



MFA Housing New Mexico
 MFA July Board of Directors Meeting 2023
 July 19, 2023
 9:30 am-12:30 pm Mountain Time

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda - Board Action
- Approval of 6/21/23 Board Meeting Minutes - Board Action
- Executive Director Updates

Board Action Items

Request to address the Board

- 1 City of Albuquerque Request to address the Board (Chief Administrative Officer, Lawrence Rael (CAO)) No-Action

Finance Committee

- 2 Internal Audit Information Technology Executive Summary Report (Devin Osterhout, Moss Adams) YES
- 3 Approval for 2023 NHTF & HOME allocations (Donna Maestas-De Vries) YES
- 4 Authorized Signatures Resolution (Joseph McIntyre) YES
- 5 FY2023 Budget Amendment (Joseph McIntyre) YES

Contracted Services/Credit Committee

- 6 Regional Housing Authority (RHA) Annual Reporting (Theresa Laredo-Garcia, Chris Herbert ERHA, Terry Baca NRHA and Cathy DeMarco, WRHA) YES

Property Committee

- 7 Building Renovation RFP Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller) YES
- 8 Building Roof RFP Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller) YES
- 9 Limited Source Procurement – System Furniture Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller) YES

Other Board Items

- 10 (Staff is available for questions)

- Staff Action Requiring Notice to Board
- 2023 Series B - Pricing Summary
- 2023 Series C - Upcoming Single Family Bond Issuance

Monthly Reports

11 (Staff is available for questions)

- 5/31/23 Financial Statements

Announcements and Adjournment Only

Discussion

Confirmation of Upcoming Board Meetings

- August 8, 2023 – Tuesday, Contracted Services 10:00 a.m.
Finance Committee 1:30 p.m.
- August 16, 2023 - Wednesday- 9:30 a.m. (MFA Board of Directors Meeting)
- September 12, 2022 - Tuesday, Contracted Services 10:00 a.m.
Finance Committee 1:30 p.m.
- September 20-21, 2022 – Wed. – Thurs. – 9:30 a.m. (MFA Board of Directors Meeting & Retreat (SF Location TBD))
- October 10, 2023 – Tuesday, Contracted Services 10:00 a.m.
Finance Committee 1:30 p.m.
- October 18, 2023 - 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 19, 2023 - 9:30 a.m.

Proposed Agenda

Chair Convenes Meeting

- Roll Call (Izzy Hernandez)
- Approval of Agenda – Board Action
- Approval of 6/21/23 Board Meeting Minutes – Board Action
- Executive Director Updates

Board Action Items

Action Required?

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Finance Committee

- | | | |
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| 3 | Approval for 2023 National Housing Trust Fund (NHTF) & HOME allocations (Donna Maestas-De Vries) | YES |
| 4 | Authorized Signatures Resolution (Joseph McIntyre) | YES |
| 5 | FY2023 Budget Amendment (Joseph McIntyre) | YES |

Contracted Services/Credit Committee

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Other Board Items

Information Only

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Board Action Items

Action Required?

Request to address the Board

- 1 City of Albuquerque Request to address the Board (Chief Administrative Officer, Lawrence Rael (CA0)) - City to address the Board regarding MFA's relocation. Non-Action

Finance Committee

- 2 **Internal Audit Information Technology Executive Summary Report (Devin Osterhout, Moss Adams)** - Approval for 2023 National Housing Trust Fund (NHTF) & HOME allocations – Donna Maestas-De Vries - Staff recommends approval of the National Housing Trust Fund (NHTF) allocation in the amount of \$3,066,413 and the HOME allocation in the amount of \$16,031,660 to the activities as detailed within the memo. YES
- 3 **Authorized Signatures Resolution (Joseph McIntyre)** - The Authorized Signatures Resolution is updated periodically as needed. Staff recommends approval to the updated Authorized Signature Resolution to add two Document Custodians to Program authorizations and allow for electronic signatures. YES
- 4 **FY2023 Budget Amendment (Joseph McIntyre)** - On 9/14/2022 the Board approved the fiscal year 2023 General Fund 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 \$237,206 which is offset by an increase in expected revenue of \$126,842. The capital outlay impact on this budget amendment is \$10,000,000 for the purchase of the Jefferson building. YES

Contracted Services/Credit Committee

- 5 **Regional Housing Authority (RHA) Annual Reporting (Theresa Laredo-Garcia, Chris Herbert ERHA, Terry Baca NRHA and Cathy DeMarco, WRHA)** - Staff recommends approval of the Regional Housing Authority 2022 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 7/1/21 through 6/30/22. YES

Property Committee

- 6 **Building Renovation RFP Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller)** - Staff recommends the approval of a Request for Proposals to select a general contractor to renovate the future home of MFA at 7425 Jefferson St NE. The architect selected by MFA is assisting MFA to oversee and direct the renovation project and has prepared the specifications needed for general contractors to prepare bid proposals. General Counsel has drafted the RFP for Board approval. Proposals must be received by MFA at its office, located at 344 Fourth Street S.W., Albuquerque, NM 87102, by no later than Thursday, August 10, 2023, at 2:00 p.m., Mountain Time. Once proposals are received and evaluated, staff will return to the MFA Board of Directors to seek approval of a contractor to make the described renovations. YES
- 7 **Building Roof RFP Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller)** - Staff recommends the approval of a Request for Proposals for re-roof construction services of the building at 7425 Jefferson St NE. The architect selected by MFA is assisting MFA to oversee the re-roof project and has prepared the specifications needed for contractors to prepare bid proposals. General Counsel has drafted the RFP for Board approval. Proposals must be received by MFA at its office, located at 344 Fourth Street S.W., Albuquerque, NM 87102, by no later than Thursday, August 10, 2023, at 2:00 p.m., Mountain Time. Once proposals are received

and evaluated, staff will return to the MFA Board of Directors to seek approval of a contractor to replace the roof as described in the RFP. YES

- 8 Limited Source Procurement – System Furniture Approval – 7425 Jefferson St. NE, Albuquerque NM 87109 (Izzy Hernandez, Jeff Payne and Doug Heller)** - Staff requests approval of a limited source procurement with Contract Associates for the purchase of furniture at the 7425 Jefferson NE, Albuquerque, NM 87109 location. This will allow MFA to save thousands of dollars by purchasing new furniture matching the existing furniture without having to purchase all new systems furniture as part of the planned renovations. YES

Other Board Items

Information Only

9 (Staff is available for questions)

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NEW MEXICO MORTGAGE FINANCE AUTHORITY
DRAFT Board Meeting Minutes
Kit Carson Electric Cooperative, Inc.
118 Cruz Alta Road, Taos, NM
Wednesday, June 21, 2023 – 10:00 a.m.

Chair Reyes convened the meeting on June 21, 2027 at 10:02 a.m. Secretary Hernandez called the roll. Members attending in person Chair Angel Reyes, Martina C’de Baca (designee for Lieutenant Governor Howie Morales), State Treasurer Laura M. Montoya, Gideon Elliot (designee for Attorney General Raúl Torrez), Rebecca Wurzbarger and Patricia Sullivan. Virtual attendance - Derek Valdo. Absent: none. 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 and thanked everyone for being here. He informed everyone that the meeting is being recorded, making reference to the recording microphone sensitivity. He then provided voting protocol for Board Members participating virtually. He informed everyone that it had been four years since MFA had held an out of town board meetings other than our regular January meetings in Santa Fe. We look forward to today’s meeting in Taos and are planning to visit all corners of the state and host at least a couple of meetings each year to have the opportunity to hear local perspectives.

Executive Hernandez thanked Luis Reyes and Kit Carson Electric Cooperative for allowing us to use their facilities for the MFA board meeting. He welcomed the Mayor and guests by name stating that we would hear from Mayor Pascualito Maestas, Catherine Hummel from the DreamTree Project and Lisa O’Brien Executive Director for Taos Housing Partnership. He thanked Senator Bobby Gonzales for his support during the legislature and as a member of the MFA Legislative Oversight Committee which he has served on for a number of years.

Approval of Agenda - Board Action. Motion to approve the June 21 , 2023 Board agenda as presented: Montoya.
 Second: Wurzbarger: Vote: 7-0.

Approval of 5/17/23 Board Meeting Minutes - Board Action. Motion to approve the May 17, 2023 Board Meeting Minutes as presented: Wurzbarger. Second Sullivan: Vote: 6-0 (Montoya abstained).

Hernandez provided his Executive Director updates: **Significant meetings/presentations:** 5/22: 1st LOC Mtg. (Overview – Homeless) Future meeting will cover the full housing continuum from homelessness-homeownership./5/23: LFC Housing Spotlight Presentation. 6/06: Calle Cuarta Groundbreaking (61 family units, retail, single family town homes). 6/12: NM Manufactured Housing Agency Conference (MFA received Open Door Award) Fiscal Year to date we have made 223 manufactured housing loans totaling \$38M, 13% of our loans this year. 6/13: Casa de Sierra Grand Opening (preserved 188 senior units). 6/14: Board Chairman and I met w/Mayor Keller regarding MFA’s downtown location. 6/15: Santo Domingo Housing Authority Mtg. 6/20: State Board of Finance – Extension of PABC. **Upcoming Meetings:** 7/07: LOC #2 (Housing Continuum & Transitional Housing). He reviewed Taos Housing Stats & Production from the Stats/Needs (NM Housing Strategy), and YTD Production.

Local Perspectives

The Honorable Pascuelito Maestas, Mayor, City of Taos welcomed the Board and staff to the Town of Taos. The Mayor thanked MFA for their partnership and spoke of the importance of collaboration. Taos established the Taos Housing Partnership along with other collaborative efforts and spoke of all the community businesses/groups that have come together to focus on housing from homelessness to homeownership. Taos looks forward to partnering with MFA to address Taos’ housing needs. Housing is the most significant factor in determining the wellbeing of families, young people, homelessness and affordable housing and looks forward to discussing these projects with MFA.

