastern Regional Housing Authority will work with the auditor to find workable solutions for the next audit.

Estimated Completion Date: Fiscal Year 2024

Responsible Party: Executive Director, Deputy Director and Finance Director

SECTION V: PRIOR YEAR AUDIT FINDINGS

2022-001 (2021-002) Late Audit Report – Other Non-Compliance

Repeated with modification, as finding 2023-008.

2022-002 Noncompliance with Special Tests and Provisions – Rolling forward equity balances (Other Non-Compliance)

ALN and Title: 14.871 Section 8 Housing Choice Vouchers Federal Agency: US Department of Housing and Urban Development Award Year: 2023

Resolved – not repeated in current period.

Eastern Regional Housing Authority Other Disclosures June 30, 2023

EXIT CONFERENCE

The contents of the report for Eastern Regional Housing Authority were discussed on February 9, 2024. The following individuals were in attendance.

Eastern Regional Housing Authority

Chris Herbert, Executive Director Irene Murillo, Deputy Director Olivia Cruz, Finance Director Waymon L. Dowdy, Sr., Commission Vice-Chair Shelia Spooner, Executive Administrative Assistant/HR

Carr, Riggs & Ingram, LLC

Debbie A. Gray, CPA, Partner Gail Norvell, Staff Accountant

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Eastern Regional Housing Authority from the original books and records provided to them by the management of the Housing Authority. The responsibility for the financial statements remains with the Housing Authority.

Western Regional Housing Authority

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

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INTRODUCTORY SECTION



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Western Regional Housing Authority Official Roster June 30, 2023

Board of Commissioners

<u>Name</u>	<u></u>
Irene Galvan	Chairman
Martha Salas	Vice-Chairman
Carol Anaya	Treasurer
Dr. G Vincent Barrett	Commissioner
Jackie Muncy	Commissioner
Patricia Lynne Feathergill	Commissioner

Administrative Officials

Cathy De Marco	Executive Director
Sonya Flores	Deputy Director
April Cook	Asst. Deputy Director

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FINANCIAL SECTION



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505.883.2727 505.884.6719 (fax) CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Joseph M. Maestas, New Mexico State Auditor The Office of Management and Budget Western Regional Housing Authority Silver City, New Mexico

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Western Regional Housing Authority (the "Housing Authority"), as of and for the year ended June 30, 2023, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority, as of June 30, 2023, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15 through 21, the GASB required pension schedules on pages 52 through 55, and the notes to the required supplementary information on page 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 inquiries of management about the methods of preparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information or provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority's basic financial statements. The accompanying combining and individual program schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Reguirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), schedule of collateral pledged by depository for public funds, schedule of deposit accounts and the financial data schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic 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 combining and individual program schedules, schedule of expenditures of federal awards, schedule of collateral pledged by depository for public funds, schedule of deposit accounts and the financial data schedule, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and other disclosures but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2023 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 solely 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 effectiveness of the Housing Authority's internal control over financial 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.

Carr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram, LLC Las Cruces, New Mexico September 27, 2023

As management of the Western Regional 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, 2023. 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 \$6,790,885 (*net position*). Of this amount, \$1,791,861 (*unrestricted net position*) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.
- During the fiscal year the Housing Authority's total net position increased by \$350,133 as a result of an increase in subsidy grants.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was \$1,791,861 or 31.32% of the total Housing Authority operating expenses.

Housing Authority Financial Statements

The Housing Authority's mission focuses on the planning, design, construction, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households, assisting in the revitalization of neighborhoods, and redevelopment of commercial and industrial areas in the City of Silver City.

The Housing Authority, as of June 30, 2023, owned 152 residential units of which 132 were leased to low-income families and individuals (20 units were offline due to need of substantial renovations). In addition, housing assistance was being paid for 916 voucher units under the Federal Housing Choice Voucher programs for privately-owned existing housing.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in fiscal year 2023 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, as stated in the table of contents.

Financial Statements Used in Fiscal Year 2023

The Housing Authority is presenting its fiscal year 2023 discussion and analysis based on the financial results of its enterprise programs in three 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 and capital grants and miscellaneous revenues. Operating expenses include administration, tenant services, utilities, ordinary maintenance and operations, general, housing assistance payments and depreciation. Non-operating revenues include interest income and miscellaneous income. The statement's focus is the change in net position, which is similar to net income or loss.

The statement of cash flows is included, which discloses net cash provided by operating activities, net cash provided by capital and related financing activities, net cash provided by noncapital and related financing activities, and net cash provided by 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 Programs

The Housing Authority maintains four programs accounted for in its Low-Rent Public Housing and Housing Choice Vouchers Section 8 rental assistance programs. The detailed program financial statements provide separate information for the Low-Rent Public Housing and the Section 8 Housing Choice Voucher programs of the Housing Authority. The Resident Opportunity and Supportive Services federal program provides grant money to the Housing Authority to operate the Family Self Sufficiency program, which is maintained in the Low-Rent Public Housing programs. Capital Fund Projects grant resources and capital assets are accounted for in the Low Rent Public Housing program.

Individual program financial schedules can be found on pages 60 through 69 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 30 through 51 of this report.

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 \$6,790,885 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position (73.54 percent) reflect its investment in capital assets (e.g., land, construction in progress, 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.

The Housing Authority had a balance of \$5,025 of restricted net position. This restriction is related to requirements of the Section 8 Housing Choice Voucher Program established by the U.S. Department of Housing and Urban Development and tenant deposits and escrows. These amounts are restricted for the payment of housing assistance payments and money payable to tenants, respectively.

The remaining balance of *unrestricted net position* of \$1,791,861 may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position, both for the Housing Authority as a whole as well as for its individual programs. The same situation held true for the prior fiscal year.

There was an increase of \$592,177 (49.36 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was due to increases in tenant rent and subsidy grants.

There was an increase of \$84,173 (1.71 percent) in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this increase is attributable to the Housing Authority's additions to capital assets during the fiscal year through the expenditure of CFP funding.

Financial Analysis (Continued)

Western Regional Housing Authority Statement of Net Position

	June 30, 2023		June 30, 2022
Assets			
Current assets	\$ 2,612,502	\$	2,314,343
Restricted assets	32,762		31,699
Capital assets, net of accumulated depreciation	4,993,999		4,909,826
Deferred outflows	222,331		174,449
Total assets and deferred outflows of resources	\$ 7,861,594	\$	7,430,317
Liabilities			
Current liabilities (payable from current assets)	\$ 48,208	\$	14,562
Current liabilities (payable from restricted assets)	32,762	•	31,699
Noncurrent liabilities	921,268		614,491
Deferred inflows	68,471		328,814
Total liabilities and deferred inflows of resources	1,070,709		989,566
Net Position			
Net investment in capital assets	4,993,999		4,909,826
Restricted - Section 8	5,025		331,241
Unrestricted	1,791,861		1,199,684
Total net position	6,790,885		6,440,751
Total liabilities and net position	\$ 7,861,594	\$	7,430,317

Financial Analysis (Continued)

Housing Authority activities: Key elements of Housing Authority changes in net positions are as follows:

Western Regional Housing Authority Statement of Revenues, Expenses and Changes in Net Position

	June 30, 2023	June 30, 2022
Operating revenues		
Tenant rent and other tenant revenue	415,740 \$	372,566
Subsidy grants	5,155,683	4,798,357
Total operating revenues	5,571,423	5,170,923
Operating expenses		
Personnel services	723,808	715,669
Contractual services	82,632	23,829
Maintenance and materials	237,708	180,680
Utilities	258,489	199,528
Insurance	6,751	9,128
Collection costs	5,345	-,
Housing assistance payments	3,982,599	4,007,683
Depreciation	337,419	340,853
Miscellaneous	86,386	109,976
Total operating expenses	5,721,137	5,587,346
Operating (loss)	(149,714)	(416,423)
Non-operating revenues (expenses)		
Fraud recovery	45,832	36,901
Miscellaneous Income	56,431	1,286
Total (loss) before capital grants	(47,451)	(378,236)
Capital grants	397,584	454,530
Change in net position	350,133	76,294
Net position, beginning of year	6,440,752	6,364,457
Net position, end of year	\$ 6,790,885 \$	6,440,751

Financial Analysis (Continued)

Total operating revenues increase of \$400,500 (7.75 percent) during the year. Most of this increase is due to increases in grant subsidies.

Capital Fund grant draw downs decreased by \$56,946 (12.53 percent) from the prior year.

Increases in several categories of operating expenses reflect the increases in ongoing residential tenant operations and maintenance. Operating expenses overall increased \$133,791 (2.39 percent) from the prior year.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2023, amounts to \$4,993,999 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total increase in the Housing Authority's net investment in capital assets for the current fiscal year was \$84,173 (1.71 percent).

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

	June 30, 2023	June 30, 2022
Land	\$ 831,537	\$ 831,537
Construction in progress	367,562	347,122
Buildings and improvements	12,126,105	11,724,953
Equipment & furnishings	337,840	348,893
Accumulated depreciation	(8,669,045)	(8,342,679)
Capital assets, net	\$ 4,993,999	\$ 4,909,826

Western Regional Housing Authority

Additional information on Housing Authority's capital assets can be found on pages 42 to 43 of this report.

Noncurrent liabilities

At the end of the current fiscal year, the Housing Authority had noncurrent compensated absences outstanding in the amount of \$17,740 and a net pension liability of \$903,528.

Economic Factors

Rental occupancy rates of the Housing Authority's Public Housing Program continues to fluctuate between 85% and 95% occupancy.

Pyramid Village is our Public Housing in Lordsburg, consisting of 98 single-family units and duplexes. These units previously belonged to the City of Lordsburg and in January 2020, the Housing Authority absorbed them into their portfolio, at the recommendation of our HUD Field office. The Housing Authority was able to fix the financial aspect of the project, but the physical condition of the units was severely deteriorated. The Housing Authority continues to struggle with the upkeep of the units due to lack of funding and lack of contractors willing to travel to the rural area.

The Housing Authority is working with their HUD Field office to look at other options, such as RAD Conversion to redevelop the project in Phases. HUD advised us to take units offline as they become vacant or require major repairs. Once we have half the complex vacated, we can renovate the vacant units and transfer the families into the new units and start the second phase of the renovations.

Requests for Information

This financial report is designed to provide a general overview of the Housing Authority's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 2545 N. Silver St., Silver City, NM 88061.

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BASIC FINANCIAL STATEMENTS



Western Regional Housing Authority Statement of Net Position

	June 30, 2023
Assets	
Current assets	
Cash and cash equivalents	\$ 2,588,519
Accounts receivable - tenants	16,121
Accounts receivable - other	4
Inventory	7,858
Total current assets	2,612,502
Non-current assets	
Restricted cash and cash equivalents	32,762
Capital assets not being depreciated	1,199,100
Capital assets being depreciated	12,463,945
Less accumulated depreciation	(8,669,046)
Total non-current assets	5,026,761
Total assets	7,639,263
Deferred outflows	
Deferred outflows - pension	222,331
Total deferred outflows	222,331
Total assets and deferred outflows	\$ 7,861,594

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

	Jui	ne 30, 2023
Liabilities		
Current liabilities		
Accounts payable	\$	8,003
Accrued payroll		2
Unearned revenue - prepaid fees		2,721
Compensated absences, current		37,482
Total current liabilities		48,208
Current liabilities (payable from restricted assets)		
Tenant deposits		32,762
Total current liabilities (payable from restricted assets)		32,762
Non-current liabilities		
Compensated absences, net of current portion		17,740
Net pension liability		903,528
Total non-current liabilities		921,268
Total liabilities		1,002,238
Deferred inflows		
Deferred inflows - pension		68,471
Total deferred inflows of resources		68,471
Net position		
Net investment in capital assets		4,993,999
Restricted for		, -,
Section 8 housing		5,025
Unrestricted		1,791,861
Total net position		6,790,885
Total liabilities, deferred inflows, and net position	\$	7,861,594

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

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Western Regional Housing Authority Statement of Revenues, Expenses and Changes in Net Position

For the Year Ended June 30, 2023	
Operating revenues	
Rental revenue	\$ 412,467
Other tenant revenue	3,273
Grant - administration fees	131,674
Subsidy grants	5,024,009
Total operating revenues	5,571,423
Operating expenses	
Personnel services	723,808
Contractual services	82,632
Maintenance and materials	237,708
Utilities	258,489
Insurance	6,751
Collection costs	5,345
Housing assistance payments	3,982,599
Depreciation	337,419
Other operating expenses	9,363
Other general expenses	77,023
Total operating expenses	5,721,137
Operating (loss)	(149,714)
Non-operating revenues (expenses)	
Fraud recovery income	45,832
Insurance proceeds received	56,331
Gain on disposal of assets	100
Total non-operating revenues (expenses)	102,263
Income (loss) before transfers and capital grants	(47,451)
Capital grants	397,584
Change in net position	350,133
Total net position - beginning of year	6,440,752
Total net position - end of year	\$ 6,790,885

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

Western Regional Housing Authority Statement of Cash Flows

For the	Year	Ended	June	30.	2023
101 010		LIIGCO	Jane	,	

Cash flows from operating activities		
Cash received from tenant rents and charges	\$	421,245
Cash payments to employees for services	Ŷ	(695,099)
Cash payments to suppliers for goods and services		(4,655,903)
Cash received from subsidy grants		5,155,683
Net cash provided by operating activities		225,926
Cash flows from noncapital financing activities		
Miscellaneous income		45,832
Net cash provided by noncapital financing activities		45,832
Cash flows from capital and related financing activities		
Capital grants		397,584
Acquisition of capital assets		(421,592)
		(122)002)
Net cash used in capital and related financing activities		(24,008)
Cash flows from investing activities		
Insurance proceeds		56,331
Proceeds from disposal of assets		100
Net cash provided by investing activities		56,431
Net increase in each and each any inclusts		204 101
Net increase in cash and cash equivalents		304,181
Cash and cash equivalents - beginning of year		2,317,100
Cash and cash equivalents - end of year	\$	2,621,281
	,	, ,
Reconciliation of cash and cash equivalents to the Statement of Net Position		
Cash and cash equivalents per Statement of Net Position	\$	2,588,519
Restricted cash and cash equivalents per Statement of Net Position		32,762
Cash and cash equivalents - end of year	\$	2,621,281
	ڔ	2,021,201

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

For the Year Ended June 30, 2022

Reconciliation of operating (loss) to net cash provided by operating activities

Operating (loss)	\$ (149,714)
Adjustments to reconcile operating (loss)	
to net cash provided by operating activities:	
Depreciation	337,419
Noncash pension expense	31,981
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable - tenants	5,748
Accounts receivable - other	(4)
Inventory	(783)
Accounts payable	595
Accrued payroll	1
Unearned revenue - prepaid rent	(1,302)
Compensated absences	922
Tenant deposits	1,063
cash provided by operating activities	\$ 225,926

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and History

Western Regional Housing Authority (the "Housing Authority") is a public housing authority that provides a conduit for housing funds for disadvantaged New Mexicans. The Housing Authority is a political subdivision of the State of New Mexico. The programs operated by the Housing Authority are primarily funded with federal grants and tenant rents.

The New Mexico housing law was amended on March 31, 2009 to consolidate the regional housing authorities from seven to three to include Western Regional Housing Authority. Western Regional Housing Authority encompasses 8 southwest New Mexico counties to include Grant, Hidalgo, Luna, Sierra, Socorro, Catron, Torrance and Valencia counties. The Authority manages 152 public housing units and 916 voucher units as of June 30, 2023.

Reporting Entity

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 oversight responsibility 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, 2023.

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.

The following programs are operated by the Housing Authority:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Low Rent Public Housing – To account for HUD's Low Rent Public Housing and Capital Fund Program. Provides adequate living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

Housing Choice Vouchers – To account for HUD's program which provides Housing Assistance payments for qualified low-income residents in privately owned properties.

Southwest Housing Assistance – To account for non-subsidized housing owned and operated by the Housing Authority. Provides living accommodations to qualified families through reduced rate rentals.

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, GASB Statement No. 80, and GASB Statement No. 90. 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. 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.

Based upon the application of these criteria, the Housing Authority has no component units.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

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 and deferred outflows net of total liabilities and 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 charges to customers for rent and services and subsidy grants.

The Housing Authority receives no property tax revenue and had no tax abatements requiring separate disclosure under GASB Statement No. 77.

Operating expenses for enterprise funds include the personnel services, contractual services, supplies, maintenance and materials, utilities, telephone, insurance, bad debt, housing assistance payments, depreciation on capital assets, and miscellaneous. All expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents. Cash on the cash flow statement consists of the Housing Authority's cash and cash equivalents and short term investments with an original maturity date of less than 90 days.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows 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 a Housing Authority of the United States. The Housing Authority's cash and cash equivalents are considered to be cash on hand and demand deposits. Short term investments are Certificates of Deposits and time accounts with original maturities of three months or less from the date of acquisition and are classified consistent with the Financial Data Schedule outline prescribed by HUD.

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. HUD depository agreements with the Housing Authority require 100% of the Housing Authority's balances on deposit with any one institution to be collateralized. If the securities pledged are United States government securities, they are pledged at market value.

Accounts Receivable

All tenant receivables are estimated to be fully collectible by the Housing Authority.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Transfers

The Housing Authority was given authority by HUD to combine the two Low Rent Housing Projects into one. Therefore, in fiscal year 2023 the beginning equity of Lordsburg Housing Authority Pyramid Village was transferred to the Low Rent Housing Authority Program (Silver City Project).

Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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 purchases made under Capital Fund Projects under which hard costs, regardless of dollar amount, may be capitalized based upon grantor guidelines from the HUD. 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 in furniture, fixtures and 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
Building and improvements	25 - 40 years
Improvements	10 – 40 years
Equipment & Furnishings	5 – 10 years
Software and Library	5 – 10 years

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of net position 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 four types of items qualify for reporting in this category related to reporting under GASB 68, which total \$222,331 in the statement of net position. The amounts are further detailed in Note 7. These amounts are deferred and recognized as outflows of resources in future periods and will reduce the net pension liability in future periods.

Accrued Payroll

Accrued payroll is comprised of amounts payable to employees for work performed by June 30, 2023 but not yet paid, and associated payroll taxes payable to governmental entities at June 30, 2023.

Compensated Absences

Housing Authority employees are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. The amount of accrued annual leave that is allowed to be carried over from one fiscal year to the next is double the amount an employee is allowed to accrue in a year based on tenure. When an employee separates from employment with the Housing Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

Other Liabilities

The Housing Authority maintains liabilities related to deposits made by tenants for tenant security/damage deposits and pet deposits related to occupancy in the Housing Authority's Low Rent Public Housing Program. Cash and investment amounts related to these liabilities are maintained in detail by tenant and are considered restricted cash.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position 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.

The Housing Authority has two types of items that qualify for reporting in this category related to reporting under GASB 68, which total \$68,471 in the statement of net position. The amounts are

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

further detailed in Note 7. These amounts are deferred and recognized as inflows of resources in future periods and will increase the net pension liability in future periods.

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:

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

Unrestricted and Restricted Resources

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.

Revenue Recognition

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 grant revenue. Contributions received from HUD for capital additions and improvements are reported as capital grant contributions.

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 and useful lives of capital assets and the net pension liability.

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 expenses. 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.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2023 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recently Issued and Implemented Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. There were no significant impacts of implementing this Statement.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. There were no significant impacts of implementing this Statement.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The requirements of this Statement will provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged. There were no significant impacts of implementing this Statement.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that have been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for varying dates depending on the requirement. There were no significant impacts of implementing this Statement.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

The Housing Authority is evaluating the requirements of the above statements and the impact on reporting.

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, 2023.

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, from which excess funds 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 asked price on United States treasury bills of the same maturity on the day of deposit.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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.

Custodial Credit Risk – Deposits

The Housing Authority's accounts at an insured depository institution, including all noninterestbearing 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.

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). At June 30, 2023, \$2,451,243 of the Housing Authority's bank balance of \$2,951,243 was exposed to custodial credit risk. Although the \$2,451,243 was uninsured, \$2,494,059 was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name. The Housing Authority has no uninsured and uncollateralized deposits at June 30, 2023.

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. The collateral pledged for both deposits and investments is listed on the schedule of collateral pledged by depository for public funds of this report.

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

	Wells Fargo Western				
	E	Bank, N.A.		Bank	Total
Amount of deposits	\$	1,768,184	\$ 1	L,183,059	\$ 2,951,243
FDIC coverage		(250,000)		(250,000)	(500 <i>,</i> 000)
Total uninsured public funds		1,518,184		933,059	2,451,243
Collateralized by securities held by					
pledging institutions or by its					
trust department or agent in					
other than the Housing					
Authority's name		1,518,184		975,875	\$ 2,494,059
Uninsured and uncollateralized	\$	-	\$	-	\$ _
Collateral requirement (100% of					
uninsured public funds)	\$	1,518,184	\$	933,059	\$ 2,451,243
Pledged collateral		1,518,184		975,875	\$ 2,494,059
Over (under) collateralization	\$	_	\$	42,816	\$ 42,816

The Housing Authority currently maintains a balance of \$32,762 in restricted cash and cash equivalents on the statement of net position for the following programs:

\$ 29,756
3,006
\$ 32,762
\$ \$

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

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 per statement of net position	\$ 2,588,519
Restricted cash and cash equivalents per statement of net position	32,762
Total cash and cash equivalents	2,621,281
Add outstanding checks	330,262
Less petty cash	(300)
Bank balance of deposits	\$ 2,951,243

Note 3: ACCOUNTS RECEIVABLE

At June 30, 2023, the accounts receivable for the Housing Authority were as follows:

Tenant receivables	\$ 16,121
Other receivables	4

· · · · · · · · · · · · · · · · · · ·	Total	\$	16,125
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Total changes in capital assets activity is as follows for fiscal year 2023.

Business Type Activities	Ju	Balance ne 30, 2022	A	dditions	D	eletions	т	ransfers	Ju	Balance ne 30, 2023
Capital assets not being depreciated	Å	024 527	÷		Å		÷		÷	024 527
Land	\$	831,537	Ş		\$	-	\$	-	\$	831,537
Construction in progress		347,123		397,584		-		(377,144)		367,563
Total capital assets not being										
depreciated		1,178,660		397,584		-		(377,144)		1,199,100
Capital assets being depreciated										
Buildings and improvements		11,724,953		24,008		-		377,144		12,126,105
Equipment/furnishings		348,894		-		(11,054)		-		337,840
Total capital assets being										
depreciated		12 072 047		24,008		(11 054)		277 1/1		12,463,945
depreciated		12,073,847		24,008		(11,054)		377,144		12,405,945
Accumulated depreciation										
Buildings and improvements		(8,056,257)		(323,835)		4,916		-		(8,375,176)
Equipment/furnishings		(286,424)		(13,584)		6,138		-		(293,870)
Total accumulated depreciation		(8,342,681)		(337,419)		11,054		-		(8,669,046)
Depreciable capital assets, net		3,731,166		(313,411)		-		377,144		3,794,899
Business type capital assets, net of										
depreciation	\$	4,909,826	\$	84,173	\$	-	\$	-	\$	4,993,999

Depreciation expense for the year ended June 30, 2023 totaled \$337,419 for the Housing Authority in total.

Twenty rental units at Pyramid Village were off line and idle while awaiting necessary renovations.

	June	30, 2022	A	dditions	Ret	tirements	Ju	ne 30, 2023	e Within ne Year
Compensated absences	\$	54,300	\$	37,482	\$	36,560	\$	55,222	\$ 37,482
Totals	\$	54,300	\$	37,482	\$	36,560	\$	55,222	\$ 37,482

The following summarizes changes in long-term liability activity during fiscal year 2023.

Note 6: COMMITMENTS AND CONTINGENCIES

During the ordinary course of its operation, the Housing Authority is party to various claims, legal actions, and complaints. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of management, the liabilities which may arise from such actions would not result in losses which would exceed the liability insurance limits in effect at the time the claim arose or otherwise materially affect the financial condition of the Housing Authority or results of activities.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund(s). The amount, if any, of expenditures from current or prior years which may be disallowed by the grantor cannot be determined at this time although the Housing Authority expects such amounts not recorded, if any, to be immaterial.

The Housing Authority has the following commitments at June 30, 2023 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2019:	\$ 47 <i>,</i> 956
CFP 2021:	\$147,524

These projects are ongoing and should be completed in fiscal year 2024.

Note 7: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

General Information about the 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 <u>http://saonm.org</u> 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, 2022 available at http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report.

Contributions – The contribution requirements of defined benefit plan members and the 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 fiscal year 2023 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 36 of the PERA fiscal year 2022 annual audit report at http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports. The PERA coverage option that applies to Housing Authority is: Municipal General Division. Statutorily required contributions to the pension plan from the Housing Authority were \$56,454 and there were no employer paid member benefits that were "picked up" by the employer for the year ended June 30, 2023.

Note 7: 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, 2021. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2022, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2022.

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 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, 2022. Only employer contributions for the pay period end dates that fell within the period of July 1, 2021 to June 30, 2022 were included in the total contributions for a specific employer.

Regular and any adjustment contributions that applied to fiscal year 2022 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 Municipal General Division, at June 30, 2023, the Housing Authority reported a liability of \$903,528 for its proportionate share of the net pension liability. At June 30, 2022, Housing Authority's proportion was 0.0509 percent, which changed from its proportion of 0.0499 percent as of June 30, 2021.

Note 7: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

For the year ended June 30, 2023, the Housing Authority recognized PERA Fund Municipal General Division pension expense of \$88,434. At June 30, 2023, the Housing Authority reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Ou	Deferred Itflows of esources	Ir	Deferred nflows of esources
Differences between expected and actual experience				
Changes of assumptions Net difference between projected and actual earnings on	\$	-	\$	-
pension plan investments Changes in proportion and differences between Housing Authority	\$	89,418	\$	-
contributions and proportionate share of contributions Housing Authority's difference		72,837		46,498
between expected and actual experience Housing Authority's contributions		3,622		21,973
subsequent to the measurement date		56,454		-
Total	\$	222,331	\$	68,471

\$56,454 reported as deferred outflows of resources related to pensions resulting from the Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2024	\$ 33,716
2025	21,479
2026	(28,391)
2027	70,602

Note 7: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

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, 2021 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, 2022 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, 2022. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2021, actuarial valuation.