Catherine Hummel provided information regarding the DreamTree project and looked forward to hosting a tour of Dream Tree and the adult shelter following the Board meeting. She informed the Board that Dream Tree opened its doors in 2001. They have a staff of 32; after the adults center opens they will have over 70 employees. They provide housing and compassionate support services to youth, adults and families experiencing housing instability. They serve the entire

northeast region of the state which includes *Rio Arriba, Mora, *Taos, Union, *Colfax, Harding and *San Miguel (*physical locations in this area). She went over their funding sources and spoke of the qualifications, ages and how long they are able to stay at the youth development center and the outreach that they provide.

Lisa O'Brien Executive Director for Taos Housing Partnership provided information regarding her background. She then spoke about how Taos Partnership came to be, explaining that the idea came during COVID, and both the town & county of Taos brought funds together to form a nonprofit. The Taos Housing Partnership considers themselves the housing strike force team and contracted with project Moxy with Jen Lopez. Sixteen people participated in the initial meeting (including MFA) in April of 2022. How do we keep evictions down, manage resources and figure out what is going on around housing. She further stated that they are in the process of approving the articles of incorporation. They now have completed phase II and reviewed the road map. The goals in their strategic plan are to incentivize the below market housing development, support financial literacy and homebuyer counseling, build a pipeline and stock for homebuyers, explore homeowner assistance, and work within housing policy and advocacy. She then spoke of where they are right now and some of the challenges; hurry up and go, balancing urgency and thoughtful decision making and planning. The other piece is managing expectations for the board/community/developers and realtors. She stated that they get the urgency and need to do this very thoughtfully with great intentions.

Presentation

- 1 **Single Family Development Opportunities (Stephen Martinez General Partner and Eric Martinez Government Relations & Partner, YSM Development Advisors).** A presentation was provided for a potential single family development project "Salazar South Project" located on the NW corner of Salazar Rd & Este Es Rd, Taos, NM. Stephen Martinez spoke to Affordable vs. Workforce housing. A Workforce Housing Model Overview was provided from the Power Point presentation provided behind tab one and will be made a part of the official board packet. Non-Action Item.

Member Sullivan stepped out of the meeting at 11:07 a.m.

Consent Agenda

- 2 **Broker Dealer List Approval (Lizzy Ratnaraj).** Finance Committee - At least annually and as needed, the MFA staff reviews and updates the Broker, Dealer, Custodian, and Depository list. Staff recommends approval of the revised Broker, Dealer, Custodian, and Depository List. All organizations meet established qualifications as stated in the MFA Investment Policy.
- 3 **HomeForward Program Acquisition Cost Limit Adjustment (Jeff Payne).** Finance Committee - Staff recommends an adjustment to the HomeForward Policy allowing the MFA Policy Committee to determine Acquisition Cost Limits based on county Average Area Sales Price published by the IRS or other appropriate metrics.

Chair Reyes confirmed that all board members agree to approve the consent agenda items 1) Broker Dealer List Approval, and 2) HomeForward Program Acquisition Cost Limit Adjustment, seeing and hearing no objections he asked for a motion. Montoya made the motion to approve the consent agenda in its entirety: Second: Wurzbarger. Vote: 6-0.

Finance Committee

- 4 **External Audit Services Award (Yvonne Segovia).** Segovia began her presentation with a request for approval from the Board to award the RFP for External Audit Services. She reminded the Board that the RFP had been approved by the Board at the April 19, 2023 board meeting. She further informed the Board that MFA had received one response which met the Minimum Requirements and was scored. Staff recommends the approval of the External Audit Services to be provided by CliftonLarsonAllen LLP pending approval by the Office of the State Auditor (OSA) because MFA is subject to the State Audit Act. Motion to approve the External Audit Services Award to CliftonLarsonAllen LLP as presented: Montoya. Second: C'de Baca. Vote: 6-0.

Contracted Services/Credit Committee & NM HTF Advisory Committee

- 5 **2023-2024 Housing Opportunities for Persons with AIDS (HOPWA) award recommendations (John Garcia).** Garcia began his presentation with a request from the Board for approval to award funding to the Housing

Opportunities for Persons with AIDS Program (HOPWA) in the amount of \$1,380,892.00 for the two service providers that applied for HOPWA funding, Alianza (\$350,668.41) of New Mexico, and Southwest CARE Center (\$1,030,223.59), as well as \$42,708.00 in admin to MFA, for a total of \$1,423,600.00. Upon approval, this funding will become available to the HOPWA service providers beginning July 1, 2023. Motion to approve the 2023-2024 Housing Opportunities for Persons with AIDS (HOPWA) award recommendations as presented: Wurzbarger. Second: Elliot. Vote: 6-0.

- 6 Recommendation to allocate New Mexico Housing Trust Fund (NMHTF) severance tax bond (STB) funds for use under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a NMHTF STB award to Three Sisters Apartments (Robyn Powell).** Powell began with background information referring to page three of the memo which outlines the 2024 NM HTF Certified Uses that were approved by the Board for the initial recurring funding of \$35.7M. The recommended award to Three Sisters Housing comes from the Rental & Single Family development bucket; awarded \$22,130,000. This is the first allocation recommendation for approval under the recurring funding beginning July 1, 2023. An initial \$10m was allocated and expended under the CLSFRF NOFA. The additional application from Three Sisters application was within the deadline, scored by committee, and met the requirements of the NOFA, therefore staff requests allocation of \$3.5M of available New Mexico Housing Trust Fund (NMHTF) to the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a \$3,500,000 CSLFRF NOFA award to Three Sisters housing development project. Director of Housing Development George Maestas added that this was a 2022 LIHTC project which ran into construction cost overruns which has affected many of the other projects and requested additional gap funding. Motion to approve the Recommendation to allocate New Mexico Housing Trust Fund (NMHTF) severance tax bond (STB) funds for use under the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Notice of Funding Availability (NOFA) and recommendation to make a NMHTF STB award to Three Sisters Apartments as presented: Montoya. Second: Wurzbarger. Vote: 6-0.
- 7 Single Family Programs Report (Jeff Payne).** Payne informed the Board that the information provided is as of the end of March 2023. He reminded the Board that we quickly expended all funds of the \$7.6M in funding from SLFRF (State and Local Fiscal Recovery Funds) for \$25k DPA grants which could be combined with other programs for a total of \$35k per household (below 80% AMI) and assisted over 300 homeowners. He further updated the Board that MFA rolled out the Home Forward single family program in March and that tax exempt bonds gives MFA the ability to provide interest rates below market. He discussed the following charts and data during his presentation: historical rate trend by program, loan reservation vs loan purchases (total units), financing execution trends, reservations by program, comparison of down payment assistance (DPA) sources, comparison of loan types, borrower demographics, market utilization comparison by quarter, statewide median sales price of homes and statewide home sales. Non-Action Item.

Member Sullivan returned to the meeting 11:28 a.m.

- 8 Youth Homelessness Demonstration Project presentation (John Garcia).** Garcia provided a presentation regarding the YHDP program. He informed the Board that the Youth Homelessness Demonstration Program (YHDP) was designed by HUD in cooperation with youth who have experienced homelessness. The goal is to drastically reduce the number of youths experiencing homelessness, including unaccompanied, pregnant and parenting youth. The presentation included an update on current service providers and counties served, the 2023-2024 match award amounts, as well as information regarding how many youths have benefited from this program during the current program year and since its inception. Non-Action Item.

Other Board Items - Information Only

- 9 There were no questions asked of staff.**
- Staff Actions Requiring Notice to Board

Monthly Reports - No Action Required

- 10 There were no questions asked of staff.**
- 4/30/23 Financial Statements

MFA Regular Board Meeting Minutes

June 21, 2023

Page 4

Announcements and Adjournment - Confirmation of Upcoming Board Meetings. Chair Reyes informed the Board and guests that lunch is being provided. He further invited everyone on the tour following the lunch to the DreamTree Project as well as the adult shelter.

There being no further business the meeting was adjourned at 11:40 a.m.

Approved: July 19, 2023

Chair, Angel Reyes

Secretary, Isidoro Hernandez

This page was
intentionally left
blank- City of
Albuquerque to
address the Board.



Proprietary & Confidential

FINAL REPORT

New Mexico Mortgage Finance Authority

CYBERSECURITY FRAMEWORK ASSESSMENT

EXECUTIVE SUMMARY

June 29, 2023

Moss Adams LLP
6565 Americas Parkway NE, Suite 600
Albuquerque, NM 87110
(505) 878-7200



MOSSADAMS

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I. EXECUTIVE SUMMARY

The purpose of the assessment was to gauge New Mexico Mortgage Finance Authority's (MFA) alignment with the Framework for Improving Critical Infrastructure Cybersecurity (Cybersecurity Framework) developed by the National Institute for Standards and Technology (NIST) in response to Presidential Executive Order 13636. Adherence to the NIST Cybersecurity Framework is voluntary. The NIST Cybersecurity Framework provides guidance, based on existing standards, guidelines, and best practices to help organizations better manage and reduce cybersecurity risk. It fosters cybersecurity risk management and related communications among both internal and external stakeholders. It helps organizations better integrate and align cybersecurity risk management with broader enterprise risk management processes. The Cybersecurity Framework was selected from among a number of industry-accepted information security best practice frameworks given its coverage for critical infrastructure, which applies to MFA.

The Cybersecurity Framework v1.1 contains five functional areas for assessment: Identify, Protect, Detect, Respond, and Recover. Each of these five functional areas has multiple categories and subcategories for an effective cybersecurity framework. The Cybersecurity Framework covers the following security control domains spanning the areas of:





ID. 	IDENTIFY Asset Management • Business Environment • Governance • Risk Assessment • Risk Management Strategy • Supply Chain Risk Management
PR. 	PROTECT Identity Management and Access Control • Awareness and Training • Data Security • Information Protection Processes and Procedures • Maintenance • Protective Technology
DE. 	DETECT Anomalies and Events • Security Continuous Monitoring • Detection Processes
RS. 	RESPOND Response Planning • Communications • Analysis • Mitigation • Improvements
RC. 	RECOVER Recovery Planning • Improvements • Communications

Only the technical IT security controls that correspond with each relevant category and subcategory were reviewed for sufficiency in meeting the representative control activities described in the Cybersecurity Framework. The administrative and physical security control areas will be assessed in








2024 and can be found within the below CSF matrix having “This control was not in scope for the assessment” in the Current Control Activity column.

The Cybersecurity Framework Implementation Tiers (Tiers) provide context on how an organization views cybersecurity risks and the processes in place to manage those risks. The Tiers characterize an organization’s practices over a range from Partial (Tier 1) to Adaptive (Tier 4). These Tiers reflect a progression from informal, reactive responses to approaches that are agile and risk-informed. The Tiers are not intended to be a maturity level; instead, they are meant to provide guidance on the interactions and coordination between cybersecurity risk management and operational risk management. The key tenet of the Tiers is to allow organizations to take stock of their current activities from an organization-wide point of view and determine if the current integration of cybersecurity risk management practices is sufficient given their mission, regulatory requirements, and risk appetite. Organizational management, along with IT leadership, should determine the appropriate Tiers based on factors such as capacity, skill, priority, budget, and timelines. Progression to higher Tiers is encouraged when such a change would reduce cybersecurity risk and would be cost-effective. Further information on these Tiers is provided below.

Framework Implementation Tiers	
 Partial	The organization’s cyber-risk management profiles are not formalized and are managed on an ad hoc basis. There is a limited awareness of the organization’s cybersecurity risk at the organization level, and an organization-wide approach to managing cybersecurity risk has not been established.
 Risk Informed	Organizations establish a cyber-risk management policy that is directly approved by senior management (though not yet on an organization-wide basis). There is some effort by senior management to establish risk management objectives related to cybersecurity, to understand the organization’s threat environment, and to implement cybersecurity procedures with adequate resources.
 Repeatable	The organization is running with formal cybersecurity procedures, which are regularly updated based upon changes in risk management processes, business requirements, and a changing threat and technology landscape. Cyber-related personnel are well-trained and can adequately perform their duties. The organization also understands its dependencies and business partners and receives information from them, which allows for collaboration and risk-based management decisions.
 Adaptive	The organization adapts its cybersecurity practices “in real time” based upon lessons learned and predictive indicators derived from previous and current cybersecurity activities. Through a process of continuous improvement incorporating advanced cybersecurity technologies, real time collaboration with partners, and “continuous monitoring” of activities on their systems, the organization’s cybersecurity practices can rapidly respond to sophisticated threats.

Based on the results of our review, we would categorize MFA’s overall information security program at implementation Tier 3, Repeatable. The following table assigns maturity ratings to each of the core functions.



CORE FUNCTION		MATURITY TIER
	Identify	3 – Repeatable
	Protect	3 – Repeatable
	Detect	3 – Repeatable
	Respond	3 – Repeatable
	Recover	3 – Repeatable

The findings and recommendations discussed in this 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 risk areas, improved system stability, strengthened security, documented processes, and enhanced management of technology throughout MFA. While management is encouraged to implement the recommendations contained in this report, MFA must assess its own degree of risk involved, as well as the potential for other compensating controls to minimize or mitigate the issue, and the cost/benefit of implementing each individual recommendation.

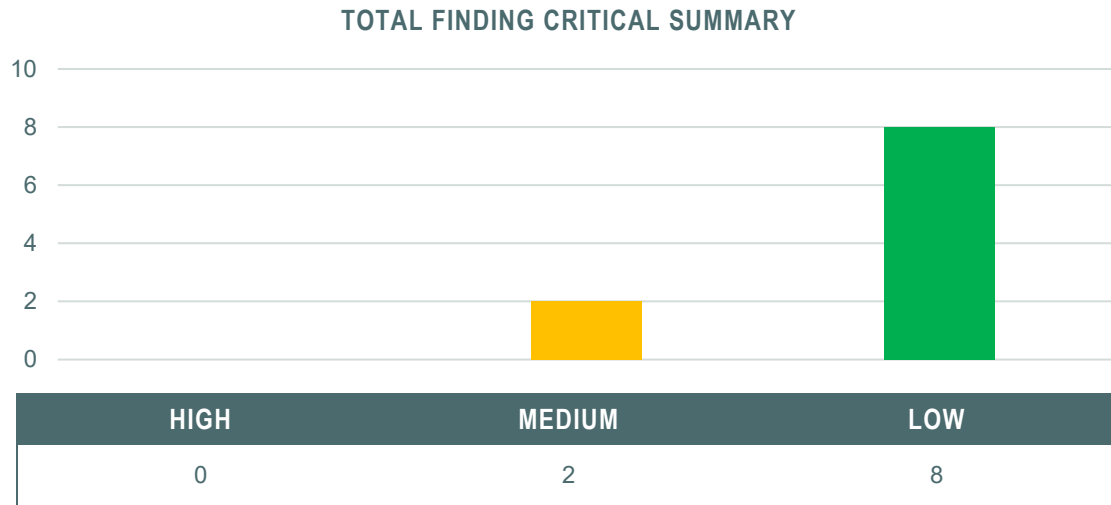
This report is intended solely for the internal use of New Mexico Mortgage Finance Authority, and may not be provided to, used, or relied upon by any third parties. While the results of our review will provide management with a better understanding of MFA's technology environment, no review is able to guarantee the security of your network. System security is not a single event but rather an ongoing maintenance issue that needs updating and continued monitoring as new threats are discovered. Malicious users, erroneous software responses, inadvertent errors, and other unexpected output can all affect any security review's result.

Projections of any assurance with regards to information security for future periods are subject to the risk that the internal control structure may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



II. FINDINGS

The Cybersecurity Framework Matrix section describes MFA's alignment with the Cybersecurity Framework. The matrix contains two of five functional areas, with each category and subcategory under separate columns. These columns are followed by control descriptions or the current situation for MFA. Any findings or misalignment with the Cybersecurity Framework is noted in the respective Gap Statement column. The Remediation Activities column describes how MFA should address the finding or gap with the respective subcategory.



During the Cybersecurity Framework Assessment, Moss Adams LLP (Moss Adams) noted the control deficiencies that pose risk to MFA.

Additional descriptions of these findings and recommendations associated with control deficiencies aligned with the Cybersecurity Framework are found in the Cybersecurity Framework Matrix section of this report. For purposes of the executive summary, only the medium findings are highlighted in this report. MFA agrees with the 8 low findings and their corresponding recommendations and is in the process of remediation.

Definition of Risk Levels

For each control category where a finding was noted, Moss Adams attached a risk rating to the finding. The risk ratings are intended to provide MFA with a means of prioritizing remediation efforts with high-risk findings addressed first, followed by medium- and low-risk findings. Definitions of each risk level are explained in the table below.



RISK LEVEL DEFINITIONS	
Risk	Significance
HIGH	Represents significant vulnerabilities that should be addressed immediately.
MEDIUM	Represents moderate vulnerabilities that should be addressed as soon as reasonably possible.
LOW	Represents a minor threat to the organization; includes informational-only findings.



III. CYBERSECURITY FRAMEWORK MATRIX

CATEGORY	SUBCATEGORY	CURRENT CONTROL ACTIVITY	GAP STATEMENT	RISK RATING (H/M/L)	REMEDIATION ACTIVITIES	MANAGEMENT RESPONSE
Identity	ID.BE-4: Dependencies and critical functions for delivery of critical services are established.	MFA performed a Business Impact Analysis (BIA) in 2022 to identify its critical services and processes. Recovery time objectives for critical services were detailed within the Information Technology Risk Assessment and varied based on each threat scenario listed. It was noted that the BIA did not prioritize the identified critical systems and processes based on criticality and had not yet been used to review and update critical services and systems listed within the Emergency Management Plan. Within Exhibit A of the Emergency Management Plan, MFA's recovery point objective (RPO) was defined as five minutes, while the recovery time objective was defined as 30 minutes. The plan also included a "Critical Tasks by Department" table that listed MFA's critical business functions along with the associated dependencies and services that could impact the delivery of each business function. Third parties supporting critical business functions were identified within Exhibit D of the Emergency Management Plan, with restoration and priority orders defined within the	MFA did not prioritize the critical services and processes identified within the BIA. MFA had also not utilized the BIA to review and update the critical systems and processes listed within the Emergency Management Plan and the Emergency Management Plan had not been reviewed and updated since 2021.	M	MFA should develop and implement procedures to determine the recovery priority of critical systems and services identified within a BIA. It is also important to note that this process should be conducted with business process owners and management and cannot be accomplished by IT alone. Upon the completion of a BIA, its results should then be used to review and update the Emergency Management Plan to help ensure the accuracy of its information and objectives. It is also recommended that MFA perform and document annual reviews of its Emergency Management Plan.	Management agrees with this recommendation and IT will coordinate with Management going forward on an annual basis to test various aspects of the Emergency Management Plan.