Actuarial valuation date	June 30, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	25 years
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with
	female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.

Note 7: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

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:

		Long-Term Expected
ALL FUNDS - Asset Class	Target Allocation	Real Rate of Return
Global Equity	35.50%	6.35%
Risk Reduction & Mitigation	19.50	1.90%
Credit Oriented Fixed Income	15.00	4.45%
Real Assets to include Real Estate Equity	20.00	5.10%
Multi-Risk Allocations	10.00	6.65%
Total	100.00%	

Discount rate – The discount rate used to measure the total pension liability was 7.25 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 GASB Statement No. 67.

Therefore, the 7.25 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.

Sensitivity of the Employer'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 Housing Authority's net pension liability in each PERA Fund Division that the Housing Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

Note 7: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

				Current			
PERA Fund Municipal General Division	19	% Decrease (6.25%)	Di	scount Rate (7.25%)	1% Increase (8.25%)		
Housing Authority's proportionate share of the net pension liability	\$	1,367,230	\$	903,528	\$	518,312	

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued fiscal year 2022 PERA financial report. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan – As of June 30, 2023, amounts due to PERA from the Housing Authority totaled \$0.

Note 8: RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other governments in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The Housing Authority pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage, and risk of loss is transferred.

Note 9: 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.



REQUIRED SUPPLEMENTARY INFORMATION



Western Regional Housing Authority Schedule of the Authority's Proportionate Share of the Net Pension Liability of PERA Fund Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

		June	e 30	,
Fiscal Year	2023	2022		2021
Measurement Date	2022	2021		2020
Housing Authority's proportion of the net pension liability Municipal General	0.0509%	0.0499%		0.0481%
Housing Authority's proportionate share of the net pension liability				
Municipal General	\$ 903,528	\$ 563,322	\$	972,691
	\$ 903,528	\$ 563,322	\$	972,691
Housing Authority's covered payroll Municipal General	\$ 495,613	\$ 471,036	\$	448,143
	\$ 495,613	\$ 471,036	\$	448,143
Housing Authority's proportionate share of the net pension liability as a percentage of its covered payroll Municipal General	182.30%	119.59%		217.05%
Plan fiduciary net position as a percentage of the total pension liability Municipal General	69.35%	77.25%		66.36%

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Housing Authority will present information for those years for which information is available.
 ** Includes Lordsburg Housing Authority and Western Reginal Housing Authority.

			J	lune 30,		
 2020	2019	2018		2017	2016	2015
 2019**	2018	2017		2016	2015	2014
0.0475%	0.0394%	0.0370%		0.0377%	0.0386%	0.0399%
\$ 822,273	\$ 628,182	\$ 508,411	\$	602,319	\$ 393,560	\$ 311,263
\$ 822,273	\$ 628,182	\$ 508,411	\$	602,319	\$ 393,560	\$ 311,263
\$ 512,802	\$ 325,068	\$ 324,937	\$	322,976	\$ 314,984	\$ 323,716
\$ 512,802	\$ 325,068	\$ 324,937	\$	322,976	\$ 314,984	\$ 323,716
160.35%	193.25%	156.46%		186.49%	124.95%	96.00%
70.52%	71.13%	73.74%		79.89%	80.20%	81.00%

Western Regional Housing Authority Schedule of the Authority's Contributions Public Employees Retirement Association (PERA) Plan Last 10 Fiscal Years*

As of and for the Year Ended June 30,	2023			2022	2021		
Contractually required contribution							
Municipal General	\$	56,453	\$	48,570	\$	46,162	
	\$	56,453	\$	48,570	\$	46,162	
Contributions in relation to the contractually required contribution							
Municipal General	\$	(56,453)	\$	(48,570)	\$	(46,162)	
	\$	(56,453)	\$	(48,570)	\$	(46,162)	
Housing Authority's covered payroll							
Municipal General	\$	548,090	\$	495,613	\$	471,036	
	\$	548,090	\$	495,613	\$	471,036	
Contributions as a percentage of covered payroll Municipal General		10.30%		9.80%		9.80%	

* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Housing Authority will present information for those years for which information is available.

2020	2019	2018	2017	2016		2016 201	
\$ 43,918	\$ 31,767	\$ 31,044	\$ 31,031	\$	30,844	\$	30,081
\$ 43,918	\$ 31,767	\$ 31,044	\$ 31,031	\$	30,844	\$	30,081
\$ (43,918)	\$ (31,767)	\$ (31,044)	\$ (31,031)	\$	(30,844)	\$	(30,081)
\$ (43,918)	\$ (31,767)	\$ (31,044)	\$ (31,031)	\$	(30,844)	\$	(30,081)
\$ 448,143	\$ 332,638	\$ 325,068	\$ 324,937	\$	322,976	\$	314,984
\$ 448,143	\$ 332,638	\$ 325,068	\$ 324,937	\$	322,976	\$	314,984
9.80%	9.55%	9.55%	9.55%		9.55%		9.55%

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Western Regional Housing Authority 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 June 30, 2022 audit which is available at https://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, 2021 report available is at https://www.nmpera.org/assets/uploads/downloads/6-30-2021-PERA-Valuation-Report-FINAL.pdf. See the notes to the financial statements on the ACFR starting at page 102 which summarizes actuarial assumptions and methods effective with the June 30, 2021 valuation.

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SUPPLEMENTARY INFORMATION



Western Regional Housing Authority Schedule of Net Position - Detail

	Р	lsburg HA yramid	Low Rent Public Housing			
June 30, 2023		/illage		Program		
Assets						
Current assets						
Cash and cash equivalents	\$	-	\$	1,418,126		
Accounts receivable - tenants	T	-	Ŧ	16,121		
Accounts receivable - other		-				
Inventory		-		7,858		
Total current assets		-		1,442,105		
Non-current assets						
Restricted cash and cash equivalents		-		29,756		
Capital assets not being depreciated		-		693,550		
Capital assets being depreciated		-		11,995,911		
Less accumulated depreciation		-		(8,395,128)		
Total non-current assets		-		4,324,089		
Total assets		-		5,766,194		
Deferred outflows						
Deferred outflows - pension		-		121,153		
Total deferred outflows		-		121,153		
Total assets and deferred outflows	\$	_	\$	5,887,347		

Section 8 Housing ice Vouchers Program	outhwest Housing Assistance	State and Local		Total
\$ 756,855	\$ 413,538	\$	-	\$ 2,588,519 16,121
-	4		-	7,858
 - 756,855	413,542		-	2,612,502
	3,006			32,762
-	505,550		-	1,199,100
39,944 (39,944)	428,090 (233,974)		-	12,463,945 (8,669,046)
 _	702,672		-	5,026,761
 756,855	1,116,214		-	7,639,263
101,178	_		_	222,331
 -	-		-	
 101,178	-		-	222,331
\$ 858,033	\$ 1,116,214	\$	-	\$ 7,861,594

Western Regional Housing Authority Schedule of Net Position - Detail

June 30, 2023	Lordsburg HA Pyramid Village		Low Rent Public Housing Program	
Julie 30, 2023	v	mage		Fiografii
Liabilities				
Current liabilities				
Accounts payable	\$	-	\$	6,246
Accrued payroll		-		2
Unearned revenue - prepaid rent		-		2,720
Compensated absences, current		-		20,906
Total aurrant liabilities				20.074
Total current liabilities		-		29,874
Current liabilies (payable from) restricted assets)				
Tenant deposits		-		29,756
				23,730
Total current liabilities (payable from restricted assets)		-		29,756
Non-current liabilities				
Compensated absences, net of current portion		-		8,122
Net pension liability		-		496,941
Total non-current liabilities		-		505,063
Total liabilities		-		564,693
Defensed influence				
Deferred inflows Deferred inflows - pension				
Defetted filliows - persion		-		58,583
Total deferred inflows		-		58,583
Net position				
Net investment in capital assets		-		4,294,333
Restricted for				
Section 8 housing		-		-
Unrestricted		-		969,738
Total net position		-		5,264,071
Total liabilities, deferred inflows, and net position	\$	-	\$	5,887,347

l Choie	ection 8 Housing ce Vouchers Program	Gouthwest Housing Assistance	State and Local		Total
\$	1,748	\$ 9	\$	-	\$ 8,003
	-	- 1		-	2 2,721
	16,576	-		-	37,482
	18,324	10		-	48,208
	-	3,006		-	32,762
	-	3,006		-	32,762
	9,618 406,587	-		-	17,740 903,528
	400,587	-		-	905,528
	416,205	-		-	921,268
	434,529	3,016		-	1,002,238
	9,888	-		-	68,471
	9,888	-		-	68,471
	-	699,666		-	4,993,999
	5,025	-		-	5,025
-	408,591	413,532		-	1,791,861
	413,616	1,113,198		-	6,790,885
\$	858,033	\$ 1,116,214	\$ 	-	\$ 7,861,594

Western Regional Housing Authority Schedule of Revenues, Expenses and Changes in Net Position - Detail

For the Year Ended June 30, 2023	Lo	ordsburg HA Pyramid Village	Low Rent Public Housing Program			
Operating revenues						
Rental revenue	\$	-	\$	375,090		
Other tenant revenue		-		2,530		
Grant - administrative fees		-		-		
Subsidy grants		-		642,280		
Total operating revenues		-		1,019,900		
Operating expenses						
Personnel services		-		338,218		
Contractual services		-		74,540		
Maintenance and materials		-		216,048		
Utilities		-		252,377		
Telephone		-		-		
Insurance		-		4,572		
Collection costs		-		5,345		
Housing assistance payments		-		, _		
Depreciation		-		324,445		
Other operating expenses		-		1,695		
Other general expenses		-		18,116		
Total operating expenses		-		1,235,356		
Operating income (loss)		-		(215,456)		
Non-operating revenues (expenses) Fraud recovery income Insurance proceeds received		-		- 56,331		
Gain on disposal of assets		-		100		
Total non-operating revenues (expenses)		-		56,431		
Income (loss) before transfers and capital grants		-		(159,025)		
Capital grants		-		397,584		
Transfers in		-		3,206,508		
Transfers out		(3,206,508)		-		
Change in net position		(3,206,508)		3,445,067		
Total net position - beginning of year		3,206,508		1,819,004		
Total net position - end of year	\$	_	\$	5,264,071		

I	ection 8 Housing ce Vouchers	S	outhwest Housing	State and	
F	Program	A	Assistance	Local	Total
\$	-	\$	37,377	\$ -	\$ 412,467
	600		143	-	3,273
	-		-	131,674	131,674
	4,381,729		-	-	5,024,009
	4,382,329		37,520	131,674	5,571,423
	380,296		-	5,294	723,808
	8,092		-	-	82,632
	18,976		2,084	600	237,708
	5,779		333	-	258,489
	-		-	-	-
	2,077		102	-	6,751
	-		-	-	5,345
	3,887,860		-	94,739	3,982,599
	-		12,974	-	337,419
	3,433		-	4,235	9,363
	39,273		5	19,629	77,023
	4,345,786		15,498	124,497	5,721,137
	36,543		22,022	7,177	(149,714)
	45,832		_	_	45,832
	45,852				45,852 56,331
	_		_		100
					100
	45,832		-	-	102,263
	82,375		22,022	7,177	(47,451)
	-		-	-	397,584
	-		-	-	3,206,508
	-		-	-	(3,206,508)
	82,375		22,022	7,177	350,133
	331,241		1,091,176	(7,177)	6,440,752
\$	413,616	\$	1,113,198	\$ _	\$ 6,790,885

Western Regional Housing Authority Schedule of Cash Flows - Detail

For the Year Ended June 30, 2023		rdsburg HA Pyramid Village	Pu	ow Rent blic Housing Program
Cash flows from operating activities Cash received from tenant rents and charges	\$	-	\$	384,548
Cash payments to employees for services		-	'	(299,604)
Cash payments to suppliers for goods and services		-		(571,509)
Cash received from subsidy grants		-		642,280
Net cash provided by operating activities		-		155,715
Cash flows from noncapital financing activities				
Miscellaneous income		-		-
Settlement of interfund balances		-		-
Transfers in (out)		(837,229)		837,229
Net cash provided by (used in) noncapital financing activities		(837,229)		837,229
Cash flows from capital and related financing activities				
Capital grants		-		397,584
Acquisition of capital assets		-		(421,592)
Net cash used in capital and related financing activities		-		(24,008)
Cash flows from investing activities				
Insurance proceeds		-		56,331
Proceeds from disposal of assets		-		100
Net cash provided by investing activities		-		56,431
Net (decrease) increase in cash and cash equivalents		(837,229)		1,025,367
Cash and cash equivalents - beginning of year		837,229		422,515
Cash and cash equivalents - end of year	\$	-	\$	1,447,882
Reconciliation of cash and cash equivalents to the Statement of Ne	t Pos	ition		
Cash and cash equivalents per Statement of Net Position	\$	-	\$	1,418,126
Restricted cash and cash equivalents per Statement of Net Position		-		29,756
Cash and cash equivalents - end of year	Ş	-	Ş	1,447,882

Section 8 Housing ice Vouchers		outhwest Housing		State and		
Program	Α	ssistance		Local		Total
\$ 600	\$	36,097	\$	-	\$	421,245
(378,829)		-		(16,666)		(695,099)
(3,966,871)		(2,515)		(115,008)		(4,655,903)
 4,381,729		-		131,674		5,155,683
 36,629		33,582		-		225,926
45,832		-		-		45,832
		34,000		(34,000)		
-		-		-		-
 45,832		34,000		(34,000)		45,832
-		-		-		397,584
 -		-		-		(421,592)
 -		-		-		(24,008)
_		_		_		56,331
-		_		-		100
						100
 -		-		-		56,431
82,461		67,582		(34,000)		304,181
 674,394		348,962		34,000		2,317,100
\$ 756,855	\$	416,544	\$	-	\$	2,621,281
\$ 756,855	\$	413,538	\$	-	\$	2,588,519 32,762
 -		3,006		-		52,702
\$ 756,855	Ş	416,544	Ş	-	Ş	2,621,281

Western Regional Housing Authority Schedule of Cash Flows - Detail

For the Year Ended June 30, 2023	Pyra	ourg HA amid lage	Low Rent Public Housin Program			
		5				
Reconciliation of operating (loss) income to net cash (used) provided by operating activities						
Operating (loss) income	\$	-	\$	(215,456)		
Adjustments to reconcile operating (loss) income to net						
cash (used) provided by operating activities:						
Depreciation		-		324,445		
Noncash pension expense (benefit)		-		39,642		
Changes in assets, deferred outflows, liabilities, and						
deferred inflows						
Accounts receivable - tenants		-		5,748		
Accounts receivable - other		-		-		
Inventory		-		(783)		
Accounts payable		-		1,967		
Accrued payroll		-		1		
Unearned revenue - prepaid rent		-		244		
Compensated absences		-		(1,029)		
Tenant deposits		-		936		
Net cash provided by operating activities	\$	-	\$	155,715		

H Choic	ection 8 ousing e Vouchers rogram	F	uthwest lousing sistance	State and Local	Total
\$	36,543	\$	22,022	\$ 7,177	\$ (149,714)
	- (484)		12,974 -	- (7,177)	337,419 31,981 -
	- - (1,381) - - 1,951 -		- (4) - 9 - (1,546) - 127	- - - - - -	- 5,748 (4) (783) 595 1 (1,302) 922 1,063
\$	36,629	\$	33,582	\$ -	\$ 225,926



SUPPORTING SCHEDULES



Western Regional Housing Authority Schedule of Collateral Pledged by Depository for Public Funds June 30, 2023

Name of Depository/	Description of			Fa	air Market Value
Location of Safekeeper	Pledged Collateral	Maturity	CUSIP No.	Jur	ne 30, 2023
Wells Fargo Bank, N.A.					
BNY Mellon: New York, NY	FMAC FEPC 3.500%	4/1/2042	3131XJKU5	\$	335,129
BNY Mellon: New York, NY	FMAC FEPC 3.500%	5/1/2042	3131XJLR1		40,480
BNY Mellon: New York, NY	FMAC FEPC 3.500%	11/1/2049	31339UWR7		215,982
BNY Mellon: New York, NY	FMAC FEPC 3.500%	11/1/2049	31339UYN4		236,342
BNY Mellon: New York, NY	FMAC FEPC 3.500%	4/1/2052	3133B9A46		79,677
BNY Mellon: New York, NY	FMAC FEPC 3.500%	2/1/2050	3133KHLN4		379,302
BNY Mellon: New York, NY	FMAC FGRM 2.000%	8/15/2040	31398QR58	\$	231,272
Total Wells Fargo Bank					1,518,184
Western Bank					
Location not provided on statement	FG G15016	4/1/2026	3128MDYM9	\$	2,811
Location not provided on statement	FN BF0371	7/1/2046	3140FXMV1		619,871
Location not provided on statement	GNR 2018-128 WA	9/20/2033	38381AAU0		92,838
Location not provided on statement	SILVER CITY N MEX CO	8/1/2029	827513GR7		260,355
Total Western Bank					975,875
Total Pledged Collateral				\$	2,494,059

Western Regional Housing Authority Schedule of Deposit Accounts June 30, 2023

Bank Name/			Bank	Depos	its	0	utstanding		Book
Account Name	Account Type		Balance	In Tran	sit		Checks		Balance
Wells Fargo Bank									
LRPH	Checking-non interest bearing	\$	465,794	\$	-	\$	240	\$	465,554
Payroll	Checking-non interest bearing		15,089		-		15,087		2
Voucher	Checking-non interest bearing		862,171		-		105,466		756,705
НАР	Checking-non interest bearing		8,586		-		8,586		-
SWHAP	Checking-non interest bearing		416,544		-		-		416,544
Linkage	Checking-non interest bearing		-		-		-		-
					-		-		-
Total Wells Fargo			1,768,184		-		129,379		1,638,805
Western Bank									
Pyramid Village	Checking-non interest bearing		1,183,059		-		200,883		982,176
					-				-
Total Wells Fargo Bank			1,183,059		-		200,883		982,176
Undeposited cash			-		-		-		-
Petty cash			-		-		-		300
Total deposits		\$	2,951,243	\$	-	\$	330,262	\$	2,621,281
Cash and assh assumption to state									
-	ort term investments per financial state	ement	5					ć	
Cash and cash equivalents per st	-							\$	2,588,519
Restricted cash and cash equival	lents per statement of net position								32,762
Total cash, cash equivalents, and s	short term investments							\$	2,621,281

Western Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description	Low Rent Public Housing 1 Program Business NM002000001 Activities 14.850		Housing Choice Vouchers Program 14.871		2 State/ Local	Total	
Humber	Description		14.000			14.071		 10101
111	Cash - Unrestricted	\$	1,418,126	\$ 413,538	\$	751,830	\$ -	\$ 2,583,494
113	Cash - Other Restricted		-	-		5,025	-	5,025
114	Cash - Tenant Security Deposits		29,756	3,006		-	-	32,762
100	Total Cash		1,447,882	416,544		756,855	-	2,621,281
125	Accounts Receivable - Miscellaneous		-	4		-	-	4
126	Accounts Receivable - Tenants - Dwelling Rents		16,121	-		-	-	16,121
120	Total Receivables, Net of Allowance for Doubtful Accounts		16,121	4			-	16,125
143	Inventories		8,016	-		-	-	8,016
143.1	Allowance for Obsolete Inventories		(158)	-		-	-	(158)
150	Total Current Assets		1,471,861	416,548		756,855	-	2,645,264
161	Land		536,727	294,810		-	-	831,537
162	Buildings		11,698,015	428,090		-	-	12,126,105
163	Furniture, Equipment & Machinery - Dwellings		51,657	-		-	-	51,657
164	Furniture, Equipment & Machinery - Administration		246,239	-		39,944	-	286,183
166	Accumulated Depreciation		(8,395,128)	(233,974)		(39,944)	-	(8,669,046)
167	Construction in progress		156,823	210,740		-	-	367,563
160	Total Capital Assets, Net of Accumulated Depreciation		4,294,333	699,666		-	-	4,993,999
180	Total Non-Current Assets		4,294,333	699,666		-	-	4,993,999
190	Total Assets		5,766,194	1,116,214		756,855	-	7,639,263
200	Deferred Outflows of Resources		121,153	-		101,178	-	222,331
290	Total Assets and Deferred Outflows of Resources	\$	5,887,347	\$ 1,116,214	\$	858,033	\$ -	\$ 7,861,594

Western Regional Housing Authority Financial Data Schedule June 30, 2023

Line Item Number	Description	Pul	Low Rent Dic Housing Program 1002000001 14.850	1 Business Activities Funding	Housing Choice Vouchers Program 14.871	2 State/ Local		Total
312	Accounts Payable <= 90 Days	\$	6,246	\$ 9	\$ 1,748	\$	-	\$ 8,003
321	Accrued Wage/Payroll Taxes Payable		2	-	-		-	2
322	Accrued Compensated Absences - Current Portion		20,906	-	16,576		-	37,482
341	Tenant Security Deposits		29,756	3,006	-		-	32,762
342	Unearned Revenues		2,720	1	-		-	2,721
310	Total Current Liabilities		59,630	3,016	18,324		-	80,970
354	Accrued Compensated Absences - Non-Current		8,122	-	9,618		-	17,740
357	Accrued Pension and OPEB Liabilities		496,941	-	406,587		-	903,528
350	Total Non-Current Liabilities		505,063	-	416,205		-	921,268
300	Total Liabilities		564,693	3,016	434,529		-	1,002,238
400	Deferred Inflows of Resources		58,583	-	9,888		-	68,471
508.1	Net investment in capital assets		4,294,333	699,666	-		-	4,993,999
511	Restricted Net Position			-	5,025		-	5,025
512.1	Unrestricted Net Position		969,738	413,532	408,591		-	1,791,861
513	Total Equity/Net Position		5,264,071	1,113,198	413,616		-	6,790,885
600	Total Liabilities, Deferred Inflows of Resources, and							
	Equity/Net Position	\$	5,887,347	\$ 1,116,214	\$ 858,033	\$	-	\$ 7,861,594

Western Regional Housing Authority Financial Data Schedule For the Year Ended June 30, 2023

Line Item Number	Description	Pub F NM	ow Rent lic Housing Program 002000001 14.850		1 Business Activities	Housing Choice Vouchers Program 14.871	2 State/ Local	Total
70300	Net Tenant Rental Revenue	\$	375,090	\$	37,377	\$ -	\$-	\$ 412,467
70400	Tenant Revenue - Other	Ŧ	2,530	Ŧ	143	-	-	2,673
70500	Total Tenant Revenue		377,620		37,520	-	-	415,140
70600	HUD PHA Operating Grants		642,280		-	4,381,729	-	5,024,009
70610	Capital Grants		397,584		-	-	-	397,584
70800	Other Governmental Grants		-		-	-	131,674	131,674
71400	Fraud Recovery		-		-	45,832	-	45,832
71,500	Other Revenue		56,331		-	600	-	56,931
71600	Gain or Loss on Sale of Capital Assets		100		-	-	-	100
70000	Total Revenue		1,473,915		37,520	4,428,161	131,674	6,071,270
91100	Administrative Salaries		190,330		-	266,890	9,489	466,709
91200	Auditing Fees		15,709		-	8,092	-	23,801
91500	Employee Benefit Contributions - Administrative		89,606		-	111,455	(4,195)	196,866
91800	Travel		1,695		-	3,433	-	5,128
91900	Other Operating - Administrative		18,116		5	39,273	19,629	77,023
91000	Total Operating - Administrative		315,456		5	429,143	24,923	769,527
92200	Relocation Costs		11,778		-	-	-	11,778
92500	Total Tenant Services		11,778		-	-	-	11,778
93100	Water		137,180		63	864	-	138,107
93200	Electricity		11,430		139	3,453	-	15,022
93300	Gas		58,003		131	1,462	-	59,596
93000	Total Utilities		206,613		333	5,779	-	212,725

Western Regional Housing Authority Financial Data Schedule For the Year Ended June 30, 2023

Line Item Number	Description	Pu	Low Rent blic Housing Program 1002000001 14.850	1 Business Activities		Housing Choice Vouchers Program 14.871	2 State/ Local	Total
94100	Ordinary Maintenance & Operation - Labor	\$	104,660	\$.	. \$	-	\$ -	\$ 104,660
94200	Ordinary Maintenance & Operation - Materials & Other	-	69,642	1,015		3,557	4,235	78,449
94300	Ordinary Maintenance & Operation Contracts		146,341	1,069		15,419	600	163,429
94500	Employee Benefit Contributions - Ordinary Maintenance		47,534			-	-	47,534
94000	Total Maintenance		368,177	2,084		18,976	4,835	394,072
96110	Property Insurance		4,572	102		-	-	4,674
96120	Liability Insurance		-			2,077	-	2,077
96100	Total Insurance Premiums		4,572	102		2,077	-	6,751
96200	Other General Expenses		-			4,361	-	4,361
96210	Compensated Absences		(1,030)			1,951	-	921
96400	Bad Debt - Tenant Rents		5,345			-	-	5,345
96000	Total Other General		4,315			6,312	-	10,627
96900	Total Operating Expenses		910,911	2,524		462,287	29,758	1,405,480
97000	Excess Operating Revenue Over Operating Expenses		563,004	34,996		3,965,874	101,916	4,665,790
97300	Housing Assistance Payments		-			3,883,499	94,739	3,978,238
97400	Depreciation Expense		324,445	12,974		-	-	337,419
90000	Total Expenses	\$	1,235,356	\$ 15,498	\$	4,345,786	\$ 124,497	\$ 5,721,137

Western Regional Housing Authority Financial Data Schedule For the Year Ended June 30, 2023

Line Item		Pu	Low Rent blic Housing Program 1002000001	1 Business Activities	,	Housing Choice /ouchers Program	2 State/ Local	
Number	Description		14.850			14.871		Total
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$	238,559	\$ 22,022	\$	82,375	\$ 7,177	\$ 350,133
11030	Beginning Equity		5,025,512	1,091,176		331,241	(7,177)	6,440,752
	Ending Equity (deficit)	\$	5,264,071	\$ 1,113,198	\$	413,616	\$ -	\$ 6,790,885
11180	Housing Assistance Payments Equity	\$	-	\$ -	\$	5,025	\$ -	\$ 5,025
11190	Unit Months Available	\$	1,766	\$ 60	\$	10,977	\$ -	\$ 12,803
11210	Number of Unit Months Leased	\$	1,656	\$ 58	\$	8,294	\$ -	\$ 10,008
11270	Excess Cash	\$	1,356,103	\$ -	\$	-	\$ -	\$ 1,356,103
11620 11650	Building Purchases Leasehold Improvements Purchases	\$	-	\$ -	\$	-	\$ -	\$ -



COMPLIANCE SECTION





Carr, Riggs & Ingram, LLC 2424 Louisiana Boulevard NE Suite 300 Albuquerque, NM 87110

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INDEPENDENT AUDITORS' 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

Joseph M. Maestas, P.E., State Auditor and The Board of Commissioners Western Regional Housing Authority Silver City, New Mexico

We have audited, in accordance with the 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 Western Regional Housing Authority (the "Housing Authority"), as of and for the year ended June 30, 2023, 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 27, 2023.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-003, that we consider to be a significant deficiency.