CATEGORY	SUBCATEGORY	CURRENT CONTROL ACTIVITY	GAP STATEMENT	RISK RATING (H/M/L)	REMEDIATION ACTIVITIES	MANAGEMENT RESPONSE
		"Restoring the Computer Network" section.				
Protect	PR.PT-3: The principle of least functionality is incorporated by configuring systems to provide only essential capabilities.	MFA had implemented policy documentation for least functionality that required information systems to provide capabilities with respect to their relative security.	The insecure port 80 HTTP was open on MITAS02, MITAS02, NETWRIX01, MFAINTRANET, DAGOBAB, HANSOLO, R2D2, BB-8, POE, GREEDO, MFA-ISE01, BOBA-FETT, JANGO-FETT, OBI-WAN, SHORETEL, MFA-ESXI1, MFA-ESXI2, MFA-ESXI3, UCS-VCENTER, and MFA-DR-VCSA01 servers as part of the Network Detective results. Unless automatically redirected to port 443, which will protect traffic by encrypting the content, port 80 communicated traffic in plaintext. Additionally, local administrative access was provisioned to select non-IT personnel.	M	<p>On a periodic basis, MFA should review the use of functions, ports, protocols, and services; identify and disable or eliminate those services deemed unnecessary, unused, or detrimental to the system or business; prohibit unauthorized software execution; identify and document software programs that are prohibited or restricted from execution on the information system; and periodically review and/or update the restricted software list.</p> <p>We recommend MFA use port 443 HTTPS instead of port 80 to securely send data between a web browser and a website. This would mitigate bad actors from exploiting unencrypted MFA traffic traversing the WAN and unsecure ports from the internal network. Additionally, see PR.AC-4 for recommendations.</p>	Management agrees with this response and IT will work with their managed security services vendor to evaluate and implement the recommended changes to provide secure communication when accessing the servers listed. They will also include periodic review of all web related services to ensure that the more secure port of 443-HTTPS is used as a default.



APPENDIX

2019 Findings

The following areas were identified for improvement during a 2019 Information Technology Security Audit conducted by REDW LLC, along with the remediation actions taken by MFA:

2019 IT SECURITY AUDIT RECAP				
NIST CSF Control	Finding	Risk Rating	Recommendation	Remediation Actions
PR.DS-5; PR.PT-2	<p>MFA did not implement removable media Controls.</p> <p>There were no controls in place to ensure employees were not properly encrypting sensitive information. Seven of the nine workstations/thin clients tested allowed the employee to read from or write to a USB without it being encrypted.</p> <p>While the “Acceptable Use and Data Security Policy” required sensitive data on USBs to be encrypted, there were no controls in place to enforce this. IT implemented a process where any removable media inserted into a computer was immediately scanned for malware, and the user cannot run an executable program.</p>	H	<ol style="list-style-type: none"> 1. Allow only authorized personnel to use “white listed” MFA-owned encrypted USB drives for business purposes. 2. Management may also consider implementing automated preventive controls over the use of USB flash drives. These automated controls can be configured to block the use of unauthorized USB flash drives, or automatically encrypt them if they are not encrypted. 	Sentinel One was implemented and serves as a blocking agent for USBs and removable media.
ID.GV-1	<p>MFA lacked formal IT Security Policies.</p> <p>The “Data Security Manual,” which outlined MFA’s Information Security Program and policies, was not formally approved and last updated in 2016. The manual was also missing other key information security policies and procedures, which REDW provided to MFA as a list, ranked in order of implementation importance.</p>	M	<ol style="list-style-type: none"> 1. The Data Security Manual should be formally updated and approved. 2. MFA should consider creating and implementing the list of policies REDW provided that MFA did not have drafted or in place. 3. All policies and procedures should be regularly updated by IT, and reviewed/approved by management annually. 	MFA’s Data Security Policies were updated and provided.
PR.IP-9; PR.IP-10	<p>IRP/CSIRP: The Computer Security Incident Response Plan (CSIRP), which was a combination of MFA’s Incident Response Plan (IRP) and Data Breach Notification Policy, had not yet been tested. The CSIRP also required for each department to have their own IRPs; however, IRPs should span the entire organization and its units, and not be individualized.</p>	M	<ol style="list-style-type: none"> 1. The IRP should be updated to ensure that verbiage includes all business units within its IRP activities. 2. The CSIRP should then be tested annually 	The IRP was updated to include all business units and evidence of annual testing was provided.
ID.GV-4; ID.RA-3, ID.RA-4; ID.RA-5;	MFA did not perform an IT Risk Assessment of its environment.	M	It is recommended that MFA perform the following:	An IT Risk Assessment Policy was provided, along with the



2019 IT SECURITY AUDIT RECAP				
NIST CSF Control	Finding	Risk Rating	Recommendation	Remediation Actions
ID.RA-6; ID.RM-1; ID.RM-2; ID.RM-3	Although MFA has an Enterprise Risk Assessment Policy, it did not detail a strategy for how the risk assessments should be performed. The policy only required for the Compliance Officer to conduct an annual enterprise risk management assessment that identifies areas of risk and ranks them based on criticality.		<p>Develop an IT Risk Assessment and Risk Management policy which provides for:</p> <ul style="list-style-type: none">● Establishing an IT risk assessment process● Annual risk assessment review● Prioritize risks – low, medium, and high● Identifying threats, risks to IT components, evaluating the impact and frequency of such risks, and determining mitigating controls● Strategies to manage IT risks <p>Establish and document an IT risk assessment process/procedure that includes input from the business and operational areas of the organization.</p> <p>Perform a global IT risk assessment and update the IT risk assessment at least annually and when there are significant changes to the IT systems, applications or infrastructure.</p> <p>For identified high risk items, develop action plans to mitigate the risk issues and track them until resolved.</p>	results of the most recent IT Risk Assessment.

2019 Findings Remediated

Removeable Media



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PACKAGES

UPGRADE POLICY

SITE INFO

GROUP RANKING

USB

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New rule

Actions

Reorder rules

No Items Selected

9 Rules50 ResultsExport

	Interface	Rule Name	Class	Vendor ID	Product ID	Scope	Serial ID	Action	Status
<input type="checkbox"/>	USB	Dell USB CD-ROM	08 Mass Storage	Any	Any	Site	KO3H1C95850	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	USB Hansolo	Any	BC2	AB25	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	Temp for Dana	08 Mass Storage	154B	Any	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	MFA Key Thumb Drive	08 Mass Storage	Any	Any	Site	Aa6656276245	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	IT WD 4TB	Any	1058	25E2	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	IT Micor SD Readers	Any	5E3	748	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	JCAGE Portable HD	Any	4791	2056	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	USB Encrypt Allow	Any	951	169D	Site	Any	Allow Read & ...	Enabled
<input type="checkbox"/>	USB	USB Block	08 Mass Storage	Any	Any	Site	Any	Block	Enabled



MEMO

TO: MFA Board of Directors

Through: Finance Committee – July 11, 2023
Through: Policy Committee – July 5, 2023

FROM: Donna Maestas-De Vries
DATE: July 19, 2023

SUBJECT: Allocations of 2023 National Housing Trust Funds and 2023 HOME Funds

Recommendation:

Staff recommends approval of the National Housing Trust Fund (NHTF) allocation in the amount of \$3,066,413 and the HOME allocation in the amount of \$16,031,660 to the activities detailed below.

Background:

MFA has been the statewide Participating Jurisdiction (PJ) for HUD HOME funds in New Mexico since 1997. HOME funds are allocated annually on a formula basis to each PJ. In 2016 MFA also started receiving allocations of NHTF. In order to be eligible, MFA must be compliant with the Consolidated Plan, Action Plan and NHTF Allocation Plan in addition to submitting the Consolidated Annual Performance and Evaluation Report (CAPER), amongst other requirements.

Discussion:

NHTF

In May, HUD provided MFA with the 2023 NHTF allocation amount of \$3,066,413. Staff is seeking approval to allocate \$2,936,413 to program funds and \$130,000 for program administration.

HOME

HUD also provided MFA with the 2023 HOME allocation in the amount of \$5,967,476. This was a decrease of \$8,478 from the previous year's allocation of \$5,975,954. MFA is carrying forward \$6,162,664 from the previous year in addition to \$3,901,520 of program income. The combined total available for allocation is \$16,031,660.

The carryforward amount consists of single-family funds that were unused, administrative fees, HOME rehab funding that was not allocated through the NOFA, and rental development funds. The HOME rehab program provides home repairs and upgrades for qualified homeowners. This program, for the most part, was put on hold in 2020 through early 2022, as homeowners did not want workers in their homes due to Covid. Last year, our service providers had to ramp up the program by hiring new staff and re-establishing the application pipeline. In the rental development program, there was a delay in loan closings last year due to the volatility of construction costs. Both labor and materials have increased significantly, and there have been supply chain issues. There are five projects with HOME funds committed that anticipate closing before the end of the year.

Funding Source	Amount
2023 HUD Allocation	\$5,967,476
Carryforward	\$6,162,664
Program Income	\$3,901,520
Total Available	\$16,031,660

HOME funds can be used in various activities which include Homebuyer Assistance (DPA), Homeownership Development (DEV), Home Rehabilitation (HOR), Rental Programs (REN), Community Housing Development Organizations (CHDO) Set Aside, CHDO Operating funds (COE) and Administration (ADM). We expect to have active programs in all activities except DPA.

HOME allocations to each activity are based on projected demand and/or HOME requirements and limitations (CHDO, COE, and ADM). Demand for funds is monitored on a monthly basis. Should demand not materialize in an activity, we have flexibility within the Action Plan to reallocate funds to another activity.

Summary:

Staff is requesting approval to allocate the NHTF in the amount of \$3,066,413 for programs and administration, and to allocate \$16,031,660 of HOME funds to the activities detailed below.

ACTIVITY	FUNDS
Homebuyer Assistance (DPA)	\$0
Homeowner Development (DEV)	\$999,472
Rehabilitation (HOR)	\$5,047,334
Rental Programs (REN)	\$8,002,886
Community Housing Dev. Organization (CHDO)*	\$895,121
CHDO Operating	\$99,947
Administration (ADM)	\$986,900
TOTAL	\$16,031,660

*NOTE: Can be used for CHDO Rental or Single-Family Programs

2023 HOME ALLOCATIONS

	Proposed Amounts 2023		2022 Board Approved Allocation Amount	2022 Board Approved Allocation Percentage	2021 Board Approved Allocation Amount	2021 Board Approved Allocation Percentage	2020 Board Approved Allocation Amount	2020 Board Approved Allocation Percentage	2019 Board Approved Allocation Amount	2019 Board Approved Allocation Percentage
HUD Allocation	\$5,967,476		\$5,975,945		\$5,279,570		\$5,245,062		\$4,685,234	
Carry Forward from Last Year	\$6,162,664		\$3,147,702		\$383,788		\$5,594,331		\$1,283,368	
Program Income	\$3,901,520		\$4,200,000		\$2,125,000		\$1,181,284		\$2,077,239	
Total Available to Distribute/Award	\$16,031,660		\$13,323,647		\$7,788,358		\$12,020,677		\$8,045,841	
Homeowner Programs	Dollar	%								
Homebuyer Assistance (DPA)	\$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
PaymentSaver	\$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Helping Hand	\$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Homeowner Development (DEV)	\$999,472	6.23%	1,185,261	8.90%	502,349	6.45%	937,445	7.80%	500,000	6.21%
Rehabilitation (HOR)	\$5,047,334	31.48%	2,112,857	15.86%	2,830,486	36.34%	6,063,877	50.45%	3,659,088	45.48%
Homeowner Rehab - Reservation	\$4,997,360	31.17%	2,061,324	15.47%	2,780,276	35.70%	5,962,428	49.60%	3,644,088	45.29%
Homeowner Rehab - Lead Based Paint	\$49,974	0.31%	51,533	0.39%	50,210	0.64%	101,449	0.84%	15,000	0.19%
Rental Programs (REN)	\$8,002,886	49.92%	7,967,250	59.80%	2,830,485	36.34%	3,452,822	28.72%	2,417,721	30.05%
Other Programs	\$895,121	5.58%	896,392	6.73%	791,936	10.17%	786,759	6.55%	702,785	8.73%
CHDO Set-Aside (CHDO)	\$895,121	5.58%	896,392	6.73%	791,936	10.17%	786,759	6.55%	702,785	8.73%
TBRA (TBR)	\$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
MFA R&D Programs (R&D)	\$0	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
CHDO Operating (COE)	\$99,947	0.62%	144,293	1.08%	110,145	1.41%	170,000	1.41%	90,000	1.12%
Administration (ADM)	\$986,900	6.16%	1,017,595	7.64%	722,957	9.28%	609,774	5.07%	676,247	8.40%
MFA Administration	\$836,979	5.22%	955,755	7.17%	607,306	7.80%	430,901	3.58%	566,924	7.05%
Admin Pass Through	\$149,921	0.94%	61,840	0.46%	115,651	1.48%	178,873	1.49%	109,323	1.36%
TOTAL ACTIVITY DISTRIBUTIONS	\$16,031,660	100.00%	13,323,647	100.00%	7,788,358	100.00%	12,020,677	100.00%	8,045,841	100.00%
DIFFERENCE	\$0	0.00%	0	0.00%	0	0.00%	-	0.00%	-	0.00%
GRAND TOTAL	\$16,031,660	100.00%	13,323,647	100.00%	7,788,358	100.00%	12,020,677	100.00%	8,045,841	100.00%



MEMO

TO: MFA Board of Directors
 Through: Finance Committee – July 11, 2023
 Through: Policy Committee – July 5, 2023
 FROM: Joseph McIntyre, Controller
 DATE: July 19, 2023
 SUBJECT: Authorized Signatures Resolution

Recommendation:

Staff recommends the update of the Authorized Signature Resolution to add two Document Custodians to Program authorizations and allow for electronic signatures.

Background:

The Authorized Signatures Resolution is updated periodically as needed.

Discussion:

Two additional program staff are being added to support the Ginnie Mae online processing, which requires Board authorization per Ginnie Mae. In addition, Fannie Mae is requiring that the resolution allow for electronic signatures. Both these requests have been added to the current updated Resolution.

Summary:

The Authorized Signatures Resolution is updated periodically as needed. Staff recommends the update of the Authorized Signature Resolution to add two Document Custodians to Program authorizations and allow for electronic signatures.

NEW MEXICO MORTGAGE FINANCE AUTHORITY AUTHORIZED SIGNATURES RESOLUTION

WHEREAS, a regular meeting of the Board of Directors of the New Mexico Mortgage Finance Authority (MFA) was held at 344 Fourth St. SW, Albuquerque, New Mexico on July 19, 2023 at 9:30 a.m.; and

WHEREAS, authorized signatures are required to conduct the ongoing business of the MFA;

IT IS THEREFORE RESOLVED:

1. The individuals holding the following positions are designated as Authorized Signatures on documents and/or instruments required to perform program and servicing activities consistent with their areas of responsibility:

Executive Director/Chief Executive Officer	Isidoro R. Hernandez
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Human Resources Director	Dolores Wood
Director of Servicing	Teresa Lloyd
Assistant Director of Servicing	Blanca Vasquez
Director of Secondary Market	Olivia Martinez
Secondary Market Supervisor	Cindy Arellano
Secondary Market Loan Processor	Janet Armijo
<u>Document Custodian</u>	<u>Amber Erni</u>
<u>Document Custodian</u>	<u>Judy Horsman</u>

2. The individuals, holding the following positions, are designated as Authorized Signatures on Bank Accounts with the authority to establish accounts in any bank or financial institution (bank) in the name and on behalf of MFA; or to withdraw or disburse funds by checks, drafts, wire transfers, Automated Clearing House (ACH) or other instruments or orders customarily used for the disbursement or payment of funds; and to make, execute, and deliver, under the seal of MFA, any and all bank instruments necessary to effectuate the authority here by conferred:

Chair of the Board	Angel A. Reyes
Vice-Chair of the Board	Derek Valdo
Treasurer of the Board	Rebecca Wurzbarger
Other Board Members Designated by the Chair of the Board	

3. The individuals, holding the following positions, are authorized to effectuate the daily operations of MFA, including approve disbursements from MFA bank accounts by wire, ACH or other electronic transfer; endorse checks payable to MFA; and to make, execute, and deliver under the seal of MFA, any and all bank instruments necessary to effectuate the electronic transfers, endorsements, or other bank services:

Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre
Assistant Controller	Domenica Duran-Arias

4. The individuals holding the following positions are designated as Authorized Signatures on contracts ~~and documents~~ and documents that legally bind the MFA. The Executive Director/Chief Executive Officer (ED/CEO) is the authorized signer on behalf of MFA. Other Management (as defined in MFA's Bylaws) are designated to sign on behalf of ED/CEO; however, they shall be limited to signing contracts and documents within the individual's area of responsibility.

ED/CEO	Isidoro R. Hernandez
Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Chief Lending Officer	Jeff Payne
Director of Human Resources	Dolores Wood

5. The individuals holding the following positions are designated as Authorized Signatures on federal fiscal reports and payment vouchers in accordance with OMB 2 CFR 200.415:

Chief Financial Officer	Lizzy Ratnaraj
Chief Housing Officer	Donna Maestas-De Vries
Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre

6. The individuals holding the following positions are designated as Authorized Signatures on contracts and documents that legally bind the MFA where awards have been approved by Policy Committee or Board of Directors; however, such contracts and documents shall be limited to the individual's area of responsibility:

Controller	Yvonne Segovia
Controller Designee	Joseph G. McIntyre
Senior Director of Information Technology	Joseph Navarrete
Director of Asset Management	Patrick Ortiz
Director of Communications & Marketing	To Be Determined
Director of Community Development	Kellie Tillerson
Director of Compliance & Initiatives	Julie Halbig
Director of Homeownership	Rene Acuna
Director of Housing Development	George Maestas
Director of Policy & Planning	Robyn Powell
Director of Secondary Market	Olivia Martinez
Director of Servicing	Teresa Lloyd

7. Authorized Signatures shall be valid, binding, and enforceable against MFA when executed by means of (i) an original manual signature; (ii) a faxed or scanned manual signature, or (iii) any other electronic signature permitted by the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, and/or any other relevant electronic signatures law, including any relevant provisions of the Uniform Commercial Code (collectively, "Signature Law"), in each case to the extent applicable. Each faxed or scanned manual signature, and each electronic signature, shall for all purposes have the same validity and legal effect as an original manual signature. For the avoidance of doubt all electronic signatures must comply with MFA's Electronic Signatures Policy.

After discussion the foregoing Resolution was:

ADOPTED:

Aye:

Nay:

Abstain:

Absent:

PASSED AND APPROVED BY THE NEW MEXICO MORTGAGE FINANCE
AUTHORITY THIS 19th DAY OF JULY, 2023.

Angel Reyes, Chair

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 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; and that said resolution 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 19th day of July, 2023.

Isidoro Hernandez, Secretary

(SEAL)



MEMO

TO: MFA Board of Directors

Through: Finance Committee – 7/11/2023

Through: Policy Committee – 7/5/2023

FROM: Joseph McIntyre, Controller

DATE: 7/19/2023

SUBJECT: FY2023 Budget Amendment

Recommendation:

Staff recommends approval of the Budget Amendment to allow for purchase of the Jefferson Building, current year operating costs and rental income for the Jefferson Building, additional interest expense related to financing of the Jefferson Building, and the hiring of a Tax Credit Loan Processor in the Housing Development department.