Report on 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 financial statements. 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 certain matters that are required to be reported pursuant to Section 12-6-5 NMSA 1978, which are described in the accompanying schedule of findings and questioned costs under Section 12-6-5 NMSA 1978 as item 2023-004.

The Housing Authority's Response to Findings

The Housing Authority's response to the findings 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 result 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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram, LLC Las Cruces, New Mexico September 27, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Joseph M. Maestas, New Mexico State Auditor The Office of Management and Budget Western Regional Housing Authority Silver City, New Mexico

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Western Regional Housing Authority's (the "Housing Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2023. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 the major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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 a combination of deficiencies is a deficiency, or a combination of deficiencies, in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Carr, Riggs & Ungram, L.L.C.

Carr, Riggs & Ingram, LLC Albuquerque, New Mexico September 27, 2023

Western Regional Housing Authority Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

	Grant or	Federal Assistance		Funds	
Federal Grantor/Pass Through	State	Listing	Federal	Provided to	Noncash
Grantor/Program Title	Number	Number	Expenditures	Subrecipients	Assistance
U.S. Department of Housing and Urban Development					
Direct Programs					
Public and Indian Housing	NM002000001	14.850	\$ 642,280	\$-	\$ -
Total Public and Indian Housing			642,280		
Section 8 Housing Choice Vouchers	NM067	14.871	4,381,729	-	-
Total Housing Voucher Cluster			4,381,729		
Public Housing Capital Fund	NM067	14.872	397,584	-	-
Total Public Housing Capital Fund			397,584	-	
Total U.S. Department of Housing and Urban Development					
Direct Programs			5,421,593	-	-
Total Expenditures of Federal Awards			\$ 5,421,593	<u>\$</u>	<u>\$ </u>

Western Regional Housing Authority Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Western Regional Housing Authority (the "Authority") and is presented on the full 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).*

Federally Funded Loans

The Authority has no federally funded loans or loan guarantee programs as of June 30, 2023.

10% de minimis Indirect Cost Rate

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

Federally Funded Insurance

The Housing Authority has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 5,421,593
Total expenditures funded by other sources	 299,544
Total expenditures (including capitalized expenditures)*	\$ 5,721,137

*Expenses on the Schedule include \$397,584 of capitalized expenditures required by HUD to be included. These are not included on the statement of revenues, expenses, and changes in net position.

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
c. Noncompliance material to the financial statements noted?	No
Federal Awards:	
1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	Yes
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)?	Yes
4. Identification of major programs:	
Assistance Listing <u>Number</u> 14.871 Housing Voucher Cluster	
5. Dollar threshold used to distinguish between type A and type B programs:	\$750,000
6. Auditee qualified as low-risk auditee?	Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-003: Journal entry review and posting (Significant Deficiency)

Criteria: Reliable internal controls require review processes to be documented by the individual or system performing the review and clearly dated journal entries for each accounting period.

Condition: Journal entries are not reviewed prior to posting, and a template used for standard monthly journal entries has prior fiscal year dates. Documentation of performance of other review procedures is not retained consistently.

Cause: Because the Authority has very few employees, they communicate daily and therefore did not recognize the need for documentation of reviews and an aging general ledger software that does not allow for date changes to template standard monthly journal entries.

Effect: Potential for processes to go un-reviewed allowing errors to occur and not be detected in a timely manner.

Auditors' Recommendation: System capabilities for journal entries should be reviewed and processes revised to allow for documented review and proper dating.

Views of Responsible Officials: The Housing Authority is working in coordination with our Software provider in regard to the dates on the templates and will adjust our review process to approve journal entries prior to posting.

Estimated Completion Date: October 31, 2023

Responsible Party: Executive Director

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2023-001: Eligibility, Special Tests and Provisions (Reasonable Rent, Housing Assistance Payment) – Significant Deficiency in Internal Controls over Compliance over Maintenance of Tenant Files

ALN and Title:14.871 Section 8 Housing Choice VouchersFederal Agency:U.S. Department of Housing and Urban DevelopmentAward Year:2023

Criteria: Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Title 24 US Code of Federal Regulations Part 982 Subpart K requires housing authorities operating a Section 8 program to examine and re-examine tenant eligibility regularly, ensure that rent paid under the Section 8 program meets the definition of "reasonable rent" as defined by HUD, and requires certain documentation to be maintained related to tenant rent and Housing Assistance Payments.

Condition: The Authority does not have effective controls over this compliance requirement, which resulted in the following during our review of tenant files:

- For one of the 49 tenant files tested, the Application had not been signed by the applicant.
- For one of the 49 tenant files tested, the file did not contain a copy of the Rent Reasonable Valuation form.
- For one of the 49 tenant files tested, the HAP contract was not signed off as reviewed by the Housing Specialist.

Cause: The Authority did not have controls in place to help follow the appropriate procedures in accordance with procedures to ensure compliance.

Effect: The Authority may unintentionally approve a tenant who is not eligible which could lead to questioned costs and/or repayment of funds to the Grantor agency.

Questioned Costs: None noted.

Auditors' Recommendation: The Auditors recommend that the Authority strengthen its controls over tenant file documentation to ensure proper signoffs, forms, and data entry are present.

Views of Responsible Officials: The Housing Authority does have controls in place, we have file checklists to be followed by the staff, but unfortunately, staff errors do occur. These items have been addressed with staff.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

<u>2023-002: Eligibility, Special Reporting, Special Tests and Provisions (Utility Allowance Schedule,</u> <u>Housing Assistance Payment) – Significant Deficiency in Internal Controls over Compliance over</u> Tenant Calculations

ALN and Title:	14.871 Section 8 Housing Choice Vouchers
Federal Agency:	U.S. Department of Housing and Urban Development
Award Year:	2023

Criteria: Per Title 2 US Code of Federal Regulations Part 200.303a, the non-federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per Title 24 US Code of Federal Regulations Part 982.517(d) Use of utility allowance schedule, the PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

Condition: The Authority does not have effective controls over this compliance requirement, which caused one of the 49 tenant files tested to include a clerical error in the Utility Allowance calculation inputted into the software by the Housing Specialist. This in turn lowered the HAP payment by \$18 and is listed in the Family Report inaccurately.

Cause: The Authority did not have controls in place to help follow the appropriate procedures in accordance with procedures to ensure compliance.

Effect: The Authority may unintentionally approve a tenant for an incorrect amount of assistance which could lead to questioned costs and/or repayment of funds to the Grantor agency and inaccurate reporting.

Questioned Costs: \$18 of known questioned costs and \$2,685 of likely questioned costs when extrapolated to the population.

Auditors' Recommendation: The Auditors recommend that the Authority strengthen its controls over tenant files and eligibility determinations to ensure that information is accurately transferred into the system used for eligibility determinations and assistance calculations.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (Continued)

Views of Responsible Officials: The Housing Authority does have controls in place, we require staff to manually calculate the rent and utility allowance and then compare to the computer generated calculations, but unfortunately, staff errors do occur. These items have been addressed with staff and the HAP was recalculated with the correct utility allowance and the additional HAP was paid to the appropriate party in September.

Estimated Completion Date: September 30, 2023

Responsible Party: Executive Director

SECTION IV: SECTION 12-6-5 NMSA 1978 FINDINGS

2023-004: Failure to submit unclaimed property (Other non-compliance)

Criteria: New Mexico Statutes for Uniform Unclaimed Property Section 7-8A require the holders of property unclaimed for more than one year to be escheated to the State of New Mexico.

Condition: The Housing Authority's has outstanding checks greater than one year old of \$5,865, plus check written to NM Taxation and Revenue of \$1,190 to submit unclaimed property for 2018-2019.

Cause: The Housing Authority attempted to submit unclaimed property balances to the State of New Mexico in 2020 but the check to the State remains outstanding.

Effect: The Housing Authority may incur interest costs for failure to pay or report unclaimed property.

Auditors' Recommendation: The Housing Authority should report and submit all unclaimed property to the State of New Mexico in accordance with the NM State Statutes.

Views of Responsible Officials: The Housing Authority is aware of the issue and will submit all unclaimed property to the State of New Mexico in accordance with the NM State Statutes.

Estimated Completion Date: October 31, 2023

Responsible Party: Executive Director

SECTION V: PRIOR YEAR AUDIT FINDINGS

None

Western Regional Housing Authority Other Disclosures June 30, 2023

EXIT CONFERENCE

The contents of the report for Western Regional Housing Authority were discussed on September 27, 2023. The following individuals were in attendance.

Western Regional Housing Authority

Cathy De Marco, Executive Director Irene Galvan, Chairman

Carr, Riggs & Ingram, LLC

Debbie A. Gray, Partner

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of the Housing Authority from the original books and records provided to them by the management of the Housing Authority. The responsibility for the financial statements remains with the Housing Authority.

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2021





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STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY

Official Roster

Year Ended June 30, 2021

Board of Commissioners

Rayetta Trujillo Steven Brugger Donna Vigil Nichole R. Sandoval-Belt Joleen Slowen Lauren Reichelt Rev. Garland Moore Chairperson Vice-Chairperson Secretary Treasurer Commissioner Commissioner Commissioner

Administrative Officials

Terry Baca Natasha E. Martinez Executive Director Deputy Director

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Mr. Joseph M. Maestas, P.E. New Mexico State Auditor and The Board Commissioners and Management Northern Regional Housing Authority Taos, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of Northern Regional Housing Authority, (the Housing Authority) as of and for the year ended June 30, 2021, 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 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 from 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Northern Regional Housing Authority, as of June 30, 2021, and the respective changes in financial position and, where applicable, 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

Management has omitted the *Management Discussion and Analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 30 - 31 and the Net OPEB Liability and Schedule of Contributions on page 32 – 33, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the 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 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), other schedules required by Section 2.2.2. NMAC, and Financial Data Schedule as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule 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 basic 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, other schedules required by Section 2.2.2 NMAC and the Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2023 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 and 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 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.

IDM

Albuquerque, New Mexico March 24, 2023

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Statement of Net Position June 30, 2021

ASSETS

Current Assets	
Cash and cash equivalents	\$ 4,201,809
Receivables:	
Accounts receivables - other	102,204
Accounts receivables - tenants	57,528
Receivables from other governmental entity (Note 13)	150,000
Inventory	23,693
Prepaid expenses	 16,249
Total current assets	 4,551,483
Noncurrent assets	
Cash and cash equivalents - restricted	117,506
Receivables from other governmental entity (Note 13)	3,330,561
Capital assets	11,412,206
Total noncurrent assets	 14,860,273
TOTAL ASSETS	 19,411,756
DEFERRED OUTFLOWS OF RESOURCES	
Pension related	1,045,044
OPEB related	947,373
Total deferred outflows of resources	 1,992,417
Total assets and deferred inflows	\$ 21,404,173

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Statement of Net Position June 30, 2021

LIABILITIES		
Current liabilities		
Accounts payable	\$	156,020
Accrued salaries and benefits		161,999
Other current liabilities		35,951
Due to other government		61,455
Prepaid Rent		5,939
Compensated absences		50,532
Tenant deposits		117,506
Total current liabilities		589,402
Noncurrent liabilities		
Compensated absences		117,909
Net pension liability		2,743,636
Net OPEB liability		1,056,751
Total noncurrent liabilities	_	3,918,296
TOTAL LIABILITIES		4,507,698
DEFERRED INFLOWS OF RESOURCES		
Pension related		252,141
OPEB related		458,983
Total deferred inflows of resources		711,124
NET POSITION		
Net investment in capital assets		11,412,206
Restricted for section 8 housing		40,446
Unrestricted		4,732,699
Total net position	_	16,185,351
Total liabilities, deferred inflows of resources and net position	\$	21,404,173

See Notes to Financial Statements.

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2021

Operating Revenues	
Rental revenue	\$ 782,168
Other tenant revenue	26,213
Total operating revenues	808,381
Operating Expenses	
Personal expenses	1,632,564
Contractual services	553,978
Supplies	11,715
Utilities	460,035
Insurance	102,572
Computer and software expenses	123,211
Postage	8,908
Bad Debt	-
Depreciation	939,933
Legal	30,433
Relocation cost	3,041
Professional services	60,558
Other office related expense	1,516
Total operating expenses	3,928,464
Operating loss	(3,120,083)
Nonoperating revenues (expenses):	
Interest income (expense)	-
Subsidy grants	4,319,307
Capital grants	307,409
Housing assistance payments	(2,209,660)
Insurance proceeds	3,338
Miscellaneous income	410,897
Transfer of net position (Note 14)	12,546,210
Net nonoperating revenues	15,377,501
Change in net position	12,257,418
Net position, beginning of year	3,927,933
Net position, end of year	\$ 16,185,351

See Notes to Financial Statements.

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Statement of Cash Flows Year Ended June 30, 2021

Page	300	of	406
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Cash received from customers\$1,356,997Cash payments to suppletes for services(1,117,733)Cash payments to suppletes for goods and services(1,117,733)Cash received from miscellaneous sources(814,729)Cash received from miscellaneous sources410,897Cash received from miscellaneous sources4,108,97Cash received from subidy grants4,319,307Cash transfer-in (Note 14)2,560,958Housing assitiance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash received from capital grants(937,226)Net cash provided by noncapital financing activities(937,226)Cash received from capital grants(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year5Cash and cash equivalents, beginning of year5Operating Loss\$(3,120,083)Adjustments to reconcile operating loss to net cash939,933Bad debt expenseAccounds receivable, net548,616Receivables from other governmental entity (Note 13)1183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities-Accrued liabilities110,815Use By Operating activities110,815Use By Operating activities939,933Bad debt expense- </th <th>Cash Flows From Operating Activities</th> <th></th> <th></th>	Cash Flows From Operating Activities		
Cash payments to suppliers for goods and services(1,053,993)Net cash used by operating activities(814,729)Cash received from Noncapital Financing Activities4,319,307Cash received from subsidy grants4,319,307Cash received from subsidy grants(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash received from capital Financing Activities5,084,840Cash received from capital financing activities(629,817)Net cash provided by noncapital financing activities(629,817)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year\$Cash and cash equivalents, beginning of year5Operating Loss\$Operating Loss\$Accounts receivable, net-Accounts receivable, net-Accounts receivable, net-Accounts receivable, net-Accounts receivables, net-Accounts receivables, net of there assets938Accounts payable116,028Unearned revenue-Accounts payable116,028Other liabilities-Accounts payable116,028Other liabilities-Accounts payable116,028Other liabilities-Accounts payable-Accounts payable- <tr< th=""><th></th><th>\$</th><th>1,356,997</th></tr<>		\$	1,356,997
Net cash used by operating activities(814,729)Cash Flows From Noncapital Financing Activities410,897Cash received from miscellaneous sources4,139,307Cash transfer-in (Note 14)2,560,958Housing assistance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash received from capital grants907,409Purchase of capital assets(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, end of year679,021Cash and cash equivalents, end of year5RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES939,933Depreciation939,933Bad debt expense-Changes in assets and liabilities-Accounts receivable, net5Accounts receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accounts receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accounts payable116,028Other liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(113,309)Net cash used by operating activities\$(B14,729)Not Cash transaction	Cash payments to employees for services		(1,117,733)
Cash Flows From Noncapital Financing Activities 4.10,897 Cash received from miscellaneous sources 4.319,307 Cash received from subsidy grants 4.319,307 Cash received from subsidy grants 4.320,307 Cash transfer-in (Note 14) 2.560,958 Housing assistance payments (2.209,660) Insurance proceeds 3.338 Net cash provided by noncapital financing activities 5.084,840 Cash received from capital grants 907,409 Purchase of capital assets (937,226) Net cash used by capital financing activities (629,817) Net increase in cash and cash equivalents 3.640,294 Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year \$ RECONCLILATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES Operating Loss \$ (3,120,083) Adjustments to reconcile operating loss to net cash 9 used by operating activities - Depreciation 939,933 Bad debt expense - Changes in assets and liabilities - Accrouts receivable, net -	Cash payments to suppliers for goods and services		(1,053,993)
Cash received from miscellaneous sources410,897Cash received from subsidy grants4,319,307Cash transfer-in (Note 14)2,560,958Housing assistance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash Flows From Capital Financing Activities5,084,840Cash received from capital grants(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year\$Values D V DERATING ACTIVITIES(3,120,083)Adjustments to reconcile operating loss to net cash939,933Bad debt expense939,933Bad debt expense939,933Bad debt expense15,206Prepaid expenses and liabilities5,48,616Accounts receivable, net5,48,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accounts payable116,028Other liabilities(13,309)Accounts payable116,028Other liabilities(13,309)Net tensh used by operating activities116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities116,028Other liabilities(13,309)Net tensh used by operating activities	Net cash used by operating activities		(814,729)
Cash received from subsidy grants4,319,307Cash transfer-in (Note 14)2,560,958Housing assistance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash Flows From Capital Financing Activities5,084,840Cash received from capital grants307,409Purchase of capital assets(937,226)Net cash used by capital financing activities(622,98,17)Net cash used by capital financing activities679,021Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year679,021Cash and cash equivalents, end of year679,021Cash and cash equivalents, end of year6,3120,083)Adjustments to reconcile operating loss to NET CASH909,933USED BY OPERATING ACTIVITIES939,933Operating Loss\$(3,120,083)Adjustments to reconcile operating loss to net cash939,933Used by operating activities939,933Depreciation939,933Bad debt expense-Changes in assets and liabilities118,111Inventory15,206Prepaid expenses and other assets938Accounts payable-Accounts payable-Accounts payable-Accounts payable(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities(13,309)Net pension and OPEB expenses404,016Net cash used by operating a	Cash Flows From Noncapital Financing Activities		
Cash transfer-in (Note 14)2,560,958Housing assistance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash Flows From Capital Financing Activities307,409Purchase of capital assets(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year\$Cash and cash equivalents, end of year\$Operating Loss\$Adjustments to reconcile operating loss to net cash939,933Bad debt expense-Changes in assets and liabilities939,933Bad debt expense-Changes in assets and liabilities548,616Recovital from ther governmental entity (Note 13)1183,111Inventory15,206Prepaid expenses and other assets938Accounts receivable, net-Accounts receivable, net-Accounts receivable, net-Accounts receivable, net-Accounts payable116,028Other liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities13,309)Net tensh used by operating activities13,309)Net pension and OPEB expenses404,016Net cash used by operating activities13,309)Net pension and OPEB expenses404,016	Cash received from miscellaneous sources		410,897
Housing assistance payments(2,209,660)Insurance proceeds3,338Net cash provided by noncapital financing activities5,084,840Cash Flows From Capital grants307,409Purchase of capital assets(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year679,021Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, beginning of year5RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES9Operating Loss\$(3,120,083)Adjustments to reconcile operating loss to net cash used by operating activities9Depreciation939,933Bad debt expense-Changes in assets and liabilities-Accounts receivable, net548,616Receivables from other governmental entity (Note 13)1183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities-Accounts payable110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net tash used by operating activities\$(Bat,722)Non Cash Transaction	Cash received from subsidy grants		4,319,307
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Net cash provided by noncapital financing activities5,084,840Cash Flows From Capital Financing Activities307,409Purchase of capital assets(629,817)Net cash used by capital financing activities3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year\$RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES\$Operating Loss\$(3,120,083)Adjustments to reconcile operating loss to net cash used by operating activities939,933Bad debt expenseChanges in assets and liabilities548,616Receivables from other governmental entity (Note 13)1183,111Inventory15,206Prepaid expenses and other assets938Accounts payable110,815Other liabilities-Accounts payable(13,309)Net cash used by operating activities-Unearned revenue-Accounts payable(13,309)Net cash used by operating activities(13,309)Net cash used b	Housing assistance payments		(2,209,660)
Cash Flows From Capital Financing Activities 307,409 Purchase of capital assets (937,226) Net cash used by capital financing activities (629,817) Net increase in cash and cash equivalents 3,640,294 Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year \$ RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES Operating Loss \$ Operating Loss \$ Depreciation 939,933 Bad debt expense - Changes in assets and liabilities - Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 183,111 Inventory 15,206 Prepaid expenses and other assets 938 Accounts payable - Other liabilities 116,028 Other liabilities (13,309) Net cash used by operating activities (13,309) Net cash used by operating activities (13,309)	Insurance proceeds		
Cash received from capital grants307,409Purchase of capital assets(937,226)Net cash used by capital financing activities(629,817)Net increase in cash and cash equivalents3,640,294Cash and cash equivalents, beginning of year679,021Cash and cash equivalents, end of year\$At and cash equivalents, end of year\$RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES\$Operating Loss\$Operating Loss\$Adjustments to reconcile operating loss to net cash used by operating activities939,933Bad debt expense-Changes in assets and liabilities5Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accounts payable-Other liabilities-Accounts payable-Other liabilities-Accounts payable(13,309)Net cash used by operating activities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$(13,309)(13,309)Net cash used by operating activities\$(13,209)(13,209)Net cash used by operating activities\$(13,209)\$(14,729)Net Cash used by operating activities(15,206)\$(15,206)\$(15,207)\$(15,208)<	Net cash provided by noncapital financing activities		5,084,840
Purchase of capital assets (937,226) Net cash used by capital financing activities (629,817) Net increase in cash and cash equivalents 3,640,294 Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year 5 Cash and cash equivalents, end of year 5 RECONCILIATION OF NET OPERATING LOSS TO NET CASH 5 USED BY OPERATING ACTIVITIES 5 Operating Loss \$ Adjustments to reconcile operating loss to net cash 939,933 Bad debt expense - Changes in assets and liabilities - Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 1183,111 Inventory 15,206 Prepaid expenses - Accounts prevenue - Accounts prevenue - Accounts payable 110,815 Unearned revenue - Accounts payable 116,028 Other liabilities 113,309) Net cash used by operating activities (13,309) Net cash used by operating activities (13,309)	Cash Flows From Capital Financing Activities		
Net cash used by capital financing activities (629,817) Net increase in cash and cash equivalents 3,640,294 Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year \$ 4,319,315 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES Operating Loss \$ (3,120,083) Adjustments to reconcile operating loss to net cash 939,933 Bad debt expense - Changes in assets and liabilities - Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 1183,111 Inventory 15,206 Prepaid expenses and other assets 938 Accounts receivable, net - Accounts payable 110,815 Unearned revenue - Accounts payable (13,309) Net cash used by operating activities (13,309) Net pension and OPEB expenses 404,016 Net cash used by operating activities (13,309)	Cash received from capital grants		307,409
Net increase in cash and cash equivalents 3,640,294 Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year \$ 4,319,315 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES \$ (3,120,083) Operating Loss \$ (3,120,083) Adjustments to reconcile operating loss to net cash used by operating activities 939,933 Bad debt expense - Changes in assets and liabilities - Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 118,111 Inventory 15,206 Prepaid expenses and other assets 938 Accrued liabilities 110,815 Unearned revenue - Accounts payable (13,309) Net cash used by operating activities (13,309) Net cash used by operating activities \$ (814,729)	-		(937,226)
Cash and cash equivalents, beginning of year 679,021 Cash and cash equivalents, end of year \$ 4,319,315 RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES Operating Loss \$ (3,120,083) Adjustments to reconcile operating loss to net cash used by operating activities \$ 939,933 Bad debt expense 939,933 Changes in assets and liabilities \$ 4,8111 Accounts receivable, net \$ 548,616 Receivables from other governmental entity (Note 13) 1183,111 Inventory \$ 939 Accrued liabilities \$ 938 Accrued liabilities \$ 110,815 Unearned revenue \$ 404,016 Accounts payable \$ (13,309) Net cash used by operating activities \$ 404,016	Net cash used by capital financing activities		(629,817)
Cash and cash equivalents, end of year\$4,319,315RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIESOperating Loss\$(3,120,083)Adjustments to reconcile operating loss to net cash used by operating activities939,933Bad debt expense-Changes in assets and liabilities-Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities-Unearned revenue-Accounts payable116,028Other liabilities404,016Net cash used by operating activities404,016Non Cash Transaction\$	Net increase in cash and cash equivalents		3,640,294
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES \$ (3,120,083) Operating Loss \$ (3,120,083) Adjustments to reconcile operating loss to net cash used by operating activities 939,933 Depreciation 939,933 Bad debt expense - Changes in assets and liabilities - Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 183,111 Inventory 15,206 Prepaid expenses and other assets 938 Accrued liabilities - Uncarned revenue - Accounts payable 116,028 Other liabilities (13,309) Net pension and OPEB expenses 404,016 Non Cash Transaction \$ (814,729)	Cash and cash equivalents, beginning of year		679,021
USED BY OPERATING ACTIVITIES \$ (3,120,083) Adjustments to reconcile operating loss to net cash * used by operating activities 939,933 Bad debt expense 939,933 Bad debt expense - Changes in assets and liabilities * Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 183,111 Inventory 15,206 Prepaid expenses and other assets 938 Accounts receivable, net - Accounts receivable, net 110,815 Unearned revenue - Accounts payable 110,815 Unearned revenue - Accounts payable 116,028 Other liabilities (13,309) Net cash used by operating activities 404,016	Cash and cash equivalents, end of year	\$	4,319,315
Adjustments to reconcile operating loss to net cash used by operating activities 939,933 Depreciation 939,933 936 Bad debt expense - - Changes in assets and liabilities - - Accounts receivable, net 548,616 - Receivables from other governmental entity (Note 13) 183,111 - Inventory 15,206 938 Accrued liabilities 938 - Accrued liabilities 110,815 - Unearned revenue - - Accounts payable 116,028 - Other liabilities (13,309) - Net cash used by operating activities \$ (814,729) Non Cash Transaction - -			
used by operating activities939,933Depreciation939,933Bad debt expense-Changes in assets and liabilities-Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net cash used by operating activities\$Non Cash Transaction-	Operating Loss	\$	(3,120,083)
Depreciation939,933Bad debt expense-Changes in assets and liabilities-Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Non Cash Transaction\$	Adjustments to reconcile operating loss to net cash		
Bad debt expense - Changes in assets and liabilities 548,616 Accounts receivable, net 548,616 Receivables from other governmental entity (Note 13) 183,111 Inventory 15,206 Prepaid expenses and other assets 938 Accrued liabilities 110,815 Unearned revenue - Accounts payable 116,028 Other liabilities (13,309) Net pension and OPEB expenses 404,016 Non Cash Transaction \$	used by operating activities		
Changes in assets and liabilities548,616Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Non Cash Transaction\$ (814,729)	Depreciation		939,933
Accounts receivable, net548,616Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Non Cash Transaction\$	Bad debt expense		-
Receivables from other governmental entity (Note 13)183,111Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Non Cash Transaction\$	Changes in assets and liabilities		
Inventory15,206Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction-	Accounts receivable, net		548,616
Prepaid expenses and other assets938Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction-	Receivables from other governmental entity (Note 13)		183,111
Accrued liabilities110,815Unearned revenue-Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction	Inventory		15,206
Unearned revenue116,028Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction	Prepaid expenses and other assets		938
Accounts payable116,028Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction*	Accrued liabilities		110,815
Other liabilities(13,309)Net pension and OPEB expenses404,016Net cash used by operating activities\$ (814,729)Non Cash Transaction\$	Unearned revenue		-
Net pension and OPEB expenses 404,016 Net cash used by operating activities \$ (814,729) Non Cash Transaction •	Accounts payable		116,028
Net cash used by operating activities \$ (814,729) Non Cash Transaction \$	Other liabilities		(13,309)
Non Cash Transaction	Net pension and OPEB expenses		404,016
	Net cash used by operating activities	\$ <u></u>	(814,729)
Transfer of net position (Note 14)\$ 9,985,252	Non Cash Transaction		
	Transfer of net position (Note 14)	\$	9,985,252

See Notes to Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northern Regional Housing Authority (the Housing Authority) is a public housing authority that provides affordable housing to low-income and disadvantaged families in Cibola County, Taos County, McKinley County, Rio Arriba County, San Juan County, San Miguel County, Mora County, Los Alamos County, Colfax County, and Sandoval County; except for areas within the region that are within the territorial boundaries of a municipality or county that has established a local housing authority. As of June 30, 2021, the Housing Authority operations were located in Taos County, though it is authorized to operate in the other counties listed. The programs are primarily funded with federal grants, management fees, and tenant rents.

The Northern Regional Housing Authority was created under the authority of 11-3A-4 NMSA 1978, which was amended by Senate Bill 20 on March 31, 2009. Under that Bill the New Mexico Legislature restructured the State's Regional Housing Authorities, however the Authority did not begin operations until April 1, 2014. The Housing Authority also assists other organizations and units of local governments to operate, manage, and administer housing programs and projects and achieve this objective.

The Housing Authority managed the operations of the Taos County Housing Authority under contract from April 1, 2014 to July 31, 2014, and Village of Cimarron Housing Authority from July 22, 2014, to June 30, 2016. On August 1, 2014, the Housing Authority consolidated with the Taos County Housing Authority. During fiscal year 2017 Northern Regional Housing Authority merged with the Cimarron Housing Authority and Grants Housing Authority. On January 1, 2021, the City of Raton Housing Authority and the City of Las Vegas Housing Authority merged with Northern Regional Housing Authority to create one organization.

Currently, the Housing Authority manages thirteen (13) low rent public housing developments containing 644 total units and administers Housing and Urban Development's (HUD) Section 8 Housing Choice Vouchers housing assistance program.

Effective January 1, 2021, the City of Raton Housing Authority and City of Las Vegas Housing Authority merged with Northern Regional Housing Authority to create one organization resulting in an increase of net position by \$12,546,210 (Note 14).

A. Financial Reporting Entity

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 oversight responsibility 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.

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.

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 and Statement No. 61. 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.

Based upon the application of these criteria, the Housing Authority has no component units, and is not a component unit of another governmental agency.

The following programs are maintained by the Housing Authority:

Low Rent Public Housing Program - The overall objective of the Public and Indian Housing program is to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

Section 8 Housing Choice Voucher Program - These programs, funded through direct grants from HUD, provide rental assistance to qualified families through rent subsidies paid directly to third-party landlords.

Capital Fund Projects - Funded on a reimbursement basis by HUD, the program funds may be used for the development, financing, and modernization of public housing developments and for management improvements. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program on the Financial Statements.

Management Fund Program - This program accounts for the revenues and expenditures generated by the Authority's management of the City of Grants Housing Authority under contract from November 17, 2015 to December 31, 2016, and Cuba Housing Authority under contract from April 16, 2016 to December 31, 2016.

State and Local Program - This program accounts for the revenues and expenditures generated by the Authority's Linkages Permanent Supportive Housing Program. The contract was awarded January I, 2016 between the Authority and New Mexico Mortgage Finance Authority. The program is to provide affordable housing opportunities for low-income individuals with serious mental illness within the Service Provider's jurisdiction.

B. Basis of Presentation

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (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, deferred outflows net of total liabilities and deferred inflows) are segregated into net investment in capital assets; restricted; and unrestricted components.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 subsidy grants and charges to customers for the management of the housing authority activities. Operating expenses for enterprise funds include the personnel and contractual services, repair and maintenance, housing assistance payments, other administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenue Recognition: Management contract revenues are recorded as services are performed. Management contract fee payments received in advance are deferred until earned.

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.

C. Asset, Liabilities and Net Position or Equity

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, allowance for doubtful accounts for grant and tenant receivables, the accrued compensated absences, the net pension liability, the net OPEB liability, and related deferred inflows and deferred outflows.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Asset, Liabilities and Net Position or Equity (Continued)

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 and demand deposits, however the Housing Authority does not have any cash equivalents or investments.

Short-term investments are Certificates of Deposits and time accounts with original maturities of three months or less from the date of acquisition and are classified consistent with the Financial Data Schedule outline prescribed by HUD.

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. The Housing Authority had no short- term investments as of June 30, 2021.

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, with higher requirements up to one hundred percent (101%) for repurchase agreements.

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, 2021, there are no items required to be valued using the fair value framework.

Accounts Receivable: All receivables are presented net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible, which for the Public Housing Low Rent program is 90% of the balance allowed for, and for Section 8 Housing Choice Vouchers program is 80% of the balance allowed for based upon prior experience with tenant collectability and the length of time receivables are outstanding.

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 the Statement of Net Position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Asset, Liabilities and Net Position or Equity (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 purchases made under Capital Fund Projects. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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
Buildings and structures	15-45
Furniture, fixtures and equipment	5-20

Capital Leases: Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Deferred Inflows/Outflows of Resources: GASB Statement No. 63 amended previous guidance on deferred revenues in the Statement of Net Position to include deferred outflow of resources, which is the consumption of net position by the Housing Authority that is applicable to a future reporting period and deferred inflow of resources, which is acquisition of net position by the Housing Authority that is applicable to a future reporting beriod. The Housing Authority also has items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 6 and 7.

Compensated Absences: Housing Authority employees are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. When an employee separates from employment with the Housing Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

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 Public Employee 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Asset, Liabilities and Net Position or Equity (Continued)

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments 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:

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

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, approved by the Board of Commissioners. Budgetary data for the Authority's programs are prepared on a calendar year basis. HUD does not require the presentation of the budgets in the audit report. The inclusion of the budget in the audit report would be misleading as the audit report is as of June 30, 2021 and the HUD budget period is not complete as of that date.

NOTE 2. CASH AND CASH EQUIVALENTS

State statutes authorize the investment of the Housing Authority's 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, 2021.

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.

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

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 asked 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 non- interest-bearing transaction accounts, are 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.

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).

At June 30, 2021, \$3,363,816 of the Housing Authority's bank balance of \$4,493,183 was exposed to custodial credit risk. Although the \$366,989 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.

The pledged collateral requirements for the Authority are detailed below:

	 InBank	Centinel Bank	Wells Fargo Bank	Aim Bank
Amount of deposits FDIC Coverage	\$ 610,391 (250,000)	1,463,035 (250,000)	2,040,390 (250,000)	100,000 (100,000)
Total uninsured public funds	 360,391	1,213,035	1,790,390	
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the agency's name	1,058,796	1,635,000	1,423,401	_
Uninsured and uncollateralized	 -		366,989	-
Collateral requirement				
(50% of uninsured funds) Pledged collateral	 180,196 1,058,796	606,518 1,635,000	895,195 1,423,401	-
Over (Under) collateralized	\$ 878,600	1,028,482	528,206	-

NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

	 US Bank	First National Bank in Trinidad	Total
Amount of deposits FDIC Coverage	\$ 44,233 (44,233)	235,134 (235,134)	4,493,183 (1,129,367)
Total uninsured public funds	 -		3,363,816
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the agency's name		-	4,117,197
Uninsured and uncollateralized	 -		366,989
Collateral requirement (50% of uninsured funds) Pledged collateral	 -	-	1,681,909 4,117,197
Over (Under) collateralized	\$ -		2,435,288

NOTE 3. ACCOUNTS RECEIVABLE

The Housing Authority's accounts receivable at June 30, 2021, are as follows:

	-	Total
Due from other Governments		
Tenant rents	\$	122,377
U.S. Department of Housing and Urban		
Development		96,123
Allowance of doubtful accounts	-	(58,768)
Total accounts receivable	\$	159,732

NOTE 4. CAPITAL ASSETS

The following summarizes changes in capital assets activity for the Housing Authority during the year ended June 30, 2021.

Primary Government Capital assets, not being depreciated:	Balance 6/30/2020	Additions	Deletions	Transfer (Note 13)	Balance 6/30/2021
Land	\$ 232,913	-	-	418,586	-
Construction in process Total capital assets not being depreciated	22,648 3 255,561		<u>-</u>	<u> 107,685 </u> 526,271	<u> 130,333 </u> 781,832
Capital assets, being depreciated:					
Building and structures Furniture, fixtures and	14,800,508	660,104	-	24,433,024	39,893,636
equipment	729,851	277,122		1,028,725	2,035,698
Total capital assets being depreciated	15,530,359	937,226		25,461,749	41,929,334
Total capital assets	15,785,920	937,226		25,988,020	42,711,166
Accumulated depreciation:					
Building and structures	(10,359,577)	(871,894)	-	(18,363,254)	(29,594,725)
Furniture, fixtures and equipment	(664,522)	(68,039)		(971,674)	(1,704,235)
Total accumulated depreciation	(11,024,099)	(939,933)		(19,334,928)	(31,298,960)
Total capital assets, net depreciation	\$ 4,761,821	(2,707)		6,653,092	5 11,412,206

Depreciation expense for the year ended June 30, 2021 totaled \$939,933 for all the Low Rent Public Housing Program.

NOTE 5. LONG-TERM LIABILITIES

The following summarizes changes in compensated absences activity during fiscal year June 30, 2021.

						Due
		Balance			Balance	Within
		6/30/2020	Additions	Deletions	6/30/2021	One Year
Compensated	ć				ć	
Absences	Ş	10,206	211,278	(53,043)	168,441 \$	50,532

NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Plan Description. The Public Employees Retirement Fund (PERA) 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, unless specifically excluded.

Benefits Provided. Benefits are generally available at age 65 with five or Benefits are generally available at age 65 with five or more years of service or after 25 years of service regardless of age for TIER I members. Provisions also exist for retirement between ages 60 and 65, with varying amounts of service required. Certain police and fire members may retire at any age with 20 or more years of service for Tier I members. Generally, the amount of retirement pension is based on final average salary, which is defined under Tier I as the average of salary for the 36 consecutive months of credited service producing the largest average; credited service; and the pension factor of the applicable coverage plan. Monthly benefits vary depending upon the plan under which the member qualifies, ranging from 2% to 3.5% of the member's final average salary per year of service. The maximum benefit that can be paid to a retiree may not exceed a range of 60% to 90% of the final average salary, depending on the division. Benefits for duty and non-duty death and disability and for post-retirement survivors' annuities are also available.

NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

TIER II

The retirement age and service credit requirements for normal retirement for PERA state and municipal general members hired increased effective July 1, 2013 with the passage of Senate Bill 27 in the 2013 Legislative Session. Under the new requirements (Tier II), general members are eligible to retire at any age if the member has at least eight years of service credit and the sum of the member's age and service credit equals at least 85 or at age 67 with 8 or more years of service credit. General members hired on or before June 30, 2013 (Tier I) remain eligible to retire at any age with 25 or more years of service credit. Under Tier II, police and firefighters in Plans 3, 4 and 5 are eligible to retire at any age with 25 or more years of service credit. State police and adult correctional officers, peace officers and municipal juvenile detention officers will remain in 25-year retirement plans, however, service credit will no longer be enhanced by 20%. All public safety members in Tier II may retire at age 60 with 6 or more years of service credit. Generally, under Tier II pension factors were reduced by .5%, employee Contribution increased 1.5 percent and effective July 1, 2014 employer contributions were raised .05 percent. The computation of final average salary increased as the average of salary for 60 consecutive months.

NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Contributions. See PERA's annual compressive financial report for Contribution provided description.

PERA Contributi	on Rates a	nd Pension	Factors in ef	fect during	g FY20	
		Contribution centage	Employer			Pension Maximum
	Annual	Annual	Contribution	Pension Fac	Pension Factor per year	
	Salary less	Salary	Percentage	of Service		Percentage
	than	greater than				of the Final
Coverage Plan	\$20,000	\$20,000				Average
				TIER 1	TIER 2	
		STATE PLA	N			
State Plan 3	7.42%	8.92%	17.24%	3.0%	2.5%	90%
	MUN	ICIPAL PLA	NS 1 - 4			
Municipal Plan 1						
(plan open to new employers)	7.0%	8.5%	7.65%	2.0%	2.0%	90%
Municipal Plan 2	0.150/	10 (50)	0.000/	0.50/	2.00/	000/
(plan open to new employers) Municipal Plan 3	9.15%	10.65%	9.80%	2.5%	2.0%	90%
(plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4	15.1570	11.0570	9.0070	5.070	2.370	9070
(plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
	MUNICIP	AL POLICE	PLANS 1 -	5	1	
Municipal Police Plan 1	7.00%	8.50%	10.70%	2.0%	2.0%	90%
Municipal Police Plan 2	7.00%	8.50%	15.70%	2.5%	2.0%	90%
Municipal Police Plan 3	7.00%	8.50%	19.20%	2.5%	2.0%	90%
Municipal Police Plan 4	12.35%	13.85%	19.20%	3.0%	2.5%	90%
Municipal Police Plan 5	16.30%	17.80%	19.20%	3.5%	3.0%	90%
	MUNICI	PAL FIRE I	PLANS 1 - 5		•	
Municipal Fire Plan 1	8.0%	9.5%	11.65%	2.0%	2.0%	90%
Municipal Fire Plan 2	8.0%	9.5%	18.15%	2.5%	2.0%	90%
Municipal Fire Plan 3	8.0%	9.5%	21.90%	2.5%	2.0%	90%
Municipal Fire Plan 4	12.80%	14.30%	21.90%	3.0%	2.5%	90%
Municipal Fire Plan 5	16.20%	17.7%	21.90%	3.5%	3.0%	90%
MUN	ICIPAL D	ETENTION	OFFICER P	LAN 1		
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AN	ND ADULT	CORRECT	TIONAL OF	FICER PL	ANS, ETC.	
State Police and Adult Correctional					, 	
Officer Plan 1	7.6%	9.1%	25.5%	3.0%	3.0%	90%
State Plan 3 - Peace Officer	7.42%	8.92%	17.24%	3.0%	3.0%	90%
Juvenile Correctional Officer Plan 2	4.78%	6.28%	26.37%	3.0%	3.0%	90%

NOTE 6. 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 –

At June 30, 2021, the Housing Authority reported a liability of \$2,743,636 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2020 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2020. The Housing Authority's proportion of the net pension liability was based on a projection of the Housing Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the Housing Authority's proportion was 0.1357 %, which was an increase of 0.0785% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Housing Authority recognized pension expense of \$561,873. At June 30, 2021, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	108,405	-
Changes in assumptions		72,374	-
Net difference between projected and actual earnings on pension plan investments		715,344	-
Changes in proportion and differences between Housing Authority's contributions and proportionate share of contributions Housing Authority 's contributions subsequent to the measurement		38,948	(252,141)
date	_	109,973	
Total	\$	1,045,044	(252,141)

\$109,973 reported as deferred outflows of resources related to pensions resulting from Housing Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Year Ended June 30,	
2022	\$ 1,013,725
2023	1,256,186
2024	(390,409)
2025	(1,196,572)
2026	-
Total	\$ 682,930

Actuarial assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

PERA FUND

Actuarial valuation date	June 30, 2019
Actuarial cost method	Entry Age Normal
Amortization period	Level Percentage of Pay
Asset valuation method	Solved for based on statutory rates
Actuarial Assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefits payment	100 years
Payroll Growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50%
	2.75% all other years
Mortality Assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality
	table with female ages set forward one year. Future improvement in
	mortality rates is assumed using 60% of the MP-2017 projection scale
	generationally. For non-public safety groups, 25% of in-service deaths are
	assumed to be duty related and 35% are assumed to be duty-related for
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through
	June 30, 2017 (economic)

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2019. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2020. These assumptions were adopted by the Board use in the June 30, 2019 actuarial valuation.

NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method 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 allocation and 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	35.5%	5.90%
Risk Reduction & Mitigation	19.5%	1.00%
Credit Oriented Fixed Income	15.00%	4.20%
Real Assets	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100%	

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2020. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, compounded annually, net of expense. Based on the stated assumptions and the projection of cash flows, the plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

Sensitivity of the Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Housing Authority 's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Housing Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

		Current			
	_	1% Decrease	Discount Rate	1% Increase	
PERA Fund Municipal General Division		(6.25%)	(7.25%)	(8.25%)	
Housing Authority's proportionate share					
of the net pension liability	\$	3,928,172	2,743,636	1,761,416	

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in separately issued PERA'S financial reports.

Payables to the pension plan. At June 30, 2021, the Housing Authority reported a payable of \$12,356 for outstanding contributions due to PERA for the year ended June 30, 2021.

NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan description. Employees of the Authority are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by copayments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms – At June 30, 2020, the Fund's measurement date, the following employees were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	91,082
	154,177
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	49,492
	91,082

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the Housing Authority were \$18,865 for the year ended June 30, 2021.

NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Housing Authority reported a liability of \$1,056,751 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020. The Housing Authority's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2020. At June 30, 2020, the Authority's proportion was 0.00720 percent.

For the year ended June 30, 2021, the Housing Authority recognized OPEB income of \$299,502. At June 30, 2021, the Housing Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$	-	(78,893)
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments		16,652	-
Changes of Assumptions		599,307	(78,902)
Changes in Proportion		312,549	(301,188)
Contributions made after the measurement date	-	18,865	
Total	\$	947,373	(458,983)

Deferred outflows of resources totaling \$18,865 represents the Housing Authority's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the OPEB expense as follows:

Year ended June 30:				
2022	\$	136,907		
2023		126,934		
2024		107,066		
2025		81,171		
2026		17,447		
Total	\$	469,525		

NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 and rolled forward to June 30, 2020, using the following actuarial assumptions:

Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.50% for PERA members
Projected payroll increases	3.25% to 13.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non- Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB member: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)
	PERA Members: RP-2014 Combined Healthy Mortality

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

	Long-Term
Asset Class	Rate of Return
U.S. core fixed income	2.1%
U.S. equity - large cap	7.1%
Non U.S emerging markets	10.2%
Non U.S developed equities	7.8%
Private equity	11.8%
Credit and structured finance	5.3%
Real estate	4.9%
Absolute return	4.1%
U.S. equity - small/mid cap	7.1%

NOTE 7. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 2.86% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2039. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2040. The index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher was used beyond 2041, resulting in a blended discount rate of 2.86%.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Housing Authority, as well as what the Housing Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.86 percent) or 1-percentage-point higher (3.86 percent) than the current discount rate:

	1% Decrease (1.86%)	Current Discount (2.86%)	1% Increase (3.86%)
Share of the net OPEB liability	\$ 1,313,548	1,056,751	858,275

The following presents the net OPEB liability of the Housing Authority, as well as what the Housing Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		Current Trend						
	-	1% Decrease	Rate	1% Increase				
Share of the net OPEB liability	\$	867,395	1,056,751	1,200,383				

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2020.

Payable Changes in the Net OPEB Liability. At June 30, 2021, the Housing Authority reported a payable of \$24,058 for outstanding contributions due to NMRHCA for the year ended June 30, 2021.

NOTE 8. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of property, errors and omissions and natural disasters. The Housing Authority has purchased commercial insurance through the Housing Authority Insurance Group.

The Housing Authority has not filed any claims for which the settlement amount exceeded the insurance coverage during the past year. However, should a claim be filed against the Housing Authority which exceeds the insurance coverage, the Housing Authority would be responsible for a loss in excess of the coverage amounts. As claims are filed, the Housing Authority Insurance Group assesses and estimates the potential for loss and handles all aspects of the claim.

NOTE 8. RISK MANAGEMENT (CONTINUED)

At June 30, 2021, no unpaid claims have been filed which exceed the policy limits and to the best of management's knowledge and belief all known and unknown claims will be covered by insurance. No major lawsuits have been filed against the Housing Authority.

NOTE 9. CONTINGENT LIABILITIES

The Housing Authority receives federal grants for various specific purposes and are subject to audit, which may result in may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. In fiscal year 2016, there were unallowable costs of approximately \$142,000 charged to a federal grant that the Housing Authority has been in discussions with the U.S. Department of Housing and Urban Development as to the disposition of these costs. At June 30, 2021, there are no amounts due to the U.S. Department of Housing and Urban Development, however, the outcome of this scenario is under negotiations and there is a possibility that the Housing Authority will be liable for this amount in the future.

NOTE 10. CONCENTRATIONS

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

NOTE 11. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2021, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is March 24, 2023, which is the date on which the financial statements were available to be issued.

NOTE 12. TAX ABATEMENTS

The Housing Authority does not receive and is not included in the property tax assessment or related abatements which would require disclosure under GASB 77 - Tax Abatement Disclosures.

NOTE 13. RECEIVABLES FROM OTHER GOVERNMENTAL ENTITY

The City of Las Vegas entered into a Repayment agreement with the U.S. Department of Housing and Urban Development (HUD) as a result of certain number of units sold to ineligible families and to Region III Housing Authority back in 2004 under the Homeownership Program. Under the terms of the agreement, the City agreed to repay a total of \$3,584,000 to Las Vegas Housing Authority (subsequently merged to Northern Regional Housing Authority). The City is required to pay a minimum of \$150,000 starting June 30, 2021, through maturity date of June 30, 2046. As of June 30, 2021, the receivable amount from the City of Las Vegas is \$3,480,561.

NOTE 14. TRANSFER OF NET POSITION

On January 1, 2021, the City of Raton Housing Authority and City of Las Vegas Housing Authority merged with Northern Regional Housing Authority to create one organization resulting in an increase of net position by \$12,546,210. The transfer consists of the following:

Assets	
Cash and cash equivalents	\$ 2,560,958
Accounts receivables - other	509,578
Accounts receivables - tenants	17,676
Receivables from other governmental entity	3,584,000
Inventory	29,310
Prepaid expenses	1,087
Capital assets, net	6,653,092
Deferred Outflows	325,362
Total Assets	13,681,063
Liabilities	
Accounts payable	(43,917)
Accrued salaries and benefits	(24,565)
Due to other government	(16,461)
Compensated absences	(47,420)
Tenant deposits	(79,048)
Net Pension/OPEB Liability	(843,313)
Deferred inflows of Resources	(80,129)
Total Liabilities	(1,134,853)
	\$
Total Net Position Transfer	12,546,210

RISK AND ECONOMIC UNCERTAINTIES NOTE 15.

The COVID-19 and the ongoing war in Ukraine caused supply chain and labor issues, which resulted in a high inflation rate in the United States. To fight inflation, the Federal Reserve has raised interest rate few times and plans to do so until it reached its target inflation rate. These conditions negatively affect the stock market and created market volatility. The Housing Authority could not estimate impact of these uncertainties but believes it could significantly affect the Pension and OPEB liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO NORTH REGIONAL HOUSING AUTHORITY Schedule of Proportionate Share of the Net Pension Liability of PERA Fund Division; June 30, 2021

June 30: **Fiscal Year** 2021 2020 2019 2018 2017 2016 2015 Measurement Date 2020 2019 2018 2017 2016 2015 2014 The Housing Authority's proportion of the net pension liability (asset) 0.13570% 0.05720% 0.07540% 0.07240% 0.04490% 0.03670% 0.04000% The Housing Authority's proportionate share of the net pension liability (asset) \$ 2,743,636 994,838 717,351 374,186 284,831 990,189 1,202,155 The Housing Authority's covered payroll Ś 895,702 156,718 536,008 481,372 304,643 241,697 241,697 The Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll 306.31% 631.83% 224.28% 206.67% 235.47% 154.82% 117.85% Plan fiduciary net position as a percentage of the total pension liability 66.36% 70.52% 71.13% 73.74% 69.18% 76.99% 81.29%

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Housing Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO NORTH REGIONAL HOUSING AUTHORITY Schedule of Contributions Public Employees Retirement Association (PERA) Plan June 30, 2021

	June 30:							
Fiscal Year	2021	2020	2019	2018	2017	2016	2015	
Measurement Date	2020	2019	2018	2017	2016	2015	2014	
Statutory required contribution \$	109,973	43,683	49,549	64,589	58,005	36,710	31,084	
Contributions in relation to the contractually required	(109,973)	(43,683)	(49,549)	(64,589)	(58,005)	(36,710)	(31,084)	
Annual contribution deficiency (excess) \$	-	-	-	-	-	-	-	

*Governmental Accounting Standards Board Statement 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the Housing Authority is not available prior to fiscal year 2015, the year the statement's requirements became effective.