Background:

Per the MFA By-laws “moneys of the Authority shall be expended in accordance with the budget.” On 9/14/2022 the Board approved the fiscal year 2023 budget. The budget authorized total revenue of \$29,736,443 and total expenses of \$27,289,608, for a total net excess revenue over expenses budgeted of \$2,446,835, plus capital outlay of \$4,391,171.

Discussion:

MFA purchased the Jefferson building in May of 2023 with Board approval. This budget amendment increases the capital outlay budget related for the purchase. Additional operating costs and rental income from the Jefferson building are also included in this amendment. Additional interest expense will also be incurred related to the financing of the Jefferson Building.

We have added 1 FTE to the Housing Development Staff that was not included in the original budget. A Tax Credit Loan Processor was added to accommodate growth in the 4% LIHTC program and provide essential support for the anticipated growth in underwriting that Housing Development has experienced.

Summary:

On 9/14/2022 the Board approved the fiscal year 2023 General Fund 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 \$237,206 which is offset by an increase in

expected revenue of \$126,842. The capital outlay impact on this budget amendment is \$10,000,000 for the purchase of the Jefferson building.

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Fiscal Year 2022-2023
Approved 9/14/2022

BUDGET AMENDMENT

	Proposed Budget FY2023	Amended Budget FY2023	Total Approved Budget FY2023	Proposed Amendment	% Change
Interest Income	8,405,392	8,405,392	8,405,392	-	0%
Interest on Investments & Securities	1,318,256	1,318,256	1,318,256	-	0%
Loan & Commitment Fees	175,344	175,344	175,344	-	0%
Administrative Fee Income (Exp)	8,408,864	8,408,864	8,408,864	(0)	0%
Risk Sharing/Guaranty/RTC fees	463,730	463,730	463,730	-	0%
Housing Program Income	1,530,014	1,530,014	1,530,014	-	0%
Loan Servicing Income	9,434,743	9,434,743	9,434,743	(0)	0%
Other Operating Income	-	-	-	-	
Operating Revenues	29,736,343	29,736,343	29,736,343	(0)	0%
Gain (Loss) Asset Sale/Debt Ex	-	-	-	-	
Other Non-operating Income	126,942	100	126,842	126,842	126842%
Non-Operating Revenues	126,942	100	126,842	126,842	126842%
Revenue	29,863,285	29,736,443	29,736,443	126,842	0%
Salaries	7,992,009	7,978,035	7,978,035	13,974	0%
Overtime	37,585	37,585	37,585	-	0%
Incentives	678,356	677,169	677,169	1,187	0%
Payroll taxes, Employee Benefits	3,965,221	3,958,534	3,958,534	6,687	0%
Compensation	12,673,171	12,651,323	12,651,323	21,848	0%
Business Meals Expense	7,220	7,220	7,220	-	0%
Public Information	339,488	339,488	339,488	-	0%
In-State Travel	159,671	159,671	159,671	-	0%
Out-of-State Travel	268,046	268,046	268,046	(0)	0%
Travel & Public Information	774,425	774,425	774,425	(0)	0%
Utilities/Property Taxes	124,860	79,700	79,700	45,160	57%
Insurance, Property & Liability	231,148	226,628	226,628	4,520	2%
Repairs, Maintenance & Leases	1,683,429	1,643,951	1,643,951	39,478	2%
Supplies	35,700	35,700	35,700	0	0%
Postage/Express mail	40,800	40,800	40,800	-	0%
Telephone	22,701	22,701	22,701	-	0%
Janitorial	40,900	40,900	40,900	0	0%
Office Expenses	2,178,793	2,089,634	2,089,634	89,158	4%
Dues & Periodicals	62,773	62,773	62,773	-	0%
Education & Training	170,690	170,690	170,690	-	0%
Contractual Services	1,402,004	1,402,004	1,402,004	-	0%
Professional Services-Program	242,751	242,751	242,751	-	0%
Direct Servicing Expenses	4,885,567	4,885,567	4,885,567	-	0%
Program Expense-Other	180,448	180,448	180,448	-	0%
Rebate Analysis Fees	-	-	-	-	
Other Operating Expense	6,944,233	6,944,233	6,944,233	-	0%
Interest Expense	1,771,420	1,645,220	1,645,220	126,200	8%
Non-Cash Expenses	2,841,098	2,841,098	2,841,098	-	0%
Expensed Assets	79,850	79,850	79,850	-	0%
Operating Expenses	27,262,990	27,025,783	27,025,783	237,207	1%
Program Training & Tech Asst	151,900	151,900	151,900	-	0%
Program Development	111,925	111,925	111,925	-	0%
Capacity Building Costs	263,825	263,825	263,825	-	0%
Non-Operating Expenses	263,825	263,825	263,825	-	0%
Expenses	27,526,815	27,289,608	27,289,608	237,207	1%
Excess Revenue over Expenses	2,336,471	2,446,835	2,446,835	(110,364)	-5%

NEW MEXICO MORTGAGE FINANCE AUTHORITY
Fiscal Year 2022-2023
Approved 9/14/2022

BUDGET AMENDMENT

	Proposed Amended Budget FY2023	Total Approved Budget FY2023	Proposed Amendment	% Change
2690 PURCHASED SERVICING RIGHTS	4,350,847	4,350,847	-	0%
2950 COMPUTER HARDWARE	40,324	40,324	-	0%
2960 SOFTWARE LICENSES	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	
2860 BUILDING	10,000,000	-	10,000,000	
Capital Budget	14,391,171	4,391,171	10,000,000	228%



MEMO

TO: MFA Board of Directors
Through: Contract Services Committee – July 11, 2023
Through: PC Committee – July 5, 2023

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: July 19, 2023

SUBJECT: Regional Housing Authorities 2022 Annual Report

Recommendation:

Staff recommends approval of the Regional Housing Authority 2022 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 7/1/21 through 6/30/22.

Background:

In the 2009 Legislative Session, the New Mexico state legislature amended the Regional Housing Law 11-3A-29 NMSA 1978, to re-define the activities of the Regional Housing Authorities (RHA) and to mandate the MFA provide oversight of certain 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)
2. 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)
4. 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)
5. Financial and Operational Oversight only as provided for below.

(NMSA 1978 § 11-3A-30):

6. Approve contracts and MOUs with a value greater than \$100,000 (MFA Board) (NMSA 1978 § 11-3A-30 A (1))
7. 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))
8. 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)
9. Review of the RHA's external financial audits (MFA Staff and Board) (NMSA 1978 § 11-3A-30-C)
 - a. 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:

This report provides an update of the above-mentioned items for the three (3) New Mexico RHAs listed below from 7/1/21 through 6/30/22.

- 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 (7/1/21 – 6/30/22)	Date Approved by RHA Board and/or HUD
ERHA	Low Rent Public Housing \$1,679,444 Section 8 Vouchers <u>\$8,612,113</u> \$10,291,557	6/25/22
WRHA	Low Rent Public Housing \$ 974,720 Section 8 Vouchers <u>\$4,721,390</u> \$5,696,110	3/29/22
NRHA	Low Rent Public Housing \$3,519,845 Section 8 Vouchers <u>\$ 299,350</u> \$3,819,195	6/29/21

1

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.

Eastern Regional Housing Authority – 1 Vacancy

County within Region	Commissioner Assigned to County	Current Status and Term End Date
Otero	Michael O'Hara	Pending
Chavez	Terri Douglass	7/1/23
Eddy	Sylvia Bueno	7/1/25
Lea	Ella Turner	7/1/25
Otero	Pamela R Clarke	7/1/25
Chavez	Alfred Velasquez, Jr.	7/1/25

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
Sierra	Dr. G Vincent Barrett	7/1/23
Socorro	Jacqueline Muncy	7/1/25
Valencia	Carol Ann Anaya	7/1/25
Grant	Martha Ann Peru Salas	7/1/25
Hidalgo	Irene Galvan	7/1/22 (Renewal)

Northern Regional Housing Authority – 1 Vacancy

County within Region	Commissioner Assigned to County	Current Status and Term End Date
Sandoval	Jolene Slowen	7/1/23
Los Alamos	Steven Brugger	7/1/23
San Juan	Nichole R Sandoval-Belt	7/1/24
San Miguel	Donna Vigil	7/1/24
Cibola	Rev. Garland McCoy Moore	7/1/25
Colfax	Rayetta M Trujillo	7/1/25
Rio Arriba	Lauren Reichelt	7/1/25 (Resigned)

3. Executive Directors – There are no changes to the RHA Executive Directors.

- ERHA: Chris Herbert has served as Executive Director since 2006
- WRHA: Cathy DeMarco has served as Executive Director since 2003
- NRHA: Terry Baca has served as Executive Director since 2021

4. Approve the articles of incorporations and bylaws, and any subsequent changes of any nonprofit entities to be created by the RHA – No activity from 7/1/21 to 6/30/22.
5. Limited Financial and Operational Oversight.
6. Approve contracts and MOUs with a value greater than \$100,000
 - On June 15, 2022, MFA Board approved NRHA's contract with Duke City Builders, LLC and Lowry Consultants, Inc, each with a contract greater than \$100,000.*
 - Duke City Builders failed to execute the contract and a contract termination was issued.
 - On August 17, 2022, MFA Board approved NRHA's contract with Northeastern Construction Company.*

**Board Memos Attached*

7. Approve transfers, sales, or liquidations of any real or personal property with a value greater than \$100,000.
 - On June 15, 2022, MFA Board approved ERHA's sale of the Woodleaf Apartments located in Hobbs, NM.*

**Board Memo Attached*

8. Review of the final operating budget of the RHA and each nonprofit it has established (HUD Approved 5 Year Plans)
9. 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.