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Schedule of Proportionate Share of the Net OPEB Liability June 30, 2021

New Mexico Retiree Health Care OPEB Plan

		2021	2020	2019	2018
Employer's portion of the net OPEB liability	-	0.0251%	0.0094%	0.0126%	0.0114%
Employer's proportionate share of the net OPEB liability	\$	1,056,751	303,163	545,719	515,704
Employer covered-employee payroll	\$	309,464	390,169	411,195	536,008
Employer's proportionate share of the net OPEB liability as a percentage of its covered- employee payroll		341.48%	77.70%	132.72%	96.21%
Plan fiduciary net position as a percentage of the total OPEB liability		16.50%	18.92%	13.14%	11.34%

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

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Schedule of Employer's Contributions June 30, 2022

New Mexico Retiree Health Care OPEB Plan

	2021	2020	2019	2018
Contractually required contributions	\$ 18,865	8,276	8,224	10,838
Contributions in relation to the contractually required contribution	 18,865	8,276	8,224	10,838
Contribution deficiency (excess)	\$ 			-
Employer's covered-employee payroll	\$ 309,464	390,169	411,195	536,008
Contributions as a percentage of covered-employee payroll	6.10%	2.12%	2.00%	2.02%

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

STATE OF NEW MEXICO Northern Regional Housing Authority Notes to the Required Supplementary Information June 30, 2021

Public Employees Retirement Association of New Mexico

Changes of benefit terms: The PERA and COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFR. <u>https://www.saonm.org</u>

Assumptions: The Public Employees Retirement Association of New Mexico Annual Actuarial Valuations as of June 2020 report is available at http://www.nmpera.org/

New Mexico Retiree Health Care

In the June 30, 2019 actuarial valuation rolled forward to the measurement date of June 30, 2020, changes in assumptions and differences between expected and actual experience include adjustments resulting from an decrease in the discount rate from 4.16% to 2.86%, changes in medical carrier election assumptions based on recent enrollment, and updated Medicare Advantage trends to reflect 2020 and 2021 premiums.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Schedule of Deposit and Investment Accounts June 30, 2022

A	Ture	la De els					First National	Tatal
Account Name	Туре	InBank	Centinel Bank	Wells Fargo	Aim Bank	US Bank	Bank in Trinidad	Total
PUBLIC FUNDS INTEREST	Non-Interest Bearing \$	222,477	-	-	-	-	- \$	222,477
INBUS COMMNTY (PUB) - B05	Non-Interest Bearing	82,837	-	-	-	-	-	82,837
PUBLIC FUNDS INTEREST	Non-Interest Bearing	13,623	-	-	-	-	-	13,623
LOW RENT OPERATING ACCT	Non-Interest Bearing	-	650,599	-	-	-	-	650,599
SECTION 8	Non-Interest Bearing	-	648,598	-	-	-	-	648,598
PUBLIC HOUSING SECURITY DEP	Non-Interest Bearing	-	121,676	-	-	-	-	121,676
LINKAGES PROGRAM	Non-Interest Bearing	-	6,080	-	-	-	-	6,080
NRHA MANAGEMENT FUND	Non-Interest Bearing	-	36,082	-	-	-	-	36,082
OPERATING ACCOUNT	Non-Interest Bearing	-	-	2,038,706	-	-	-	2,038,706
SECTION 8	Non-Interest Bearing	-	-	1,684	-	-	-	1,684
Certificate of Deposit	Interest Bearing	54,182	-	-	-	-	-	54,182
Certificate of Deposit	Interest Bearing	100,000	-	-	-	-	-	100,000
Certificate of Deposit	Interest Bearing	37,272	-	-	-	-	-	37,272
Certificate of Deposit	Interest Bearing	100,000	-	-	-	-	-	100,000
Certificate of Deposit	Interest Bearing	-	-	-	25,000	-	-	25,000
Certificate of Deposit	Interest Bearing	-	-	-	10,000	-	-	10,000
Certificate of Deposit	Interest Bearing	-	-	-	15,000	-	-	15,000
Certificate of Deposit	Interest Bearing	-	-	-	50,000	-	-	50,000
Certificate of Deposit	Interest Bearing	-	-	-	-	26,237	-	26,237
Certificate of Deposit	Interest Bearing	-	-	-	-	17,996	-	17,996
Certificate of Deposit	Interest Bearing	-	-	-	-	-	35,000	35,000
Certificate of Deposit	Interest Bearing	-	-	-	-	-	30,000	30,000
Certificate of Deposit	Interest Bearing	-	-	-	-	-	33,000	33,000
Certificate of Deposit	Interest Bearing	-	-	-	-	-	85,000	85,000
Certificate of Deposit	Interest Bearing	-	-	-	-	-	52,134	52,134
Amounts on Deposit		610,391	1,463,035	2,040,390	100,000	44,233	235,134	4,493,183
Outstanding items		(1,678)	(76,253)	(96,412)	-	-	-	(174,343)
	\$	608,713	1,386,782	1,943,978	100,000	44,233	235,134	4,318,840

Petty Cash: 475

> 4,319,315 \$

Reconciliation to the Statement of Net Position:

Cash and cash equivalents \$ 4,201,809

Restricted cash and cash equivalents 117,506

Total deposits and investments \$ 4,319,315

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Schedule of Pledged Collateral June 30, 2021

Security	Location	Maturity	ir Market Value June 30, 2021
HENRICO CNTY VA WTR (CUSIP 426170NE2)	InBank	May 1, 2046	\$ 837,543
FHLMC Pool #RD5056 (CUSIP 3133LPTM9)	InBank	April 1, 2031	 221,253
InBank Bank Total			 1,058,796
West Las Vegas (CUSIP 953769KW5)	Centinel Bank	August 15, 2021	175,000
Estancia SCH Dist (CUSIP 297323FV7)	Centinel Bank	August 15, 2025	235,000
Ruidoso NM Muni Sch Dist (CUSIP 781338LA4)	Centinel Bank	August 1, 2026	200,000
Clovis NM Muni (CUSIP 189414QE8)	Centinel Bank	August 1, 1934	25,000
FHS K082 A2 (CUSIP 3137FJKE8)	Centinel Bank	September 25, 2028	1,000,000
Centinel Bank Total			 1,635,000
FMAS FEPC (CUSIP 3133A0TH7)	BNY Mellon	January 1, 2050	1,423,401
BNY Mellon Total			 1,423,401
Total			\$ 4,117,197

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Financial Data Schedule - Balance Sheet June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local
111 Cash - Unrestricted	2,881,472	-	36,082	6,080
112 Cash - Restricted - Modernization and Development	-	-	-	-
113 Cash - Other Restricted	-	-	-	-
114 Cash - Tenant Security Deposits	117,506	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	2,998,978	-	36,082	6,080
121 Accounts Receivable - PHA Projects	-	-	-	
122 Accounts Receivable - HUD Other Projects	-	14,104	-	-
124 Accounts Receivable - Other Government	3,480,561	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	-	-
126 Accounts Receivable - Tenants	115,059	-	-	-
126.1 Allowance for Doubtful Accounts -Tenants	(57,530)	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	3,538,090	14,104	-	-
131 Investments - Unrestricted	616,640	-	-	-
132 Investments - Restricted	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-
142 Prepaid Expenses and Other Assets	32,220	-	-	-
143 Inventories	26,325	-	-	-
143.1 Allowance for Obsolete Inventories	(2,632)	-	-	-
144 Inter Program Due From	659,954	-	-	986
145 Assets Held for Sale	-	-	-	-
150 Total Current Assets	7,869,575	14,104	36,082	7,066
161 Land	651,499	-	-	-
162 Buildings	39,893,636	-	-	-
163 Furniture, Equipment & Machinery - Dwellings	714,982	-	-	-
164 Furniture, Equipment & Machinery - Administration	1,299,243	-	-	137
165 Leasehold Improvements	-	-	-	-
166 Accumulated Depreciation	(31,278,515)	-	-	(120)
167 Construction in Progress	107,685	-	22,648	-
168 Infrastructure	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	11,388,530	-	22,648	17

14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
508,065	-	16,400	65,320	3,513,419	-	3,513,419
		10,400	-	5,515,415		5,515,415
		71,750		71,750		71,750
_				117,506		117,506
-	-	-	-	-	-	
508,065	-	88,150	65,320	3,702,675	-	3,702,675
-	-	-	-	-	-	-
82,019	-	-	-	96,123	-	96,123
-	-	-	-	3,480,561	-	3,480,561
-	-	-	6,081	6,081	-	6,081
-	-	-	-	115,059	-	115,059
-	-	-	-	(57,530)	-	(57,530)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
82,019	-	-	6,081	3,640,294	-	3,640,294
-	-	-	-	616,640	-	616,640
-	-	-	-	-	-	-
-	-	-	-	-	-	
-	-	-	1,547	33,767	-	33,767
-	-	-	-	26,325	-	26,325
-	-	-	-	(2,632)	-	(2,632)
-	-	-	-	660,940	(660,940)	-
-	-	-	-	-	-	-
590,084	-	88,150	72,948	8,678,009	(660,940)	8,017,069
-	-	-	-	651,499	-	651,499
-	-	-	-	39,893,636	-	39,893,636
-	-	-	-	714,982	-	714,982
21,336	-	-	-	1,320,716	-	1,320,716
-	-	-	-	-	-	-
(20,325)	-	-	-	(31,298,960)	-	(31,298,960)
-	-	-	-	130,333	-	130,333
-	-	-	-	-	-	-
1,011	-	-	-	11,412,206	-	11,412,206

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Financial Data Schedule - Balance Sheet June 30, 2021

		14.PHC Public Housing CARES	1 Business	
	Project Total	Act Funding	Activities	2 State/Local
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due		-		
173 Grants Receivable - Non Current		-		
174 Other Assets		_		
176 Investments in Joint Ventures	_	_	_	
180 Total Non-Current Assets	11,388,530	-	22,648	17
200 Deferred Outflow of Resources	1,403,618			
200 Deletted Outliow of Resources	1,405,618	-	-	
290 Total Assets and Deferred Outflow of Resources	20,661,723	14,104	58,730	7,083
311 Bank Overdraft	-	-	-	
312 Accounts Payable <= 90 Days	15,726	-	-	
313 Accounts Payable >90 Days Past Due	-	-	-	
321 Accrued Wage/Payroll Taxes Payable	72,410	-	-	
322 Accrued Compensated Absences - Current Portion	33,087	-	-	
324 Accrued Contingency Liability	-	-	-	
325 Accrued Interest Payable	-	-	-	
331 Accounts Payable - HUD PHA Programs	-	-	-	
332 Account Payable - PHA Projects			-	
333 Accounts Payable - Other Government	61,455		-	
341 Tenant Security Deposits	117,506		-	
342 Unearned Revenue	39,905	_	_	
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		-		
344 Current Portion of Long-term Debt - Operating Borrowings		-		
345 Other Current Liabilities		_		
346 Accrued Liabilities - Other	19,504	_	_	
347 Inter Program - Due To	493,071	14,104	120,530	
348 Loan Liability - Current	495,071	14,104	120,550	
310 Total Current Liabilities	852,664	14,104	120,530	
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	
353 Non-current Liabilities - Other	-	-	-	
354 Accrued Compensated Absences - Non Current	99,379	-	-	
355 Loan Liability - Non Current	-	-	-	
356 FASB 5 Liabilities	-	-	-	
357 Accrued Pension and OPEB Liabilities	2,677,297	-	-	
350 Total Non-Current Liabilities	2,776,676	-	-	
300 Total Liabilities	3,629,340	14,104	120,530	
400 Deferred Inflow of Resources	500,973	-	-	
508.4 Net Investment in Capital Assets	11,388,530	-	22,648	17
511.4 Restricted Net Position	-	-	-	
512.4 Unrestricted Net Position	5,142,880	-	(84,448)	7,06
513 Total Equity - Net Assets / Position	16,531,410	-	(61,800)	7,083
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	20,661,723	14,104	58,730	7,083

14.871 Housing	14.HCC HCV CARES Act	14.EHV Emergency Housing				
Choice Vouchers	Funding	Voucher	COCC	Subtotal	ELIM	Total
_						
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,011	-	-	-	11,412,206	-	11,412,206
-	-	-	588,799	1,992,417	-	1,992,417
591,095	-	88,150	661,747	22,082,632	(660,940)	21,421,692
-	-	-	-	-	-	-
131,154	-	-	9,141	156,021	-	156,021
-	-	-	-	-	-	-
-	-	-	17,839 17,444	90,249 50,531	-	90,249
-	-	-	17,444	50,551	-	50,531
_	-	_	-	-	_	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	61,455	-	61,455
-	-	-	-	117,506	-	117,506
-	-	71,750	-	111,655	-	111,655
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	19,504	-	19,504
33,235	-	-	-	660,940	(660,940)	-
-	-	-	-	-	-	-
164,389	-	71,750	44,424	1,267,861	(660,940)	606,921
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	18,530	117,909	-	117,909
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,123,091	3,800,388	-	3,800,388
-	-	-	1,141,621	3,918,297	-	3,918,297
164,389	-	71,750	1,186,045	5,186,158	(660,940)	4,525,218
-	-	-	210,151	711,124	-	711,124
1,011	-	-	-	11,412,206	-	11,412,206
-	-	-	-	-	-	-
425,695	-	16,400	(734,449)	4,773,144	-	4,773,144
426,706	-	16,400	(734,449)	16,185,350	-	16,185,350
591,095	-	88,150	661,747	22,082,632	(660,940)	21,421,692

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Financial Data Schedule - Revenue and Expense Summary June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local
70300 Net Tenant Rental Revenue	756,352	-	-	
70400 Tenant Revenue - Other	26,249	-	-	
70500 Total Tenant Revenue	782,601	-	-	-
70600 HUD PHA Operating Grants	2,019,641	189,360	-	-
70610 Capital Grants	307,409	-	-	
70710 Management Fee	-	-	-	-
0720 Asset Management Fee	-	-	-	
20730 Book Keeping Fee	-	-	-	
0740 Front Line Service Fee	-	-	-	
0750 Other Fees	-	-	-	
20700 Total Fee Revenue	-	-	-	
0800 Other Government Grants	-	-	-	2,110
1100 Investment Income - Unrestricted	3,347	-	-	
1200 Mortgage Interest Income	-	-	-	-
1300 Proceeds from Disposition of Assets Held for Sale	-	-	-	
71310 Cost of Sale of Assets	-	-	-	-
1400 Fraud Recovery	-	-	-	-
1500 Other Revenue	48,181	-	110,560	-
1600 Gain or Loss on Sale of Capital Assets	-	-	-	
2000 Investment Income - Restricted	-	-	-	
70000 Total Revenue	3,161,179	189,360	110,560	2,110
1100 Administrative Salaries	285,018	19,845	84,402	-
01200 Auditing Fees	29,294	-	27	-
01300 Management Fee	217,417	31,524	600	-
1310 Book-keeping Fee	28,185	-	-	-
1400 Advertising and Marketing	5,670	-	33	
1500 Employee Benefit contributions - Administrative	178,090	1,866	19,414	
1600 Office Expenses	63,504	1,910	452	-
1700 Legal Expense	28,304	-	251	-
1800 Travel	8,541	1,790	-	-
01810 Allocated Overhead	-	-	-	-
1900 Other	99,184	10,432	20,500	8
1000 Total Operating - Administrative	943,207	67,367	125,679	8
2000 Asset Management Fee	-	-	-	-
02100 Tenant Services - Salaries	-	-	-	-
2200 Relocation Costs	3,041	-	-	-
2300 Employee Benefit Contributions - Tenant Services	-	-	-	-
02400 Tenant Services - Other	4,263	-		
22500 Total Tenant Services	7,304	-	-	-
3100 Water	99,274	715	-	-
93200 Electricity	63,052	141	-	-
93300 Gas	132,897	-	-	-
3400 Fuel	-	-	-	-
3500 Labor	-	-	-	
3600 Sewer	145,192	-	-	-
3700 Employee Benefit Contributions - Utilities	-	-	-	-
93800 Other Utilities Expense	-	-	-	-

14.871 Housing	14.HCC HCV CARES Act	14.EHV Emergency Housing	0005			-
Choice Vouchers	Funding	Voucher	COCC	Subtotal	ELIM	Total
-	-	-	-	756,352	-	756,352
-	-	-	-	26,249	-	26,249
-	-	-	-	782,601	-	782,601
2,362,841	102,277	16,400	-	4,690,519	-	4,690,519
-	-	-	-	307,409	-	307,409
-	-	-	201,541	201,541	(201,541)	-
-	-	-	-	-	-	-
-	-	-	28,185	28,185	(28,185)	-
-	-	-	-	-	-	-
-	-	-	229,726	229,726	(229,726)	-
-	-	-	-	2,110	-	2,110
51	-	-	-	3,398	-	3,398
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,800	-	-	-	- 160,541	-	- 160,541
-	-	-	-		-	
-	-	-	-	-	-	-
2,364,692	102,277	16,400	229,726	6,176,304	(229,726)	5,946,578
-	-	-	127,886	517,151	-	517,151
-	-	-	-	29,321	-	29,321
28,877	102,277	-	-	380,695	(201,541)	179,154
-	-	-	-	28,185	(28,185)	-
-	-	-	98	5,801	-	5,801
-	-	-	69,220	268,590	-	268,590
316	-	-	3,428	69,610	-	69,610
-	-	-	1,878	30,433	-	30,433
-	-	-	260	10,591	-	10,591
-	-	-	-	-	-	-
3,021 32,214	- 102,277	-	10,690 213,460	143,835 1,484,212	- (229,726)	143,835 1,254,486
52,214	102,277		213,400	1,404,212	(223,720)	1,234,400
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,041	-	3,041
-	-	-	-	- 4,263	-	- 4,263
-	-	-	-	7,304	-	7,304
-	-	-	-	99,989	-	99,989
-	-	-	-	63,193	-	63,193
-	-	-	-	132,897	-	132,897
-	-	-	-	-	-	-
-	-	-	-	- 145,192	-	145,192
-	-	-	-		-	
-	-	-	-	-	-	-
-	-	-	-	441,271	-	441,271
				•		,

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Financial Data Schedule - Revenue and Expense Summary June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local
94100 Ordinary Maintenance and Operations - Labor	394,173	5,334	82,626	
94200 Ordinary Maintenance and Operations - Materials and Other	193,685	3,034	02,020	
94300 Ordinary Maintenance and Operations Contracts	181,395	5,034 604	4,173	
94500 Employee Benefit Contributions - Ordinary Maintenance 94000 Total Maintenance	235,470 1,004,723	498 9,470	17,904 104,703	
	1,004,723	9,470	104,703	
95100 Protective Services - Labor	-	-	-	
95200 Protective Services - Other Contract Costs	927	-	-	
95300 Protective Services - Other	-	-	-	
95500 Employee Benefit Contributions - Protective Services	-	-	-	
95000 Total Protective Services	927	-	-	
16110 Property Insurance	62,199	-	-	
06120 Liability Insurance	13,753	-	336	
06130 Workmen's Compensation	2,221	-	-	
96140 All Other Insurance	22,466	-	368	
6100 Total insurance Premiums	100,639	-	704	
96200 Other General Expenses	12,083	-	-	
6210 Compensated Absences	64,945	-	-	
96300 Payments in Lieu of Taxes	10,364	-	-	
96400 Bad debt - Tenant Rents	11,348	-	-	
16500 Bad debt - Mortgages	-	-	-	
6600 Bad debt - Other	-	-	-	
6800 Severance Expense	-	-	-	
16000 Total Other General Expenses	98,740	-	-	
16710 Interest of Mortgage (or Bonds) Payable	-	-	-	
16720 Interest on Notes Payable (Short and Long Term)		_		
6730 Amortization of Bond Issue Costs	-	-	-	
6700 Total Interest Expense and Amortization Cost		-		
16900 Total Operating Expenses	2,595,955	77,693	231,086	1
97000 Excess of Operating Revenue over Operating Expenses	565,224	111,667	(120,526)	2,09
7100 Extraordinary Maintenance	7,662	-	-	
7200 Casualty Losses - Non-capitalized	4,838	-	-	
97300 Housing Assistance Payments	-	-	-	3,17
97350 HAP Portability-In	-	-	-	
7400 Depreciation Expense	938,386	-	-	2
97500 Fraud Losses	-	-	-	
97600 Capital Outlays - Governmental Funds		-	-	
97700 Debt Principal Payment - Governmental Funds	-	-	-	
07800 Dwelling Units Rent Expense	-	-	-	
90000 Total Expenses	3,546,841	77,693	231,086	3,21
0010 Operating Transfer In	68,944	-	-	
0020 Operating transfer Out	(68,944)	-	-	
0030 Operating Transfers from/to Primary Government	-	-	-	
.0040 Operating Transfers from/to Component Unit	-	-	-	
10050 Proceeds from Notes, Loans and Bonds	-	-	-	
.0060 Proceeds from Property Sales	-	-	-	
L0070 Extraordinary Items, Net Gain/Loss	-	-	-	
Exclusion of Exclusion and the result of the				
	-	-	-	
10080 Special Items (Net Gain/Loss) 10091 Inter Project Excess Cash Transfer In	-	-	-	

14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	сосс	Subtotal	ELIM	Total
-	-	-	-	482,133	-	482,133
-	-	-	-	196,719	-	196,719
-	-	-	-	186,172	-	186,172
-	-	-	-	253,872	-	253,872
-	-	-	-	1,118,896	-	1,118,896
-	-	-	-	- 927	-	- 927
-	-	-	-	927	-	927
-	-	-	-	-	-	-
-	-	-	-	927	-	927
-	-	-	-	62,199	-	62,199
543	-	-	-	14,634	-	14,634
257	-	-	310	2,789	-	2,789
114	-	-	-	22,949	-	22,949
914	-	-	310	102,571	-	102,571
2,797	-	-	409	15,289	-	15,289
_,	-	-	45,869	110,814	-	110,814
-	-	-		10,364	-	10,364
-	-	-	-	11,348	-	11,348
-	-	-	-	,	-	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,797	-	-	46,278	147,815	-	147,815
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
35,925	102,277	-	260,048	3,302,996	(229,726)	3,073,270
2,328,767	-	16,400	(30,322)	2,873,308	-	2,873,308
-	-	-	-	7,662	-	7,662
-	-	-	-	4,838	-	4,838
2,206,483	-	-	-	2,209,660		2,209,660
-	-	-	-	-	-	-
1,520	-	-	-	939,933	-	939,933
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	
2,243,928	- 102,277	-	- 260,048	- 6,465,089	- (229,726)	6,235,363
2)2 10)520	102,277		200,010			0,200,000
-	-	-	-	68,944	(68,944)	-
-	-	-	-	(68,944)	68,944	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	_	_	-	-	-	

STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Financial Data Schedule - Revenue and Expense Summary June 30, 2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	2 State/Local
10093 Transfers between Program and Project - In	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-
10100 Total Other financing Sources (Uses)	-	-	-	-
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(385,662)	111,667	(120,526)	(1,106)
11020 Required Annual Debt Principal Payments	-	-	-	-
11030 Beginning Equity	3,875,578	-	58,726	7,717
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	13,041,494	(111,667)	-	472
11050 Changes in Compensated Absence Balance	-	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-	-
11170 Administrative Fee Equity	-	-	-	-
11180 Housing Assistance Payments Equity	-	-	-	-
11190 Unit Months Available	7288	-	-	5
11210 Number of Unit Months Leased	7130	-	-	5
11270 Excess Cash	6,744,670	-	-	-
11610 Land Purchases	-	-	-	-
11620 Building Purchases	349,641	-	-	
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	
11640 Furniture & Equipment - Administrative Purchases	64,813	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	
11660 Infrastructure Purchases	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-

14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	Subtotal	ELIM	Total
-	-	-	-	-		-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
120,764	-	16,400	(30,322)	(288,785)	-	(288,785)
-	-	-	-	-	-	-
(14,088)	-	-	-	3,927,933	-	3,927,933
320,030	-	-	(704,127)	12,546,202	-	12,546,202
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
	-	-	-	-	-	-
426,706	-	-	-	426,706	-	426,706
-	-	-		-	-	-
5848	-	-	-	13141	-	13141
4522	-	-	-	11657	-	11657
-	-	-	-	6,744,670	-	6,744,670
-	-	-	-	-	-	-
-	-	-	-	349,641	-	349,641
-	-	-	-	-	-	-
-	-	-	-	64,813	-	64,813
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S 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

Mr. Joseph M. Maestas, P.E New Mexico State Auditor and The Board Commissioners and Management Northern Regional Housing Authority Taos, New Mexico

We have audited, in accordance with the 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 business-type activities of the Northern Regional Housing Authority as of and for the year ended June 30, 2021, 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 March 24, 2023.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in the accompanying schedule of findings and questioned costs as items 2021-003, 2021-005, and 2021-006 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-007.

We noted certain matters that we consider to be an instance of noncompliance and other matters required to be reported under Section 12-6-5 NMSA 1978, as noted in items 2021-008, 2021-009, 2021-010, 2021-011 and 2021-012.

Northern Regional Housing Authority's Response to Findings

Northern Regional Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northern Regional 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 result of that testing, and not to provide an opinion on the effectiveness of the Housing Authority'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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

TIMA

Albuquerque, NM March 24, 2023

FEDERAL FINANCIAL ASSISTANCE



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mr. Joseph M. Maestas, P.E New Mexico State Auditor and The Board Commissioners and Management Northern Regional Housing Authority Taos, New Mexico

Report on Compliance for the Major Federal Programs

We have audited the Northern Regional Housing Authority (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 the Housing Authority's major federal programs for the year ended June 30, 2021. The Housing Authority's major federal programs 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 the major federal programs. 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 its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-013, 2021-014, and 2021-015. Our opinion on each major federal program is not modified with respect to these matters.

The Housing Authority's response to the noncompliance findings 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 procedure applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 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 a combination of deficiencies, in internal control over compliance requirement of a federal noncompliance with a type of compliance possibility that material noncompliance with a type of compliance requirement of a federal program on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-015 to be material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-013 and 2021-014 to be significant deficiencies.

The Housing Authority's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

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Albuquerque, New Mexico March 24, 2023



STATE OF NEW MEXICO NORTHERN REGIONAL HOUSING AUTHORITY Schedule of Expenditures of Federal Awards Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title		Federal Assistance Listing Number		Total Federal Expenditures
U.S. Department of Housing and Urban Development				
Direct Funding				
Housing Voucher				
Section 8 Housing Choice Vouchers		14.871	\$	2,362,841
Other				
Public Low Rent and Indian Housing	*	14.850		3,017,378
Public Housing Capital Fund		14.875		307,409
Public Housing Cares Act - COVID-19		14.850		77,693
Total Other Programs			_	3,402,480
Total Expenditures of Federal Awards			\$	5,765,321

* = Denotes major program

STATE OF NEW MEXICO Northern Regional Housing Authority Notes to the Schedule of Expenditures of Federal Awards June 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Northern Regional Housing Authority (the Housing Authority) and is presented on a modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements except for the proprietary funds. 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).

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

3. 10% de minimus Indirect Cost Rate

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

4. Federally Funded Insurance

The Housing Authority has no federally funded insurance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	5,765,321
Total expenditures funded by other sources	-	461,898
Total expenditures	\$	6,227,219

Section I – Summary of Auditors' Results

Financial Statements:

1. Type of auditors' report issued			Unmodified		
2. Internal control over financial reporting:					
	a.	Material weaknesses identified?	Yes		
	b.	Significant deficiencies identified not considered to be material weaknesses?	Yes		
	c. Noncompliance material to the financial statements?		Yes		
Federal	Awa	ards:			
1.	Ту	pe of auditors' report issued on compliance for major federal programs	Unmodified		
2.	Int	ernal control over major programs:			
	a. Material weaknesses identified?				
	b. Significant deficiencies identified not considered to be material weaknesses?				
3.	 Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? 		Yes		
4.	Ide	entification of major federal programs:			
		Federal Assistance			
		Listing Number Federal Program 14.850 Public Low Rent and Indian Hou	sing		
5.	Do	llar threshold used to distinguish between type A and type B programs:	\$750,000		
6.	Au	ditee qualified as low-risk auditee?	No		

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001 (2019-002) INSUFFICIENT INTERNAL CONTROLS OVER CASH DISBURSEMENTS - Significant Deficiency (Repeated and Modified)

Condition: Based on the testing procedures performed over cash disbursements, we noted that in 12 of 25 items tested, a copy of the purchase requisition and purchase order was not provided for a total amount of \$3,484.

Management's Progress: The Housing Authority did not make progress for the year ended June 30, 2021.

Criteria: According to the Housing Authority's Purchasing Policies, a purchase requisition and purchase order must be issued for all non-routine and non-recurring purchases. The Authority is required to implement written policies and procedures for purchasing which shall be in compliance with the procurement Code, Section 12-1-21 et seq., NMSA 1978.

Cause: The processes related to cash disbursements were not consistently followed or monitored to insure that the Authority was adhering to its controls over cash disbursements.

Effect: When purchases are made without proper authorization or support, items could be procured that are inappropriate and/or unallowed and the risk of misappropriation is increased.

Recommendation: We recommend all Requisition/Purchase Orders be completed and authorized in accordance with policies. We also recommend the Authority train employees on the purchasing procedure and implement new procedures to properly review and approve expenditures.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has implemented new procurement processes that are to be followed HA wide and will require a requester, and an approval as well as a management signature prior to release of any purchase order.

Person Responsible: Executive Director and Deputy Director.

2021-002 LATE SUBMISSION OF DATA COLLECTION FORM - Other Non-Compliance

Condition: The Housing Authority did not submit its annual data collection form for the year ended June 30, 2021 to the Federal Audit Clearinghouse in a timely manner. The data collection form, which has a due date of March 31, 2022, was not submitted on time.

Criteria: 2 CFR Section 200.512(b) provides for a form, referred to as the data collection form, to be prepared at the completion of each audit and submitted to the Federal Audit Clearinghouse. The form provides key information about the nonfederal entity, the federal awards it administers, whether the audit was completed in accordance with the Uniform Guidance, and the audit results. 2 CFR Section 200.512(a) states that the reporting package must be submitted the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

Cause: The audit report as of and for the year ended June 30, 2021 was not completed timely, resulting in the delay in the submission of the data collection form.

Effect: The Housing Authority was not in compliant with the requirement of 2 CFR Section 200.512. As a result, the Housing Authority does not qualify as low-risk auditee in accordance with the Uniform Guidance.

Recommendation: We recommend that the Housing Authority pursues activities necessary for the timely submission of the data collection form.

Management response: The Housing Authority has had 2 housing authorities transfer into the Housing Authority and with that have came more complex financial requirements which made reporting as well as auditing difficult.

Current Status/Plan of Action: The Housing Authority now has one housing software where this streamlining should assist with the audit and financial process.

Person Responsible: Executive Director and Deputy Director.

Timeline: December 15, 2023

2021-003 DEFICIENCY IN BANK RECONCILIATION PROCESS – Material Weakness

Condition: During our procedures performed over cash, we noted there is no evidence of who prepared and who reviewed the bank reconciliations during the year. Additionally, based on our review of outstanding checks and deposits, one item was improperly included.

Criteria: NMAC 2.20.5.8 requires that an internal control structure exists and is functioning properly, transactions are recorded timely and properly classified, and cash account records are reconciled timely each month.

Cause: The Housing Authority recently merged with two Housing Departments. The Housing Authority does not have a centralized finance office because of the merge, causing a delay in many of processes within the finance including the monthly bank reconciliation process.

Effect: The risk of fraud and errors increases when the bank reconciliation process is not reviewed (with documentation of review) by someone other than the preparer.

Recommendation: We recommend that the Housing Authority have a preparer and a reviewer for all bank reconciliations. Additionally, we recommend that the preparer and reviewer sign or initial the bank reconciliations to indicate that the reconciliations have been reviewed and approved by different personnel.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has hired a different fee accountant and has more cooperation. The Deputy Director as well as the finance specialist will review and sign off on each of them.

Person Responsible: Executive Director and Deputy Director.

2021-004 INSUFFICIENT INTERNAL CONTROLS OVER CASH RECEIPTS - Significant Deficiency

Condition: Based on our testwork performed over utility cash receipts, we noted that in 4 of 25 items, no deposit slip was provided for a total amount of \$792. Additionally, we noted that in 15 of 25, no bank reconciliation was done to reconcile the deposits for a total amount of \$2,744.

Criteria: According to the Housing Authority's policies, the Daily Receipts Reconciliation Report is to be signed and approved to ensure the segregation of duties with regards to cash handling.

Cause: The processes related to cash receipts were not consistently followed or monitored to insure that the Authority was adhering to its controls over cash receipts.

Effect: The Housing Authority is not in compliance with control procedures designed surrounding reconciliations performed over cash receipts.

Recommendation: We recommend all Daily Receipts Reconciliation Report be completed and formally reviewed. We also recommend the Authority train employees on this procedure to ensure it performed every time.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has implemented new deposit process that will be followed HA wide each deposit will be verified by another employee, there are forms that are also in the process to ensure that the dual control is signed and accounted for.

Person Responsible: Executive Director and Deputy Director.

2021-005 FINANCIAL REPORTING – Material Weakness

Condition: There are no written policies and procedures for the financial close and reporting process. Additionally, the Housing Authority was unable to provide consolidated information reports for its financial accounts. During our audit, we noted that the Housing Authority is operating on several different accounting systems. Reports provided to the auditors caused difficulties in tracing back to the trial balance.

Criteria: It is good accounting practice to have written policies and procedures for financial close and reporting processes to ensure accurate financial reporting.

Cause: No one has written any financial close and reporting policies and procedures.

Effect: The absence of formal policies for financial close and reporting increases risk of errors in the financial statements. We noted accounts that were not reconciled during the year. The lack of consolidated financial reports also caused a delay in the FY21 audit.

Recommendation: We recommend that management document the financial close and reporting policies and procedures. This will help ensure that all accounts are reconciled, and that all transactions are accounted for in the general ledger. We also recommend that the Housing Authority consolidate all its accounting information for all locations into a single accounting software.

Management response: The Housing Authority has had 2 housing authorities transfer into the Housing Authority and with that have came more complex financial requirements which made reporting as well as auditing difficult.

Current Status/Plan of Action: The Housing Authority now has one housing software where this streamlining should assist with the audit and financial process.

Person Responsible: Executive Director and Deputy Director.

2021-006 INSUFFICIENT INTERNAL CONTROLS OVER JOURNAL ENTRIES – Material Weakness

Condition: Based on procedures performed over journal entries, in 6 of 6 journal entries selected the journal entries were not adequately supported for a total of \$331,607. Additionally we noted there is no evidence of who prepared, approved, and posted the journal entries.

Criteria: The Committee of Sponsoring Organizations (COSO) internal control integrated framework consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication, and monitoring.

Cause: The Housing Authority does not have proper controls for the review and approval of journal entries.

Effect: Without proper authorization and review, the Housing Authority is more susceptible to fraudulent purchases.

Recommendation: We recommend the Housing Authority scrutinize all transactions to ensure that all expenditures go through the appropriate approval process. Additionally, we recommend that the Housing Authority properly track and store all support related to each journal entry.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has hired a different fee accountant and has more cooperating. The Deputy Director as well as the finance specialist will review and sign off on each of them.

Person Responsible: Executive Director and Deputy Director.

2021-007 STALE DATED CHECKS – Other Matters

Condition: The Housing Authority has 18 stale dated checks totaling \$33,836 at June 30, 2021.

Criteria: Per Section 6-10-57, NMSA 1978 whenever any warrant issued by the state, City, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

Cause: The Housing Authority did not perform the compliance requirements that come with stale dated checks. The Housing Authority is aware of the issue and will continue its effort to clean up long outstanding items.

Effect: Carrying numerous bank reconciling items could result in a misstatement in the accounting records or related misappropriation of funds.

Recommendation: We recommend that the stale checks and deposits be researched to determine if they have been paid or received, need to be voided and reissued as soon as possible. Also, a procedure should be implemented to track stale dated checks. Additionally, the Housing Authority should follow the State of New Mexico Escheatment Laws.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has closed the majority of the accounts to streamline the reconciliations as well as has developed a biannual assessment of all outstanding checks.

Person Responsible: Executive Director and Deputy Director.

SECTION III - FINDINGS AND QUESTIONS COSTS RELATED TO FEDERAL AWARDS

2021-013 LATE SUBMISSION OF FINANCIAL DATA SCHEDULE – Significant Deficiency

Funding Agency: U.S. Department of Housing and Urban Development Title: Public Low Rent and Indian Housing Federal Assistance Listing Number: 14.850 Award Year: 2020-2021 Pass-Through Agency: N/A Questioned Costs: N/A

Condition: The Housing Authority did not submit their audited financial data to HUD by the required due date of March 31, 2022 for fiscal year 2021.

Criteria: In accordance 24 CFR § 902.33, all PHAs must submit their unaudited and audited financial data to HUD on an annual basis. The financial information must be (1) Prepared in accordance with Generally Accepted Accounting Principles (GAAP), as further defined by HUD in supplementary guidance; and (2) Submitted electronically in the format prescribed by HUD using the Financial Data Schedule (FDS).

Additionally, annual audited financial information compliance dates. Audited financial statements will be required no later than 9 months after the PHA's fiscal year end, in accordance with the Single Audit Act and 2 CFR part 200, subpart F. In addition to the submission of information required, a PHA shall provide one copy of the completed audit report package and the Management Letter issued by the Independent Auditor to the local HUD field office having jurisdiction over the PHA.

Cause: Due to the merger, the Authority was behind on several processes within the finance office causing a delay in the audit.

Effect: The Housing Authority is not in compliance with § 902.33 Financial reporting requirements. In addition, untimely financial statements may affect federal and state funding.

Recommendation: We recommend that the Authority work with the auditors to ensure timely submission of their audited financial data to HUD.

Management response: The Housing Authority has had 2 housing authorities transfer into the Housing Authority and with that have came more complex financial requirements which made reporting as well as auditing difficult.

Current Status/Plan of Action: The Housing Authority now has one housing software where this streamlining should assist with the audit and financial process.

Person Responsible: Executive Director and Deputy Director.

2021-014 COMPLIANCE OVER CASH DISBURSEMENTS – Significant Deficiency

Funding Agency: U.S. Department of Housing and Urban Development Title: Public Low Rent and Indian Housing Federal Assistance Listing Number: 14.850 Award Year: 2020-2021 Pass-Through Agency: N/A Questioned Costs: N/A

Condition: During our compliance testing over cash disbursements, we noted the following:

- In 8 of 40 items tested, a copy of the purchase requisition or approval form was not provided for a total of \$32,001.
- In 16 of 40 items tested related rental assistance, the Rent Computation Worksheet was not signed by the interviewer, preparer, and/or the reviewer for a total of \$1,228.

Criteria: In accordance with NMSA 1978 Section 12-6-2, an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: Rent Computation forms are not being properly reviewed and approved by different personnel.

Effect: Improper controls surrounding rental assistance could lead to incorrect rental assistance and over payment to tenants seeking rental assistance.

Recommendation: We recommend the Housing Authority implement and strengthen controls surrounding the review and approval of rental assistance for tentants.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has implemented new procurement processes that are to be followed HA wide and will require a requester, and an approval as well as a management signature prior to release of any purchase order. The site manager at each site is ensuring that all documents are signed once prepared.

Person Responsible: Executive Director and Deputy Director.

2021-015 COMPLIANCE OVER PAYROLL DISBURSEMENTS – Material Weakness

Funding Agency: U.S. Department of Housing and Urban Development
Title: Public Low Rent and Indian Housing
Federal Assistance Listing Number: 14.850
Award Year: 2020-2021
Pass-Through Agency: N/A
Questioned Costs: N/A

Condition: During our compliance testing on payroll, we noted the following:

- In 14 of 40 items tested, a stub for payroll selected for testwork was not provided for a total of \$22,154.
- In 3 of 40 items tested, leave was taken by the employee, however a leave request form was not provided for a total of \$3,560.
- In 11 of 40 items tested, a timesheet was not provided for employee selected for a total of \$14,540.
- In 10 of 40 items tested, an employee contract or personnel action form was not provided for a total of \$16,850.
- In 3 of 40 items tested, the employee took sick or admin leave. However, the Department Official did not sign the leave form for a total of \$4,780.
- In 1 of 40 items tested, the employee had overtime pay. However, the Department Official did not sign the approval form for a total of \$1,666.
- In 1 of 40 items tested, the employee had overtime pay. However, an overtime approval form was not provided.
- In 2 of 40 items tested, the approved employee hourly rate did not match the rate per the employee's paystub for a total of \$1,332.
- In 1 of 40 items tested, the time sheet for employee selected indicated employee took sick and or personal leave. However, sick or personal leave were not shown on the paystub indicating the leave was not deducted from the employees leave balance for a total of \$1,200.

Criteria: In accordance with NMSA 1978 Section 12-6-2, an entity shall implement internal accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

Cause: Time entries, leave forms and overtime forms are not being properly tracked and approved.

Effect: Improper controls surrounding timekeeping and leave approvals could lead to over payment for hours not worked or approved.

Recommendation: We recommend the Housing Authority implement and strengthen controls surrounding the approval and tracking of timesheets as well as overtime and leave slip requests.

Management response: The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

Current Status/Plan of Action: The Housing Authority has implemented file retention processes so that there are controls over the documentation. Each site manager and COCC staff is working diligently to ensure that this material weakness is not repeated.

Person Responsible: Executive Director and Deputy Director.

STATE OF NEW MEXICO Northern Regional Housing Authority Schedule of Findings and Questioned Costs June 30, 2021

SECTION IV - FINDINGS REQUIRED BY SECTION 12-6-5 NMSA 1978 (2.2.2.10 (L) (1) (c) NMAC

2021-008 (2020-001) LATE AUDIT REPORT - Other Non-Compliance (Repeated and Modified)

Condition: The Housing Authority's audit report for the year ended June 30, 2021 was not submitted to the State Auditor by the required due date, December 15, 2021.

Management's Progress: The Housing Authority did not make progress for the year ended June 30, 2021.

Criteria: Audit reports not received on or before the due date, December 15, are considered to be in non-compliance with requirements of Section 2.2.2.9.A of the State Audit Rule.

Cause: Due to the merger, the Housing Authority was behind on several processes within the finance office causing a delay in the audit.

Effect: The result was the late submission of the Housing Authority's audit report for the year ended June 30, 2021. The users of the audited financial statements and the Housing Authority's management do not have timely information. In addition, untimely financial statements may affect federal and state funding.

Recommendation: We recommend that the Housing Authority work with the auditors to ensure timely submission of the audit report.

Management response: The Housing Authority has had 2 housing authorities transfer into the Housing Authority and with that have came more complex financial requirements which made reporting as well as auditing difficult.

Current Status/Plan of Action: The Housing Authority now has one housing software where this streamlining should assist with the audit and financial process.

Person Responsible: Executive Director and Deputy Director.

STATE OF NEW MEXICO Northern Regional Housing Authority Schedule of Findings and Questioned Costs June 30, 2021

2021-009 (2020-003) INTERNAL CONTROLS OVER TRAVEL AND PER DIEM - Other Non-Compliance (Repeated and Modified)

Condition: Based on our review of travel and per diem expenditures, we noted the following:

- In 2 of 7 transactions tested, the employee did not provide receipts or a Statement of Travel Form for a total amount of \$792.
- In 1 of 7 instances tested, the receipt provided was itemized, therefore we were unable to verify if the purchases included unallowed items such as alcohol. Additionally, a Statement of Travel Form was not provided for a total of \$56.
- In 1 of 7 instances tested, the employee used the wrong mileage rate. The employee was overpaid \$0.115 per mile or \$61 for a total amount of \$344.

Management's Progress: The Housing Authority did not make progress for the year ended June 30, 2021.

Criteria: NMAC 2.42.2 provides criteria and controls as to travel and per diem.

Cause: The Housing Authority does not have proper oversight over travel and per diem transactions.

Effect: The Housing Authority is not in compliance with New Mexico State Statutes in regards travel and per diem transactions.

Recommendation: We recommend that the Authority have proper controls in place to verify that lodging purchases are not in excess of the allowed amount per New Mexico State Statures.

Management response: The Housing Authority understands the risk and has developed processes to prevent this in the future.

Current Status/Plan of Action: The Housing Authority has educated the management staff as well as the accounts payable specialist will now recheck each travel and reject if needed to the appropriate site. Additionally the Housing Authority has developed a form and tracking process to ensure that there is no fraud risk.

Person Responsible: Executive Director and Deputy Director.

2021-010 PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - Other Non-Compliance

Condition: Based on our review of PERA remittance forms, we noted the following:

- In 8 of 29 contribution forms tested, the Housing Authority under-remitted employee contributions for a total of \$1,260.
- In 4 of 29 contribution forms tested, the Housing Authority under-remitted employer contributions for a total of \$199.

Criteria: In accordance with the Public Employees Retirement Act (PERA) Sections 10-11-1 to 10-11-142 NMSA 1978, payments to PERA is due within 10 days from withholding from the pay date.

Cause: The Authority did not submit the remittance forms and payment for contributions within 10 days of the pay date due to merge delaying the process in payroll.

Effect: The Authority is not in compliance with New Mexico State Statutes in regards to PERA contributions rules for transmitting and reporting contributions on a timely basis.

Recommendation: We recommend that the Authority ensure that monthly PERA contributions are remitted to PERA by the due dates.

Management response: The Housing Authority has hired a payroll company to ensure that this will not happen.

Current Status/Plan of Action: The Housing Authority now has the executive director checking each payroll as well as confirming the amounts that are submitted to PERA.

Person Responsible: Executive Director and Deputy Director.

STATE OF NEW MEXICO Northern Regional Housing Authority Schedule of Findings and Questioned Costs June 30, 2021

2021-011 RETIREMENT HEALTH CARE (RHC) - Material Non-Compliance

Condition: Based on our review of RCH remittance forms, we noted that the Housing is not making timely contributions. We noted that 21 of 27 RHC contributions were not remitted on a timely basis. Additionally, we noted that in 11 of 27 instances, the remittance form was not signed.

Criteria: In accordance with the Retiree Health Care Act, Sections 10-7C-1 to 10-7C-19 NMSA 1978, payments to RHC is due within 15 days from the pay date.

Cause: The Authority did not submit the remittance forms and payment for contributions within 10 days of the pay date due to merge delaying the process in payroll.

Effect: The Authority is not in compliance with New Mexico State Statutes in regards to RHC contributions rules for transmitting and reporting contributions on a timely basis.

Recommendation: We recommend that the Authority ensure that monthly RHC contributions are remitted to RHC by the due dates.

Management response: The Housing Authority has hired a payroll company to ensure that this will not happen.

Current Status/Plan of Action: The Housing Authority now has now implemented a new process that the finance specialist processes every payroll and the executive director monitors and submits.

Person Responsible: Executive Director and Deputy Director.

STATE OF NEW MEXICO Northern Regional Housing Authority Schedule of Findings and Questioned Costs June 30, 2021

2021-012 INTERNAL CONTROLS OVER FUEL CARDS – Other Non-Compliance

Condition: Based on our review of fuel cards, we noted the employee made two fuel purchases approximately 4 hours apart at the same location. The first purchase was for 20.789 gallons of fuel and second purchase for 21.311 gallons of fuel. Per review of the fuel card statement the vehicle odometer on the first purchase was 186,081 and 187,113 indicating the employee traveled 1,032 miles in the span of 4 hours. The fuel purchase is considered unusual and may indicate multiple vehicles are being filled up in addition to the state owned vehicle for a total of \$122.

Criteria: NMAC 1.5.4.12 provides criteria and controls as to fuel cards purchases.

Cause: The Authority is not in compliance with New Mexico State Statutes in regard to fuel card purchases.

Effect: The Authority does not have proper oversight and is in violation of New Mexico Statutes over fuel card purchases.

Recommendation: We recommend that the Authority implement a procedure to ensure that gas purchases are in line with receipts submitted.

Management response: The Housing Authority has developed a new process for fuel car reporting.

Current Status/Plan of Action: The Housing Authority site managers will get an exception reports and will respond to the finance specialist as to why the exception exists.

Person Responsible: Executive Director and Deputy Director.

STATE OF NEW MEXICO Northern Regional Housing Authority Status of Prior Year Findings June 30, 2021

SECTION V – PRIOR YEAR AUDIT FINDINGS

2020-001 SUBMISSION OF AUDIT REPORT – Other Non-Compliance (Repeated and Modified)

2020-002 (2019-002) INSUFFICIENT INTERNAL CONTROLS OVER CASH DISBURSEMENTS – Significant Deficiency (Repeated and Modified)

2020-003 – PER DIEM AND MILEAGE – Significant Deficiency (Repeated and Modified)

STATE OF NEW MEXICO Northern Regional Housing Authority Corrective Action Plan June 30, 2021



STATE OF NEW MEXICO Northern Regional Housing Authority Corrective Action Plan For the Year Ended June 30, 2021

Audit Finding	Corrective Action Plan	Person(s) Responsible	Estimated Completion Date
2021-013 Late Submission of Financial Data Schedule	See management's response in the schedule of findings and questioned costs	Executive Director and Deputy Director	June 30, 2023
2021-014 Compliance Over Cash Disbursements	See management's response in the schedule of findings and questioned costs	Executive Director and Deputy Director	June 30, 2023
2021-015 Compliance Over Payroll Disbursements	See management's response in the schedule of findings and questioned costs	Executive Director and Deputy Director	June 30, 2023



525 Ranchitos Road, Unit 962, Taos, New Mexico 87571 Tel: (575) 758-2460 Fax: (575) 751-1175



STATE OF NEW MEXICO Northern Regional Housing Authority Exit Conference June 30, 2021

Exit Conference

An exit conference was held with the Housing Authority on January 18, 2023. In attendance were the following:

Northern Regional Housing Authority Rayetta Trujillo, Chairperson Terry Baca, Executive Director

Natasha E. Martinez, Deputy Director

Axiom Certified Public Accountants and Business Advisors LLC

Jaime Rumbaoa, CPA, CITP, CFE, CISA, Partner Francisco Teran, Senior Associate

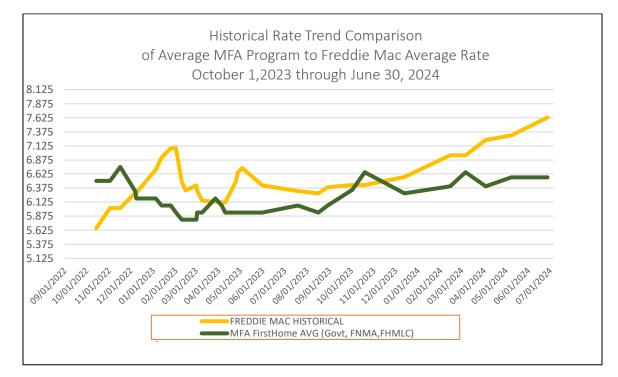
Auditor Prepared Financial Statements

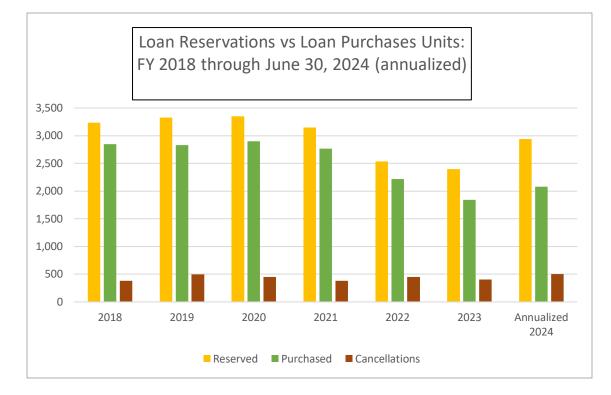
Axiom Certified Public Accountants and Business Advisors LLC prepared the GAAP-basis financial statements and footnotes for Northern Regional Housing Authority from the original books and records provided to them by the management of the Housing Authority. The responsibility of the financial statements remains with the Housing Authority.