EASTERN REGIONAL HOUSING AUTHORITY

ERHA received an unmodified opinion on the FYE 6/30/22 audit. There are 2 findings noted in the audit related to the Federal Awards

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

Condition – The equity balances for Section 8 Housing Choice Vouchers were not properly maintained between Administrative Fee Equity and HAP Equity.

Criteria – The ACC requires PHA to properly account for program activity – records and accounting transactions support a proper roll-forward of equity.

Cause – Confusion caused by the absorption of Tucumcari HA Section 8 program that included balances later determined to be administrative fee equity per discussion with HUD. PHA was accustomed to expending all administrative fees

and therefore incorrectly assumed the same for the year of absorption of Tucumcari Section 8 Housing.

Effect – Potential that PHA is not funded correctly.

Recommendation – The PHA should correct the account balances.

Management Response – The staff shall correct the account balances, specifically in the HUD FDS and VMS records.

2022-001 (2021-002) Late Audit Report – Other Non-Compliance - Repeated with modification.

Condition – The audit report was submitted after September 30, 2022. Although the Housing Authority worked with the auditor to complete the audit timely; due to the complexity of accounting issues resulting from absorption and the early due date the auditor again was 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, 2022.

Cause - Complex accounting and presentation issues due to the absorption of the Housing Authorities the auditor was unable to meet deadline.

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.

WESTERN REGIONAL HOUSING AUTHORITY

WRHA received an unmodified opinion on the FYE 6/30/22 audit. There are no findings noted in the audit.

NORTHERN REGIONAL HOUSING AUTHORITY

NRHA completed the FYE 6/30/21 audit which is being reported for the 6/30/22 RHA Annual Reporting. The 6/30/22 audit is in process with an estimated completion date of 9/30/23. NRHA received an unmodified opinion with 15 findings. There were 4 material weaknesses, 4 significant deficiencies, 6 non-compliance and 1 material non-compliance identified.

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.

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 ensure 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 in 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**.

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 come more complex financial requirements which made reporting as well as auditing difficult.

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 merger, causing a delay in many of the 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.

2021-004 INSUFFICIENT INTERNAL CONTROLS OVER CASH RECEIPTS - Significant Deficiency

Condition - Based on our test work 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 ensure 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 in this procedure to ensure it is 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.

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 the 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 come more complex financial requirements which made reporting as well as auditing difficult.

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.

2021-007 STALE DATED CHECKS – Other Matters

Condition - The Housing Authority has 18 stale dated checks totaling \$33,836 on 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.

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 come more complex financial requirements which made reporting as well as auditing difficult.

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 to 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 tenants.

Management response - The Housing Authority is aware of the issue and is being proactive to correct by the end of the 2023 fiscal year.

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 test work 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 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 overpayment 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.

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 noncompliance 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 come more complex financial requirements which made reporting as well as auditing difficult.

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.

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 Statutes.

Management response - The Housing Authority understands the risk and has developed processes to prevent this in the future.

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 are 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 regard 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.

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 are 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 regard 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.

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 the 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.

Update on Overall Status of NRHA:

- NRHA has not completed their Audited Financial Statements for fiscal year ending 6/30/22. The audit is currently in progress.
- As required by audit regulations, findings impacting federal funding have been reported to HUD.
- HUD will be scheduling their next monitoring to determine if the agency will be removed from “Troubled” status.

Summary:

Staff recommends approval of the Regional Housing Authority 2022 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 7/1/21 through 6/30/22.



MEMO

TO: MFA Board of Directors

Through: Contracted Services Committee – June 7, 2022

Through: Policy Committee – May 31, 2022

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: June 15, 2022

SUBJECT: Northern Regional Housing Authority (NRHA)
Contract Approval > 100K

Recommendation

MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into, and sign two (2) service contracts, each 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

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.

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

The following service providers have been selected:

Lowry Consultants, Inc – This service provider offers professional services to research and develop bid documents, perform contract administration, construction observation and Architect/Engineer Services for the 10-unit project in Las Vegas. The amount of the contract is approximately \$125,000.

Duke City Builders, LLC – has been selected as the contractor to perform the work on this project. Duke City Builders proved to be a responsible company with a good reputation to perform the construction services while providing the best pricing to complete the 10-unit project in Las Vegas. The amount of the contract is approximately \$1,125,000 or \$112,500 per unit.

Summary

MFA staff recommends Board approval for Northern Regional Housing Authority (NRHA) to enter into, and sign two (2) service contracts, each with a value greater than \$100,000.



MEMO

TO: MFA Board of Directors

Through: Contracted Services Committee – August 9, 2022

Through: Policy Committee – August 2, 2022

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: August 17, 2022

SUBJECT: Northern Regional Housing Authority (NRHA)
Contract 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 contract 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.



MEMO

TO: MFA Board of Directors

Through: Contracted Services Committee – June 7, 2022

Through: Policy Committee – May 31, 2022

FROM: Theresa Laredo-Garcia, Program Development Manager

DATE: June 15, 2022

SUBJECT: Eastern Regional Housing Authority (ERHA)
Request for Approval to sell Woodleaf Apartments in Hobbs, NM

Recommendation

MFA staff recommends MFA's Board approve the sale of the Woodleaf Apartments located at 3320 North Dal Paso Street in Hobbs, NM owned by RHA Housing Development Corporation, A New Mexico non-profit corporation and wholly owned subsidiary of Eastern Regional Housing Authority.

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 MFA's Board approval of a Regional Housing Authority's transfer, sale, or liquidation of any real or personal property with a value greater than \$100,000. The sale of ERHA's Woodleaf property falls under this oversight.

Discussion

The ERHA development team considered several options for the rehabilitation of Woodleaf Apartments, a 152-unit market rate multifamily property site on 7.52 acres, originally constructed in 1983. The condition of the property is poor and needs extensive immediate repairs in order to lease several of the units. A third-party contractor estimated the property needs \$1.7 million of repairs to cure the deferred maintenance.

To reduce risk and liability to ERHA posed by a declining property, ERHA's management and Board determined that selling the property would be the best option. MFA was notified of their intention to sell the property. The net proceeds of the sale will be transferred to ERHA's development account for the purpose of expanding development and preserving affordable housing in ERHA's region. ERHA has owned the property since 1989. In addition, there is no Land Use Restriction Agreement (LURA) attached to the property and therefore, no affordability requirements.

ERHA has diligently performed the required activities as outlined in the attached *“Sale of Property Checklist”* to ensure the sale of the property is compliant with MFA’s compliance oversight process. ERHA has reported all completed activities to MFA and has provided documentation to support each activity.

ERHA’s Board of Commissioners approved and adopted Resolution #21-08-03 for the sale of the Woodleaf Apartments. An appraisal of the property has been obtained by an MFA approved appraisal company which reports the Market Value as of February 15, 2022, to be \$3,100,000.

ERHA procured a broker through the required RFP process and selected Marcus & Millichap Multifamily Group as the broker for the property. Marcus & Millichap is a very reputable multifamily broker with extensive experience in the sale of multifamily properties.

ERHA received fifteen (15) offers on the property. Their evaluation team reviewed all offers and concentrated on the seven (7) Best and Final offers that met the minimum requirements. (Attached is a matrix of the offers received). After careful review and consideration, ERHA focused on the top three (3) offers.

1. The offer from the Haley Real Estate Group was the highest amount but was not accepted due to added language in the offer to include the property adjacent to Woodleaf Apartments, which was not included in the RFP, and is not for sale.
2. The offer by Todd G. Seidenschwarz, is the most advantageous to ERHA because there are no contingencies, the transaction could be completed in 45-days, and the Earnest Money is secured.
3. The offer from Equity Consultants Real Estate was reviewed and it was agreed by ERHA staff and Commissioners that the offer had too many contingencies and could take an extended amount of time to complete the sale.

ERHA has chosen to move forward with the sale of the property to Todd G. Seidenschwarz. ERHA and Todd Seidenschwarz executed the purchase and sale agreement on May 27, 2022, as a good faith commitment to close the deal upon MFA’s Board of Director’s approval.

Todd Seidenschwarz offered \$4,400,000 for the Woodleaf Apartments and will be required to acquire the property within 45 days of the effective date of the purchase and sale agreement in “As Is” condition.

Summary

As required by Senate Bill 20, MFA staff and ERHA are seeking MFA board approval for the sale of the Woodleaf Apartments located in Hobbs, NM to Todd G. Seidenschwarz for \$4,400,000. Woodleaf Apartments is owned by RHA Housing Development Corporation, A New Mexico non-profit corporation and wholly owned subsidiary of Eastern Regional Housing Authority.

STATE OF NEW MEXICO

EASTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2022

EASTERN REGIONAL HOUSING AUTHORITY

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EASTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2022

BOARD OF DIRECTORS

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

ADMINISTRATIVE OFFICIALS

<i>Chris Herbet</i>	<i>Executive Director</i>
<i>Irene Murillo</i>	<i>Deputy Director</i>
<i>Olivia Cruz</i>	<i>Finance Director</i>

INDEPENDENT AUDITORS' REPORT

Mr. Joseph M Maestas, PE, State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Eastern Regional Housing Authority, as of and for the year ended June 30, 2022 , and the related notes to the financial statements, which collectively comprise the Eastern Regional 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 business-type activities of the Eastern Regional Housing Authority, as of June 30, 2022 , and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Eastern Regional 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 opinions.

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 Eastern Regional 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.