TO:	MFA Board of Directors
FROM:	Rene Acuña Director of Homeownership
DATE:	July 17, 2024
SUBJECT:	Semiannual Single Family Production Report

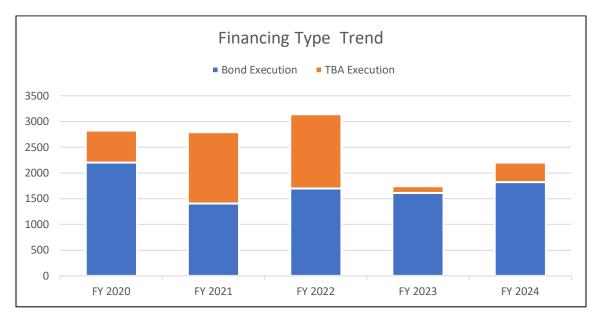
Interest Rate History by Program





Historical Reservation and Purchased Loan Trend

• Financing Executions



<u>Reservations by Program</u>

Reservations by Program	Fiscal Year 2024 (10/01/2023 - 6/30/2024)	Fiscal Year 2023 (10/01/2022 - 9/30/2023)
FirstHome Government	58.28%	71.30%
FirstHome Fannie 80% AMI	7.60%	15.02%
FirstHome Fannie Above 80%	3.03%	6.01%
FirstHome Freddie 80% AMI	8.69%	N/A
FirstHome Freddie Above 80%	4.93%	N/A
HomeForward Government	12.44%	6.23%
HomeForward Fannie 80% AMI	0.27%	0.17%
HomeForward Fannie Above 80%	1.45%	1.06%
HomeForward Freddie 80% AMI	0.45%	N/A
HomeForward Freddie Above 80%	2.71%	N/A
Partners	0.14%	0.21%

*MFA added the Freddie Mac loan product on October 1, 2023

• Comparison of Down Payment Assistance (DPA) Sources

Down Payment Comparison	Fiscal Year 2024 (10/01/2023 - 6/30/2024)	Fiscal Year 2023 (10/01/2022 - 9/30/2023)
FIRST DOWN (30YR)	71.86%	79.22%
FIRST DOWN (15YR)	6.49%	0.66%
FIRST DOWN (10YR)	4.87%	0.07%
HOME NOW	0.07%	12.93%
HOME FORWARD USDA/VA	0.41%	0.20%
HOME FORWARD (15YR)	15.15%	6.60%
HOME FORWARD (10YR)	1.1500%	0.33%

• Comparison of Loan Types

Loan Type Comparison	Fiscal Year 2024 (10/01/2023-6/30/2024)	Fiscal Year 2023 (10/01/2022 - 9/30/2023
FHA	64.43%	77.22%
Conventional	29.52%	19.86%
HUD Section 184	0.26%	0.45%
VA	5.14%	1.78%
USDA / RHS	0.65%	0.69%
FHA 203K	0.00%	0.00%

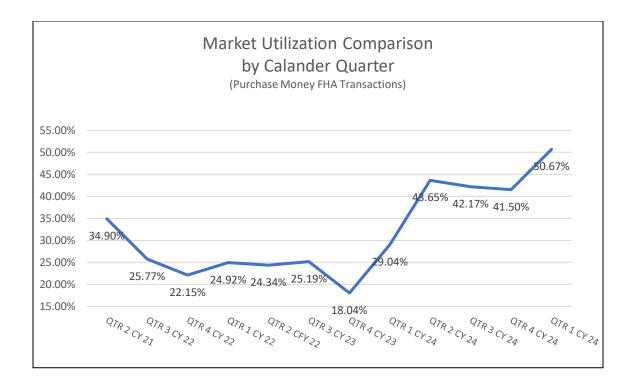
Borrower Demographic

	Fiscal Year 2024 (10/01/2023 - 6/30/2024)	Fiscal Year 2023 (10/01/2022 - 9/30/2023)	
Average Sales Price	\$246,020	\$214,837	
Average Loan Amount	\$231,281	\$203,906	
Average Down Payment Assistance Amount	\$7,595	\$7,669	
Average Household Income	\$69,020	\$59,022	
Average Family Size	2.36	2.54	
Ethnicity	61.61 percent Minority	60.36 percent Minority	
Average Borrower Age	35	34	
Average Number of Dependents	0 dependents	1 dependent	
	43.86% female / 54.69%	45.61% female/ 53.20%	
Primary Borrower Gender	male	male	
Average FICO score	704	695	

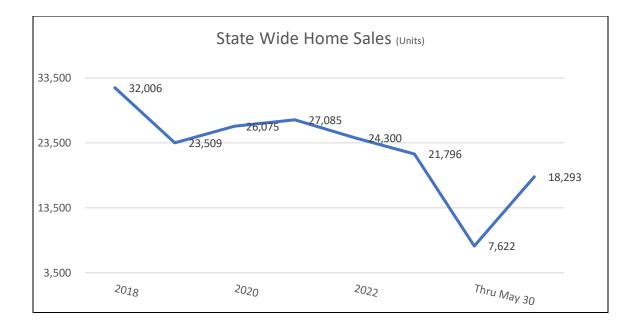
MFA Program Utilization

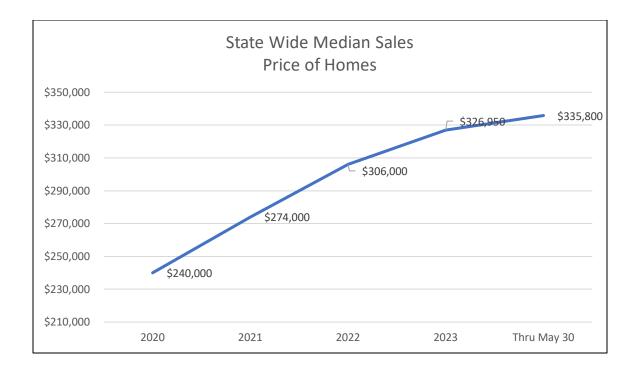
The dramatic increase in the market utilization trend this past fiscal year is the result of a volatile market.

MFA's ability to issue Tax Exempt Bonds allowed us to mitigate a rapid increase in loan rates. This became obvious in May of last year. As market rates began to climb rapidly MFA was able to maintain a stable rate. MFA First time homebuyer's loans rates continue to remain below local market rates. As home sales continue to decline due to low inventory and increasing home prices and interest rates. Those looking to purchase homes in the current market are attracted to MFA for its loan rate. In addition to MFA's attractive loan rates, MFA introduced, the FirstDown Plus down payment assistance program. FirstDown plus is a third mortgage that can be combined with MFA's FirstDown down payment assistance program. The combination of both these programs has the potential to provide borrowers with up to \$25,000 in assistance from MFA.



Median Sales Price and Home Sales Trend for New Mexico





Staff Actions Requiring Notice to Board During the Period of June 2024

Department and Program	Project	Action Taken	Comments / Date Approved
Housing Development Department- LIHTC 4% Private Activity Bond	Peachtree Canyon, Las Cruces NM	Inducement Resolution for request of \$1.5 million in additional private activity bonds. Included in application to SBOF for the July 16, 2024 meeting.	Approved by Jeff Payne on June 17, 2024
Community Development Department - Youth Homeless Demonstration Project (YHDP)	YHDP-Award Recommendation	Approval to award \$413.000 in state match funding for this program year and subsequent years 2025/2026 and 2026/2027 to coincide with federal awards. Youth Shelters & Family Services \$220,108.35 Dream Tree project \$87,886.40 San Juan Safe Communities \$36,096.20 New Mexico Coalition to end Homelessness \$48,259.05 MFA admin fee \$20,650.00	Approved by Policy Committee on June 4, 2024
Community Development Department – Home Improvement Program (HIP)	HIP- RFQ for qualified contractors	Approval of the RFQ to procure qualified general and trade contractors to be added to list of approved contractors. The list will be utilized for individual single-family rehab projects to alert contractors on bidding opportunities.	Approved by Policy Committee on June 25, 2024
Community Development Department - Housing Opportunities for Persons with AIDS (HOPWA) – Emergency Solutions Grant (ESG)	Reimbursement of ESG and HOPWA pre-award costs	Approval to reimburse the subrecipients of ESG and HOPWA funds for pre award costs that are expanded prior to the effective date of the federal awards to ensure that there is not an interruption in services. Estimated expenditures – EHAP-ESG \$550,000 RR/HP-ESG \$550,000 HOPWA-HUD \$700,000	Approved by Policy Committee on June 25, 2024

New Mexico Mortgage Finance Authority

Combined Financial Statements and Schedules

May 31, 2024

NEW MEXICO MORTGAGE FINANCE AUTHORITY FINANCIAL REVIEW For the eight-month period ended May 31, 2024

C	OMPARATIVE FISCAL YEAR-TO-DATE FIGURES (Dollars in millions):	8 months 5/31/2024	8 months 5/31/2023	% Change	Forecast 5/31/2024	Actual to
	PRODUCTION	<u>5/31/2024</u>	5/31/2023	<u>Year / Year</u>	<u>5/31/2024</u>	<u>Forecast</u>
1	Single family issues (new money):	\$370.0	\$215.0	72.1%	\$200.4	84.6%
2	Single family loans sold (TBA):	\$64.3	\$0.0	72.170	\$16.3	295.8%
3	Total Single Family Production	\$434.3	\$215.0	102.0%	\$216.7	100.5%
4	Single Family Bond MBS Payoffs:	\$35.0	\$34.0	2.8%	\$39.9	-12.2%
-	STATEMENT OF NET POSITION	<i>\$</i> 33.0	Ç54.0	2.070	<i>433.3</i>	12.270
5	Avg. earning assets:	\$2,071.1	\$1,706.3	21.4%	\$1,985.3	4.3%
6	General Fund Cash and Securities:	\$93.8	\$102.2	-8.2%	\$117.4	-20.1%
7	SIC FMV Adj. (General Fund):	\$0.6	\$102.2	10.3%	9117.4 N/A	N/A
, 8	Total bonds outstanding:	\$1,868.8	\$1,481.2	26.2%	\$1,712.5	9.1%
0	STATEMENT OF REVENUES, EXPENSES AND NET POSITION	<i>\</i> 1,000.0	<i>91,401.2</i>	20.270	<i>Q</i> 1,712.3	5.170
9	General Fund expenses (excluding capitalized assets):	\$20.7	\$16.1	29.0%	\$20.5	1.3%
10	General Fund revenues:	\$25.2	\$21.0	20.3%	\$20.6	22.4%
11	Combined net revenues (all funds):	\$25.5	\$8.9	184.9%	(\$0.0)	2211/0
12	SIC FMV Adj. (Combined net revenues):	\$0.7	-\$0.4	259.4%	(\$0.0)	
13	Combined net position:	\$326.5	\$294.5	10.8%	\$350.0	-6.7%
14	Combined return on avg. earning assets:	1.84%	0.79%	134.7%	0.00%	0.770
15	SIC FMV Adj. (return on avg. earning assets):	0.05%	0.04%	31.3%	0.00%	
16	Net TBA profitability:	1.76%	0.00%	51.570	0.10%	1658.7%
17	Combined interest margin:	0.87%	0.87%	0.6%	0.40%	115.7%
17	MOODY'S BENCHMARKS	0.0770	0.0770	0.070	0.4070	115.770
18	Net Asset to debt ratio (5-yr avg):	23.31%	24.51%	-4.9%	24.82%	-6.1%
19	Net rev as a % of total rev (5-yr avg):	10.76%	9.23%	16.6%	8.98%	19.9%
15	SERVICING	10.7070	5.2570	10.070	0.5070	19.970
20	Subserviced portfolio	\$2,432.2	\$2,023.7	20.2%	\$2,187.3	11.2%
21	Servicing Yield (subserviced portfolio)	0.39%	0.41%	-3.8%	0.36%	7.6%
22	Combined average delinquency rate (MFA serviced)	8.25%	8.47%	-2.6%	9.50%	-13.2%
23	DPA loan delinguency rate (all)	8.78%	8.28%	6.0%	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.86%	0.56%	54.1%	1.30%	-34.2%
25	Subserviced portfolio delinquency rate (first mortgages)	9.91%	10.58%	-6.3%	N/A	N/A
26	Purchased Servicing Rights Valuation Change (as of 3/31/24)	\$11.9	\$9.9	20.3%	N/A	N/A
_0		,,	÷	20.070	,,,	,

Legend:	Positive Trend	Caution	Negative Trend	Known Trend/Immaterial

SUMMARY OF BOND ISSUES:

Single Family Issues: 2023D: \$125.0M 2024A/B: \$120.0M 2024C/D: \$125.0M

CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

PRODUCTION

• MFA has closed three bond issues as of the beginning of the fiscal year, for a combined total of \$370 million. With extremely strong production, bolstered in part by the FirstDown Plus program, MFA has exceeded its overall single-family production forecast (made in September 2023) by ~85%.

STATEMENT OF NET POSITION

• Average earning assets is higher than it was at this point last year and effectively in-line with what MFA forecasted for the month. Increases in new bond issues primarily explain how MFA is earning interest on its balance sheet mortgages. General Fund Cash & Securities is lagging its budget more than anticipated, which was caused primarily by timing differences in the cash balances with the Federal Home Loan Bank of Dallas (FHLB). General Fund investments with the State Investment Council continued to report gains.

STATEMENT OF REVENUES, EXPENSES AND NET POSITION

• Expenses for the month were higher than they were last year, but mostly in-line with what MFA budgeted for. With revenues continuing to outpace expenses, our combined net revenues continue to see welcome gains.

• MFA's TBA-funded programs, which halted last year due to poor rate offerings, has provided welcome profitability since the beginning of the fiscal year. At 1.75%, MFA's current profitability is much stronger than its FY24 goal of 0.5%.

MOODY's BENCHMARKS

• Based on Moody's issuer credit rating scorecard, MFA's 23.31% net asset to debt ratio (5-year average), which measures balance sheet strength, indicates a strong and growing level of resources for maintaining HFA's creditworthiness under stressful circumstances (>20%). MFA's net revenue as a % of total revenue (5-year average) is currently 10.76% which, while not at the Aaa level, nevertheless demonstrates high profitability and favorable trends (10-15%). Moody's Investor Services completed an updated credit opinion on MFA's Issuer Credit Rating in June 2020. They assigned the Aa3 rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed the Aaa rating on the single-family indenture in January 2024.

SERVICING

• MFA continues to monitor delinquencies and defaults on our loan portfolio to identify reduction strategies and refer borrowers to available loss mitigation programs. The subserviced portfolio delinquency rate, currently serviced by Idaho Housing Finance Authority, is 9.91%. The subserviced portfolio is characterized by approximately 84% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2024, indicates that the delinquency rate for FHA loans nationally is 10.39%, and for New Mexico is 8.23%. In addition, FHA Single Family Loan Performance Trends for April 2024 showed a 12.20% delinquency (for purchase loans only), which decreased from 12.48% in March.

• MFA's annualized default rate is 0.86%, which noticably higher than last May, but also well below its target rate of 1.30%.

• The fair market value for purchased servicing rights as of March 2024 is \$33.7 million, an increase of about \$3.1 million and ~11.9 million over cost. GASB requires MFA to record the value of servicing rights at the 'lower of cost or market'. The elevated FMV is related to decreased prepayment speed projections, and increased earnings rates impacted portfolio value positively. The current recorded cost of the asset is \$21.8 million. Valuations are obtained every quarter.

ADDITIONAL NOTES

• Items 2 and 16 do not show a percent change year over year. As last year's values were zero, the percentage resulted in an error from an attempt to divide by zero. While the trend is positive, there is not an accurate depiction of the change as a percentage.

• The forecasted numbers for FYE 2024 are based off of actuals ending September 2023.



(1) Weatherization Assistance Programs; Emergency Shelter Grant; State Homeless; Housing Opportunities for People With Aids; NM State Tax Credit; Governor's Innovations; EnergySaver; Tax Credit Assistance Program; Tax Credit Exchange; Neighborhood Stabilization Program; Section 811 PRA; Homeownership Preservation Program (2) NM Affordable Housing Charitable Trust Fund; Land Title Trust Fund; Housing Trust Fund

NEW MEXICO MORTGAGE FINANCE AUTHORITY COMBINED STATEMENT OF NET POSITION MAY 2024 (THOUSANDS OF DOLLARS)

	YTD 04/30/24	YTD 5/31/23
ASSETS:		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$39,909	\$59,382
RESTRICTED CASH HELD IN ESCROW	10,119	9,830
SHORT-TERM INVESTMENTS	-	-
ACCRUED INTEREST RECEIVABLE	7,595	5,237
OTHER CURRENT ASSETS	11,522	6,833
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	-
INTER-FUND RECEIVABLE (PAYABLE)	0	0
TOTAL CURRENT ASSETS	69,146	81,283
	470.044	150.045
	178,641	152,645
LONG-TERM & RESTRICTED INVESTMENTS INVESTMENTS IN RESERVE FUNDS	63,739	56,046
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	- 1,740,008	- 1,368,918
MORTGAGE LOANS RECEIVABLE	211,682	184,585
ALLOWANCE FOR LOAN LOSSES	(9,252)	(10,002)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	12,687	11,648
OTHER REAL ESTATE OWNED, NET	3,764	1,754
OTHER NON-CURRENT ASSETS	9	11
INTANGIBLE ASSETS	22,632	19,639
TOTAL ASSETS	2,293,056	1,866,526
DEFERRED OUTFLOWS OF RESOURCES	100	164
REFUNDINGS OF DEBT	133	164
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	2,293,189	1,866,690
LIABILITIES AND NET POSITION:		
CURRENT LIABILITIES: ACCRUED INTEREST PAYABLE	\$19,483	\$14,817
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	۶19,403 16,287	19,318
ESCROW DEPOSITS & RESERVES	9,937	9,737
TOTAL CURRENT LIABILITIES	45,707	43,873
	-, -	-,
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,868,773	1,481,160
MORTGAGE & NOTES PAYABLE	51,759	46,664
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	256	195
	4 000 405	4 574 000
TOTAL LIABILITIES DEFERRED INFLOWS	1,966,495 226	1,571,892 257
TOTAL LIAB/DEFERRED INFLOWS	1,966,721	1,572,149
	1,300,721	1,072,149
NET POSITION:		
NET INVESTED IN CAPITAL ASSETS	12,687	11,648
UNAPPROPRIATED NET POSITION (NOTE 1)	90,134	65,989
APPROPRIATED NET POSITION (NOTE 1)	223,647	216,904
TOTAL NET POSITION	326,468	294,541
TOTAL LIABILITIES & NET POSITION	2,293,189	1,866,690

NEW MEXICO MORTGAGE FINANCE AUTHORITY STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE EIGHT MONTHS ENDED MAY 2024 (THOUSANDS OF DOLLARS)

	YTD 04/30/24	YTD 5/31/23
OPERATING REVENUES:		
INTEREST ON LOANS	\$48,081	\$35,241
INTEREST ON INVESTMENTS & SECURITIES	6,964	4,279
LOAN & COMMITMENT FEES	3,537	2,141
ADMINISTRATIVE FEE INCOME (EXP)	4,149	3,355
RTC, RISK SHARING & GUARANTY INCOME	56	32
HOUSING PROGRAM INCOME	1,176	740
LOAN SERVICING INCOME	6,758	6,593
OTHER OPERATING INCOME	<u> </u>	-
SUBTOTAL OPERATING REVENUES	70,720	52,381
NON-OPERATING REVENUES:		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	746	405
OTHER NON-OPERATING INCOME	101	36
GRANT AWARD INCOME	79,764	64,345
SUBTOTAL NON-OPERATING REVENUES	80,611	64,786
TOTAL REVENUES	151,331	117,168
OPERATING EXPENSES:		
ADMINISTRATIVE EXPENSES	16,726	13,614
INTEREST EXPENSE	42,984	29,647
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,810)	(2,317)
PROVISION FOR LOAN LOSSES	439	437
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	140	105
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,339	1,173
BOND COST OF ISSUANCE	3,223	1,984
SUBTOTAL OPERATING EXPENSES	62,040	44,644
NON-OPERATING EXPENSES:		
CAPACITY BUILDING COSTS	167	108
GRANT AWARD EXPENSE	63,671	63,482
OTHER NON-OPERATING EXPENSE		-
SUBTOTAL NON-OPERATING EXPENSES	63,838	63,590
TOTAL EXPENSES	125,878	108,234
NET REVENUES	25,453	8,933
OTHER FINANCING SOURCES (USES)		
NET REVENUES AND OTHER FINANCING SOURCES(USES)	25,453	8,933
NET POSITION AT BEGINNING OF YEAR	301,015	285,608
NET POSITION AT 04/30/24	326,468	294,541

NOTES TO FINANCIAL STATEMENTS (For Informational Purposes Only) (in Thousands of Dollars)

(Note 1) MFA Net Position as of May 31, 2024

UNAPPROPRIATED NET POSITION:

- \$ 35,064 is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
- \$ 54,362 is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
- \$ 709 is held for New Mexico Affordable Housing Charitable Trust.
- **\$ 90,134** Total Unappropriated Net Position

APPROPRIATED NET POSITION: GENERAL FUND

By actions of the Board of Directors on various dates, General Fund net assets have been appropriated as follows:

- \$ 118,129for use in the Housing Opportunity Fund (\$108,442 in loans and grants plus \$9,687 unfunded, of which
\$5,137 is committed).
- \$ 46,910 for future use in Single Family & Multi-Family housing programs.
- \$ 1,037 for loss exposure on Risk Sharing loans.
- \$ 12,687 invested in capital assets, net of related debt.
- \$ 22,310 invested in mortgage servicing rights.
- \$ 13,258 for the future General Fund Budget year ending 09/30/24 (\$38,374 total budget
- less \$25,116 expended budget through 5/31/24.)
- \$ 214,331 Subtotal General Fund

APPROPRIATED NET POSITION: HOUSING

- \$ 22,003 for use in the federal and state housing programs administered by MFA.
- \$ 22,003 Subtotal Housing Program
- \$ 236,334 Total Appropriated Net Position
- **326,468** Total Combined Net Position at May 31, 2024

Total combined Net Position, or reserves, at May 31, 2024 was \$326 million, of which \$90 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$236 million of available reserves, with \$94 million primarily liquid in the General Fund and in the federal and state Housing programs and \$143 million illiquid in the programs of the General Fund, have been:

- for use in existing and future programs
- for coverage of loss exposure in existing programs
- to meet servicing requirements, and
- for support of operations necessary to carry out the programs.

MFA's general plan for bond program reserves as they may become available to MFA over the next 30 years is to use the reserves for future programs, loss exposure coverage, servicing requirements and operations.

GENERAL FUND Fiscal Year 2023-2024 Budget For the eight months ended 5/31/2024

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Revenue							
Interest Income	869,765	6,745,612	5,354,588	8,031,882	(1,391,024)	1,286,270	83.99%
Interest on Investments & Securities	299,902	2,385,196	1,886,697	2,830,046	(498,498)	444,850	84.28%
Loan & Commitment Fees	33,397	279,028	102,000	153,000	(177,028)	(126,028)	182.37%
Administrative Fee Income (Exp)	996,063	7,034,906	6,419,461	9,629,192	(615,444)	2,594,286	73.06%
Risk Sharing/Guaranty/RTC fees	5,961	33,559	427,339	641,008	393,780	607,449	5.24%
Housing Program Income	131,087	1,176,118	685,032	1,835,258	(491,086)	659,140	64.08%
Loan Servicing Income	805,459	6,758,203	5,706,247	8,559,371	(1,051,956)	1,801,168	78.96%
Other Operating Income			-	-	-	-	
Operating Revenues	3,141,635	24,412,621	20,581,364	31,679,756	(3,831,257)	7,267,135	77.06%
Gain (Loss) Asset Sale/Debt Ex	(571,073)	722,298	-	-	(722,298)	(722,298)	
Other Non-operating Income	-	100,512	40,157	60,235	(60,356)	(40,277)	166.87%
Non-Operating Revenues	(571,073)	822,810	40,157	60,235	(782,653)	(762,575)	1366.00%
Revenue	2,570,561	25,235,431	20,621,521	31,739,991	(4,613,910)	6,504,560	79.51%
Expenses							
Salaries	575,205	4,794,681	5,761,802	8,323,579	967,121	3,528,898	57.60%
Overtime	2,765	32,607	21,952	31,885	(10,655)	(722)	102.26%
Incentives	19,408	320,370	494,720	714,768	174,350	394,399	44.82%
Payroll taxes, Employee Benefits	299,650	2,277,336	2,974,576	4,381,069	697,239	2,103,733	51.98%
Compensation	897,028	7,424,994	9,253,049	13,451,302	1,828,055	6,026,308	55.20%
Business Meals Expense	99	1,573	9,267	13,900	7,694	12,327	11.32%
Public Information	10,637	186,281	241,273	361,909	54,992	175,628	51.47%
In-State Travel	3,640	62,501	94,387	141,581	31,886	79,080	44.15%
Out-of-State Travel	11,320	104,263	209,380	314,070	105,117	209,807	33.20%
Travel & Public Information	25,696	354,619	554,307	831,460	199,688	476,841	42.65%
Utilities/Property Taxes	12,199	113,590	140,375	210,562	26,785	96,972	53.95%
Insurance, Property & Liability	22,992	188,009	163,673	245,510	(24,336)	57,501	76.58%
Repairs, Maintenance & Leases	128,958	1,071,369	1,143,890	1,709,334	72,521	637,966	62.68%
Supplies	1,183	17,922	23,133	34,700	5,212	16,778	51.65%
Postage/Express mail	5,476	34,667	30,400	45,600	(4,267)	10,933	76.03%
Telephone	1,005	10,623	19,667	29,501	9,044	18,878	36.01%
Janitorial	6,088	29,389	59,426	89,139	30,037	59,750	32.97%
Office Expenses	172,595	1,416,744	1,554,714	2,325,571	137,970	908,827	60.92%
Dues & Periodicals	4,179	53,013	53,398	80,097	385	27,084	66.19%
Education & Training	8,311	62,256	115,462	173,193	53,206	110,937	35.95%
Contractual Services	81,747	679,583	972,422	1,458,632	292,839	779,050	46.59%
Professional Services-Program	26,923	106,018	77,267	115,900	(28,751)	9,882	91.47%
Direct Servicing Expenses	740,915	5,648,839	3,906,986	5,860,479	(1,741,853)	211,640	96.39%

GENERAL FUND Fiscal Year 2023-2024 Budget For the eight months ended 5/31/2024

	One Month Actual	Year to Date Actuals	Year to Date ProRata Budget	Annual Budget	YTD Budget Under/(Over)	Annual Budget Under/(Over)	Expended Annual Budget %
Program Expense-Other	41,460	260,568	185,216	277,824	(75,352)	17,256	93.79%
Rebate Analysis Fees			1,060	1,590	1,060	1,590	
Other Operating Expense	903,536	6,810,276	5,311,810	7,967,715	(1,498,466)	1,157,439	85.47%
Interest Expense	332,825	2,647,708	1,260,024	1,890,036	(1,387,684)	(757,672)	140.09%
Non-Cash Expenses	380,824	1,773,151	2,264,478	3,396,718	491,327	1,623,566	52.20%
Expensed Assets	1,550	147,460	115,567	173,350	(31,893)	25,890	85.06%
Operating Expenses	2,714,055	20,574,951	20,313,948	30,036,151	(261,003)	9,461,200	68.50%
Program Training & Tech Asst	774	45,532	68,828	103,242	23,296	57,710	44.10%
Program Development	2,710	121,062	90,867	136,300	(30,195)	15,238	88.82%
Capacity Building Costs	3,484	166,594	159,695	239,542	(6,899)	72,948	69.55%
Non-Operating Expenses	3,484	166,594	159,695	239,542	(6,899)	72,948	69.55%
Expenses	2,717,539	20,741,545	20,473,643	30,275,693	(267,902)	9,534,148	68.51%
Excess Revenue over Expenses	(146,977)	4,493,886	147,878	1,464,298	(4,346,008)	(3,029,587)	306.90%

GENERAL FUND CAPITAL BUDGET Fiscal Year 2023-2024 Budget For the eight months ended 5/31/24

			Year to Date		YTD Budget	Annual Budget	Expended Annual
	One Month Actual	Year to Date Actuals	ProRata Budget	Annual Budget	Under/(Over)	Under/(Over)	Budget %
2690 PURCHASED SERVICING RIGHTS	458,279	3,208,743	2,514,908	3,772,362	(693,835)	563,619	85.06%
2950 COMPUTER HARDWARE	-	14,872	70,216	105,324	55,344	90,452	14.12%
2960 SOFTWARE LICENSES	-	5,381	-	-	(5,381)	(5,381)	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	519,000	778,500	519,000	778,500	0.00%
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	538,162	1,145,445	2,294,793	3,442,189	1,149,348	2,296,744	33.28%
Capital Budget	996,440	4,374,441	5,398,917	8,098,375	1,024,476	3,723,934	54.02%



New Mexico Mortgage Finance Authority Marketing & Communications Monthly Report June 2024

Press Releases

June 6

New Mexico Mortgage Finance Authority employees volunteer to help build Greater Albuquerque Habitat for Humanity homes <u>https://housingnm.org/about-mfa/news/mfa-employees-volunteer-to-help-build-greater-albuquerque-habitat-for-humanity-homes</u>

June 25

New Mexico Mortgage Finance Authority celebrates groundbreaking of Encino Gardens Apartments in Albuquerque

https://housingnm.org/about-mfa/news/mfa-celebrates-groundbreaking-of-encino-gardensapartments-in-albuquerque

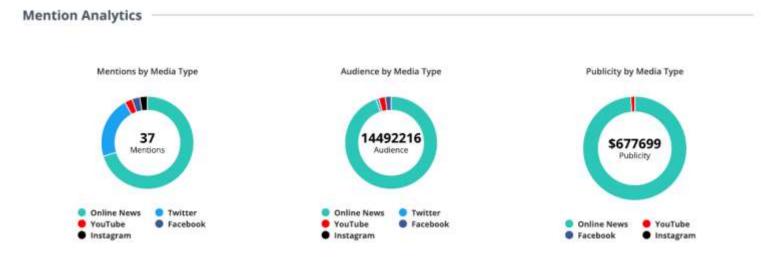
June 26

New Mexico Mortgage Finance Authority seeks contractors to rehabilitate homes https://housingnm.org/about-mfa/news/new-mexico-mortgage-finance-authority-seekscontractors-to-rehabilitate-homes

Media Mentions/News Coverage







Advertisements

New Mexico Society of CPAs E-Newsletter





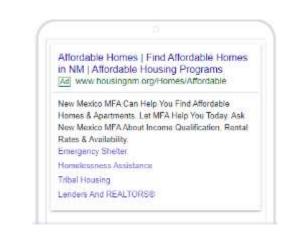


Find Down Payment Assistance | Help for your First Home | Albuquerque Down Payment Help Ag www.housingnm.org

MFA provides down payment assistance and competitive interest rate mortgage loans. Contact New Mexico Mortgage Finance Authority today for help purchasing your home. View Current Rates

Mortgage Programs

Homebuyer Resources Mortgage Calculators



New Mexico Mortgage Finance Authority https://housingnm.org>down-payment-assistance

Mortgage Programs | Homebuyers | New Mexico MFA

MFA's mortgage programs provide homebuyers with down payment and closing cost assistance as well as competitive interest-rate mortgage loans.

Current Rates - Income and purchase price limits - Participating Lender List

Google ads June report:

Google Ads campaigns continued to achieve strong visibility with a total of 31,695 impressions, which is a 15.21% increase from last month. Ads resulted in 722 conversions. Conversion breakdown was as follows:

- Phone calls directly from the ads: 55
- Phone calls from the website after clicking on an ad: 509
- Contact form submissions: 158

Conversions = The number of leads MFA received after a user clicked on an MFA ad

The Real Estate Book



New Mexico Association of Counties Weekly News Brief

June 6



House NM Mortgage Finance Authority Seeks Community Input Regarding Housing Needs in the State

NM MFA and NM DFA want to identify and prioritize fair housing issues in the state. Your input will inform the state's 2025-2029 Consolidated Plan and fair housing analysis to help prioritize decisions for federally funded programs. We invite all New Mexicans to participate in the <u>State of</u> <u>New Mexico Community & Fair Housing</u> <u>Survey online.</u> Please complete the survey by July 31. For more details, check out the <u>New Mexico 2025-2029 Consolidated</u> <u>Plan and Fair Housing Assessment</u> <u>video.</u>

New Mexico Bankers Association Directory

Providing affordable mortgage loans and down payment assistance to homebuyers throughout New Mexico.

344 Fourth St. SW Albuquerque. NM 87102 505.843.6880 | housingnm.org



Albuquerque Journal Venue Plus

June 7



Offering New Mexicans the opportunity to achieve homeownership with up to \$35,000 in down payment and closing cost assistance, depending on borrower's qualifications.

To learn more, visit: www.housingnm.org

June 21



Help build affordable housing by making a donation through the New Mexico State Tax Credit Program and receive a tax credit equal to 50% of the value of the donation.

To learn more, visit: www.housingnm.org

Outreach

June 3-4: In-Person Meetings with Las Cruces Mayor Eric Enriquez, Tierra del Sol Housing and Nicole Martinez with Mesilla Valley Community of Hope (Las Cruces)

June 10: Karsten Manufactured Housing Tour/Western States Group Meeting (Albuquerque)



June 17: New Mexico Counties Annual Conference (Las Vegas)

June 17: Developers 9% LIHTC Forum (Webex)

June 18: Developers 4% LIHTC Forum (Webex)

June 21: 100% Bernalillo Summit (Albuquerque)

June 24: Encino Gardens Apartments Groundbreaking Ceremony (Albuquerque)



Social Media

Facebook and Twitter: @MFAhousingNM Instagram: @MFAhousing YouTube: @housingNM LinkedIn: MFA Housing New Mexico

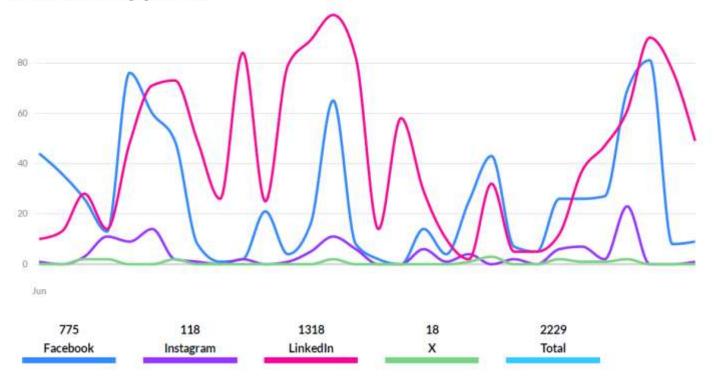
Cross channel Report

June 1st 2024 - June 30th 2024

Cross-Channel Impressions

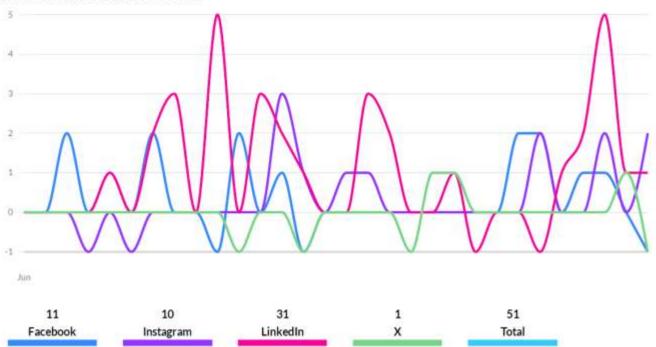
Impressions = The number of times MFA social media page content was displayed.

Cross-Channel Engagements



Engagements =

Depending on platform, engagements include likes, comments, shares, clicking on links, saves, story replies, post clicks.



Cross-Channel Audience Growth

Post Performance

MFA Housing New Mexico



MFA Housing New Mexi... Jun 28, 2024 12:00 PM

MFA's Program Coordinator Clarissa Aragon attended the



54 30 0 Shares Reach Impressions 2 515 524

MFA Housing New Mexico



MFA Housing New Mexi... Jun 14, 2024 12:00 PM

MFA employees volunteered recently to help build new homes









MFA Housing New Mexi... Jun 6, 2024 8:00 AM

MFA's Board approved over \$72 million in Low-Income Housing





Comments

0

Impressions

88

Saves

1

Reach

75

Likes

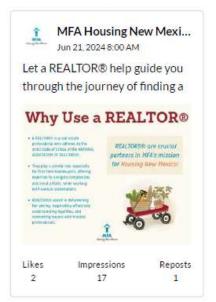
12

Engagement

23



MFA Housing New Mexico



in MFA Housing New Mexico













MFA Housing New Mexi... Jun 27, 2024 8:00 AM

Seniors in Albuquerque will have another affordable housing

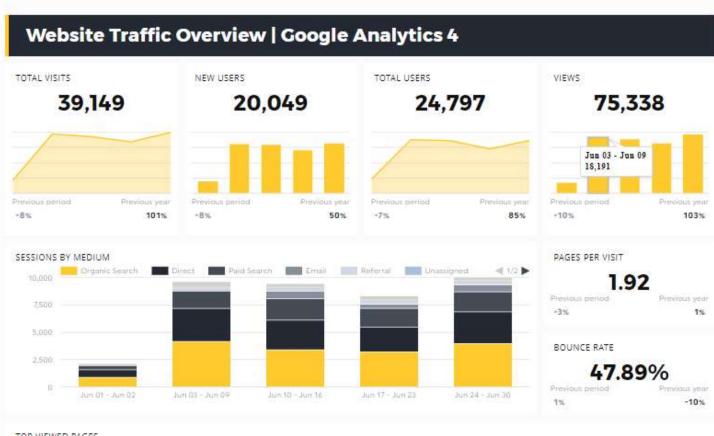


Website

<u>https://housingnm.org/</u> (Top-Viewed Page "/" = home page)



New Mexico MFA Monthly Dashboard



TOP VIEWED PAGES

Page path	Views	i v	Total u	sers
1	15,377	+2,458	9,197	-1,117
/homebuyers/mortgage-programs	3,093	+266	1,992	+182
/lenders-realtors/current-rates	2,699	+699	796	-208
/mortgage-loans/make-payment	2,451	-470	1,663	-344
/find-housing/rentals/affordable	2,384	+84	1,503	-60
/homebuyers/income-and-purchase-price-limits	1,900	+221	1,234	+88
/new-mexico-homeowner-assistance-fund	1,792	-369	1,291	-246
/lenders-realtors/income-and-purchase-price-limits	1,750	+126	738	+1
/find-housing/rentals/subsidized	1,623	+105	1,094	+72
/find-housing	1,570	-74	1,160	+8

As of:	7/3/2024									
			New N	lexico Housing 7	Fund Dashk	oal	rd			
Certified Uses	Certified Use Allocation	Certified Use Procurement Totals	Certified Use Award Totals	Certfied Use Expenditures thru 6/30/24	Activity		Activity Allocation	Activity Procurement	Activity Award Totals	Activity Expenditures thru 6/30/24
Down payment assistance (DPA)	\$ 11,625,000.00	\$ 11,625,000.00	\$ 11,625,000.00	\$	HomeForward DPA	\$	2,000,000.00 \$	5 2,000,000.00	\$ 2,000,000.00	\$ 1,457,447.00
					FirstDown Plus	\$	9,625,000.00	9,625,000.00	\$ 9,625,000.00	\$ 7,937,833.16
					Housing Improvement Program (HIP)	\$	1,000,000.00 \$	5 1,000,000.00	\$ 1,000,000.00	\$ 271,262.79
Single family emergency repairs, accessibility, energy efficiency improvements and rehabilitation	\$ 1,775,000.00	\$1,775,000.00	\$ 1,775,000.00	\$ 888,460.36	Weatherization	\$	775,000.00 \$	5 775 <i>,</i> 000.00	\$ 775,000.00	\$ 617,197.57
Single family acquisition and rehabilitation	\$2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 143,302.24	Restoring Our Communities (ROC)	\$	2,000,000.00 \$	5 2,000,000.00	\$ 2,000,000.00	\$ 143,302.24
					Gap Financing Loans	\$	12,500,000.00 \$	5 12,500,000.00	\$ 12,500,000.00	\$ 3,400,000.00
					Preservation Loans	\$	1,630,000.00 \$	5 1,630,000.00	\$ 1,000,000.00	
Rental and single-family development	\$ 22,130,000.00	\$22,130,000.00	\$ 17,712,498.00	\$ 3,474,787.52	Single Family Development Pilot Program	\$	3,000,000.00			
					Housing Innovation	\$	5,000,000.00 \$	5,000,000.00	\$ 3,212,498.00	\$ 74,787.52
Total State Fiscal Year 2024 Funds	\$ 37,530,000.00	37,530,000.00	\$ 33,112,498.00	\$ 13,901,830.28		\$	37,530,000.00 \$	37,530,000.00	\$ 33,112,498.00	\$ 13,901,830.28

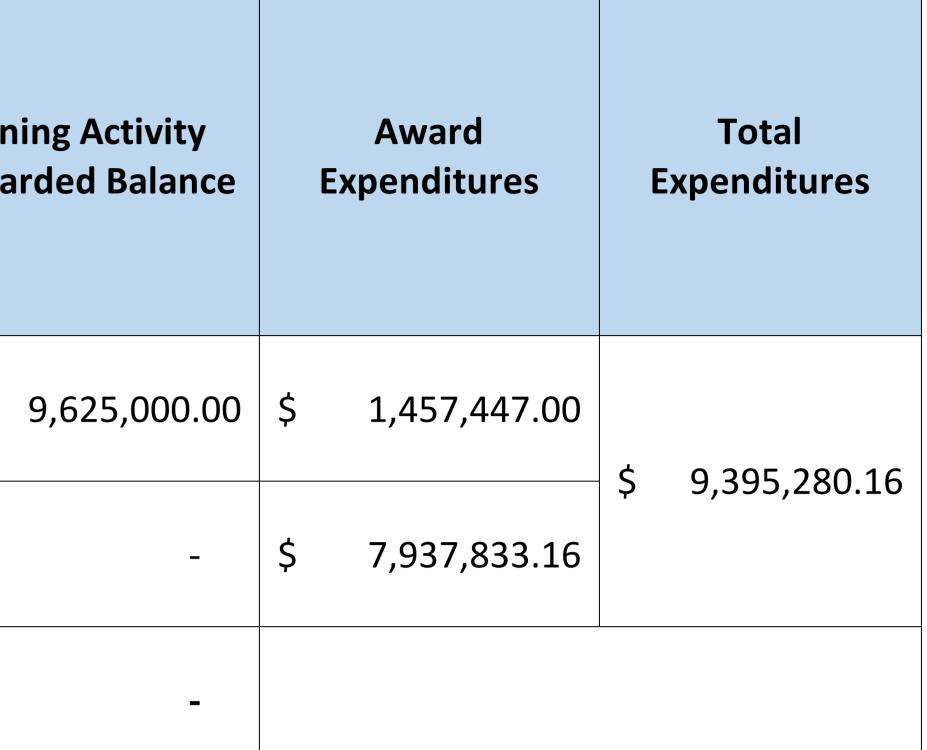
Summary

The certified uses above were approved by MFA Board of Directors and State Board of Finance. Within the certfied uses, the MFA activities are decided at the policy committee level. \$ 37,530,000.00 is the total State Fiscal Year (SFY) 2024 NMHTF Severance Tax Bond earmark allocation. 100% of the total SFY24 allocation has been procured. 88% of the total SFY24 allocation has been awarded. 37% of awarded funds has been expended.

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Certifie	ed Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approval	Level of Approval	A	ward Amount	Running Activity Award Total	Running Unawarde
Down p	ayment	са с	HomeForward DPA	\$ 2,000,000.00	HomeForward DPA Program Guidelines	5 2,000,000.00	1/18/2023	HomeForward DPA	9/14/23	РС	\$	2,000,000.00	\$ 2,000,000.00	\$ 9,6
assist		\$ 11,625,000	FirstDown Plus	\$ 9,625,000.00	First <i>Down</i> Plus Program Guidelines	9,625,000.00	11/15/2023	FirstDown Plus	2/6/24	РС	\$	9,625,000.00	\$ 11,625,000.00	\$
		·		·						Total	\$	11,625,000.00		\$

Down Payment Assistance



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	Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	(Trantee	Date of Approval	Level of Approval	Award	Amount	Running Activity Award Total	Running Activity Unawarded Balance	Aawrd Expenditures	Total Expenditures
								SWRHCDC	8/15/2023	PC	\$	134,655.19	\$ 134,655.19	\$ 865,344.81 \$	5 134,655.19	
em	Single family ergency repairs, essibility, energy \$	1,775,000.00	Housing Improvement	\$ 1,000,000.00	Single Family Repair and Rehab	\$ 1,000,000.00	5/17/2023	SWRHCDC	8/29/2023	PC	\$	98,999.86	\$ 233,655.05	5 766,344.95	98,999.86	\$ 271,262.79
_	efficiency provements and rehabilitation		Program (HIP)		Guidelines	. , ,		San Felipe Pueblo	9/19/2023	PC	\$	37,607.74	\$ 271,262.79	5 728,737.21 \$	37,607.74	
								HIP activity draw down allocation	1/18/J(1)/4	PC	\$	728,737.21	\$ 1,000,000.00	5 -		
										Total	\$	1,000,000.00		\$ -		

Housing Improvement Program

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Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Date of Approva	I Level of Approval	Award Amo	unt	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Single family emergency repairs,							Central New Mexico Housing Corporation	11/15/2023	Board of Directors	\$ 475,00	0.00	\$ 475,000.00	5 300,000.00	\$ 429,202.44	
accessibility, energy efficiency improvements and rehabilitation		Weatherization \$	775,000.00	Weatherization NOFA	\$ 775,000.00	8/16/2023	Southwest Regional Housing and Community Development		Board of Directors	\$ 300,00	0.00	\$ 775,000.00	5 –	\$ 187,995.13	\$ 617,197.57
									Total	\$ 775,00	0.00		5 –		

Weatherization

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Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	(Trantee	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
				NOFA		4/19/2023	North Central NN Economic Development Divison	Dec-23	Board of Directors	\$ -	\$-			
Single family acquisition and rehabilitation	\$ 2,000,000.00	ROC	\$ 2,000,000.0	0 Updated Guidelines to NOFA	\$2,000,000.00	12/13/2023	Homewise Inc. Sawmill Trust		Board of Directors Board of Directors	\$ - \$ -	\$ - \$ -	\$ 2,000,000.00		\$ 143,302.24
							ROC Activity Drav down allocation		PC Total	\$ 2,000,000.00	\$ 2,000,000.00) \$ -		

Restoring Our Communities

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Project	Date of Approval	Level of Approval	Award Amount	Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
							Chelsea Investment Corp.	Three Sisters	6/21/2023	Board of Directors	\$ 3,500,000.00 \$	3,500,000.00 \$	9,000,000.00	\$ 500,000.00	
							La Serena Apartments, LLC	La Serena Apartments	9/20/2023	Board of Directors	\$ 1,000,000.00 \$	4,500,000.00 \$	8,000,000.00	\$ 900,000.00	
Rental and single-	\$ 22,130,000.00	Gap financing	\$ 12,500,000.00	Gap Finanacing	\$ 12,500,000.00	5/17/2023	Pedrena Apartments LLC	Pedrena Apartments	10/18/2023	Board of Directors	\$ 1,000,000.00 \$	5,500,000.00 \$	7,000,000.00		
development	<i>y 22,130,000.00</i>	loan	Ŷ 12,500,000.00	NOFA	φ 12,300,000.00	5/1//2025	NCNO Limited Partnership, LLLP	Encino Senior Gardens	11/15/2023	Board of Directors	\$ 2,000,000.00 \$	7,500,000.00 \$	5,000,000.00	\$ 2,000,000.00 \$	3,400,000.00
							Peachetree Canyon Limited Partnership (to be formed)	Peachtree Canyon I	4/17/2024	Board of Directors	\$ 3,000,000.00 \$	10,500,000.00 \$	2,000,000.00		
							EC Ruidoso LP	Elk Meadows Apartments	5/15/2024	Board of Directors	\$ 2,000,000.00 \$	12,500,000.00 \$	_		
										Total	\$ 12,500,000.00	\$	_		

Gap Financing

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Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	Grantee	Project	Date of Approval	Level of Approval	Award Amount	Rinning Activity	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Rental and single-family development	\$ 22,130,000.00	Preservation Loan	\$ 1,630,000.00	NOFA	\$ 1,630,000.00	3/1/2023	Post Las Brisas, LLC	Las Brisas Apartments	6/19/7074	Board of Directors	\$ 1,000,000.00	\$ 1,000,000.00	\$ 630,000.00		\$-
										Total	\$ 1,000,000.00		\$ 630,000.00		

Preservation Loan Program

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Certified Use	Certified Use Amount	Activity Allocation	ΔΜΟΠΗΤ	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	<section-header></section-header>	Grantee	Project	<section-header></section-header>	Level of Approval	Award Amoun	t Running Activity Award Total	Running Activity Unawarded Balance	Award Expenditures	Total Expenditures
Rental and single-	22 120 000	Single Family	ድ በበር በር	Single Family		10/10/2022	Homewise	Sombra del Oeste	3/20/2024	Board of Directors	\$ 500,000	.00 \$ 500,000.00	\$ 2,500,000.00	\$-	\$-
family \$ development	22,130,000	Development Grant Pilot Program	\$ 3,000,000.00	Development Grant Pilot Program NOFA		10/18/2023	Homewise	Miraflores	6/19/2024	Board of Directors	\$ 500,000	.00 \$ 1,000,000.00	\$ 2,000,000.00		
				1						Total	\$ 1,000,000	00	\$ 2,000,000.00		

Single Family Development Pilot Program

Page 405 of 406

Certified Use	Certified Use Amount	Activity Allocation	Activity Allocation Amount	Procurement (NOFAS, RFPS, Program Guidelines) Previously Approved by Board	Procurement Amount	Procurement Approval Date	(arantee	Date of Approva	h Level of Approval	A	ward Amount	Running Activity Award Total	Running Activity Unawarded Balance	<section-header></section-header>	Total Expenditures
							Town of Silver City	12/13/2023	Board of Directors	\$	500,000.00 \$	500,000.00	\$ 4,500,000.00		
							NM Ramp Project	12/13/2023	Board of Directors	\$	500,000.00 \$	1,000,000.00	\$ 4,000,000.00	\$ 74,787.52	
							Sawmill CLT	2/21/2024	Board of Directors	\$	262,498.00 \$	1,262,498.00	\$ 3,737,502.00		
Rental and single- family	\$ 22,130,000.00	Housing	\$ 5,000,000.00	NOFA	\$ 5,000,000.00	9/20/2023	HagermanForwar d Inc.	4/17/2024	Board of Directors	\$	500,000.00 \$	1,762,498.00	\$ 3,237,502.00		\$ 74,787.52
development	τ,,,	Innovation	,				San Felipe Pueblo	4/17/2024	Board of Directors	\$	450,000.00 \$	2,212,498.00	\$ 2,787,502.00		
							Ohkay Ohwingeh	6/19/2024	Board of Directors	\$	500,000.00 \$	2,712,498.00	\$ 2,287,502.00		
							North Central New Mexico Economic Development District	6/19/2024	Board of Directors	\$	500,000.00 \$	3,212,498.00	\$ 1,787,502.00		
									Total	\$	3,212,498.00		\$ 1,787,502.00		

Housing Innovation