Mr. Joseph M Maestas, PE, State Auditor and
 Board of Commissioners
 Eastern Regional Housing Authority
 Roswell, New Mexico
 Page Two

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 auditor's report that includes our opinions. 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 Eastern Regional 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 Eastern Regional 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 basis financial statements is not affected by that missing information.

Accounting principles generally accepted in the United States of America require that the pension liability schedules on pages 34 through 36 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,

Mr. Joseph M Maestas, PE, State Auditor and
 Board of Commissioners
 Eastern Regional Housing Authority
 Roswell, New Mexico
 Page Three

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 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Eastern Regional Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The Financial Data Schedule and the schedules required by 2.2.2 NMAC (as presented in the table of contents on pages 37-46) are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and related 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 Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC (as presented in the table of contents on pages 37-46) 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 6, 2023 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
 Las Cruces, New Mexico

February 6, 2023

BASIC FINANCIAL STATEMENTS

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2022

	Woodleaf Development	TDS - ERHA Unidos	Low Rent Public Housing	Tucumcari Low Rent Housing	Emergency Housing Vouchers
ASSETS					
Current Assets					
Cash	\$395,783	\$2,363	\$1,558,497	\$0	\$109,793
Restricted cash	0	0	0	0	83,066
Investments	0	0	289,075	0	0
Receivables (net of allowance):					
Tenants	22,085	1,016	19,929	0	0
Other government	0	0	0	0	0
Due from (to) other funds	1,034,094	(1,673)	(29,016)	0	(48,067)
Total current assets	1,451,962	1,706	1,838,485	0	144,792
Noncurrent Assets:					
Restricted cash / investments	534,294	34,623	74,765	0	0
Capital Assets:					
Land	259,919	6,668	784,920	0	0
Buildings	3,260,363	1,167,516	17,267,445	0	0
Equipment and furniture	55,771	0	1,407,814	0	0
Less accumulated depreciation	(2,867,500)	(178,865)	(16,761,932)	0	0
Capital assets, net	708,553	995,319	2,698,247	0	0
Total assets	2,694,809	1,031,648	4,611,497	0	144,792
Deferred outflows of resources - related to pension plan					
	30,180	0	158,428	0	0
LIABILITIES					
Current Liabilities:					
Bank Overdraft	0	0	0	0	0
Accounts payable	11,153	4,969	3,389	0	0
Accrued payroll liabilities	2,778	0	23,231	0	1,055
Escrow funds held for offers	0	0	0	0	0
Prepaid rent	17,371	1,032	23,195	0	0
Tenant deposits	28,929	3,352	75,273	0	0
Notes payable (current)	155,000	8,154	0	0	0
Total current liabilities	215,231	17,507	125,088	0	1,055
Escrow funds held for others	0	0	0	0	0
Notes payable (net of current portion)	1,200,000	279,336	0	0	0
Compensated Absences (non current)	1,405	0	14,487	0	0
Net pension liability	88,894	0	466,694	0	0
Total liabilities	1,505,530	296,843	606,269	0	1,055
Deferred inflows of resources - Pension					
	38,253	0	200,829	0	0
NET POSITION					
Net investment in capital assets	(646,447)	707,829	2,698,247	0	0
Restricted for debt service	505,665	0	0	0	0
Restricted for housing assistance	0	31,271	0		143,737
Unrestricted	1,321,988	(4,295)	1,264,580	0	0
Total net position	\$1,181,206	\$734,805	\$3,962,827	\$0	\$143,737

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2022

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Elimination	Total
ASSETS					
Current Assets					
Cash	\$44,096	\$0	\$0	\$0	\$2,110,532
Restricted cash	188,093	0	0	0	271,159
Investments	0	0	0	0	289,075
Receivables (net of allowance):					
Tenants	0	0	0	0	43,030
Other government	0	0	62,527	0	62,527
Due from (to) other funds	(250)	0	(955,088)	0	0
Total current assets	231,939	0	(892,561)	0	2,776,323
Noncurrent Assets:					
Restricted cash / investments	0	0	0	0	643,682
Capital Assets:					
Land	0	0	6,000	0	1,057,507
Buildings	0	0	0	0	21,695,324
Equipment and furniture	0	0	582,047	0	2,045,632
Less accumulated depreciation	0	0	(386,547)	0	(20,194,844)
Capital assets, net	0	0	201,500	0	4,603,619
Total assets	231,939	0	(691,061)	0	8,023,624
Deferred outflows of resources - related to pension plan					
	0	0	188,607	0	377,215
LIABILITIES					
Current Liabilities:					
Bank Overdraft	0	0	10,037	0	10,037
Accounts payable	0	0	11,392	0	30,903
Accrued payroll liabilities	0	0	0	0	27,064
Escrow funds held for offers	633	0	0	0	633
Prepaid rent	0	0	0	0	41,598
Tenant deposits	0	0	0	0	107,554
Notes payable (current)	0	0	0	0	163,154
Total current liabilities	633	0	21,429	0	380,943
Escrow funds held for others	130,251	0	0	0	130,251
Notes payable (net of current portion)	0	0	95,258	0	1,574,594
Compensated Absences (non current)	0	0	9,768	0	25,660
Net pension liability	0	0	555,588	0	1,111,176
Total liabilities	130,884	0	682,043	0	3,222,624
Deferred inflows of resources - Pension					
	0	0	239,082	0	478,164
NET POSITION					
Net investment in capital assets	0	0	201,500	0	2,961,129
Restricted for debt service	0	0	0	0	505,665
Restricted for housing assistance	101,055	0	0	0	276,063
Unrestricted	0	0	(1,625,079)	0	957,194
Total net position	\$101,055	\$0	(\$1,423,579)	\$0	\$4,700,051

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Woodleaf Development	TDS-ERHA Unidos	Low Rent Public Housing	Tucumcari Low Rent Housing	Emergency Housing Vouchers
Operating Revenues					
Tenant rental revenue	\$667,875	\$46,773	\$977,516	\$0	\$0
Other tenant revenue	23,673	0	18,724	0	0
Management and administrative fees	0	0	0	0	21,730
Miscellaneous income	215,000	0	190	0	0
Prior year voided checks	0	0	0	0	0
HUD operating subsidy	0	0	1,279,445	0	0
<i>Total operating revenues</i>	906,548	46,773	2,275,875	0	21,730
Operating Expenses					
Personnel services and benefit	62,370	0	962,607	0	48,861
Management and administrative fees	57,632	28,966	262,690	0	38,951
Professional / contract service fees	41,990	0	115,644	0	0
Repairs and maintenance	117,139	0	995,493	0	0
Utilities	112,130	0	483,075	0	0
Materials and supplies	97,801	0	233,408	0	511
Insurance	2,211	0	13,335	0	0
Miscellaneous	44,097	0	140,543	0	6,036
Depreciation	79,062	40,498	831,091	0	0
<i>Total operating expenses</i>	614,432	69,464	4,037,886	0	94,359
<i>Operating income (loss)</i>	292,116	(22,691)	(1,762,011)	0	(72,629)
Non-Operating Revenues (Expenses)					
Intergovernmental grants - federal	0	0	0	0	190,695
Intergovernmental grants - state	0	0	0	0	0
Housing assistance payments	0	0	0	0	(107,629)
Other non-operating revenue	0	0	0	0	0
Interest income	124	0	1,285	0	0
Interest expense	(101,531)	(2,911)	0	0	0
Operating transfer in	0	0	528,688	0	133,300
Operating transfer (out)	0	0	(528,688)	0	0
HUD capital grants	0	0	1,154,291	0	0
Gain/Loss on sale of capital asset	0	0	0	0	0
<i>Total non-operating revenues (expenses)</i>	(101,407)	(2,911)	1,155,576	0	216,366
<i>Changes in net position</i>	190,709	(25,602)	(606,435)	0	143,737
Net position, beginning of year	990,497	733,103	2,962,762	1,606,500	0
Restatements	0	27,304	0	0	0
Net position, beginning of year as restated	990,497	760,407	2,962,762	1,606,500	0
Transfer - capital	0	0	1,606,500	(1,606,500)	0
<i>Net position, end of year</i>	\$1,181,206	\$734,805	\$3,962,827	\$0	\$143,737

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Section 8 Housing Program	Tucumcari Section 8 Housing Program	Administrative Services Department	Elimination	Total
Operating Revenues					
Tenant rental revenue	\$0	\$0	\$0	\$0	\$1,692,164
Other tenant revenue	0	0	0	0	42,397
Management and administrative fees	716,950	0	1,208,809	(1,136,172)	811,317
Miscellaneous income	60,923	0	26,522	0	302,635
Prior year voided checks	0	0	0	0	0
HUD operating subsidy	0	0	0	0	1,279,445
<i>Total operating revenues</i>	<i>777,873</i>	<i>0</i>	<i>1,235,331</i>	<i>(1,136,172)</i>	<i>4,127,958</i>
Operating Expenses					
Personnel services and benefit	0	0	1,461,749	0	2,535,587
Management and administrative fees	813,617	0	131,195	(1,136,172)	196,879
Professional / contract service fees	0	0	32,928	0	190,562
Repairs and maintenance	0	0	10,173	0	1,122,805
Utilities	0	0	55,583	0	650,788
Materials and supplies	0	0	31,611	0	363,331
Insurance	0	0	2,261	0	17,807
Miscellaneous	0	0	71,226	0	261,902
Depreciation	0	0	53,777	0	1,004,428
<i>Total operating expenses</i>	<i>813,617</i>	<i>0</i>	<i>1,850,503</i>	<i>(1,136,172)</i>	<i>6,344,089</i>
<i>Operating income (loss)</i>	<i>(35,744)</i>	<i>0</i>	<i>(615,172)</i>	<i>0</i>	<i>(2,216,131)</i>
Non-Operating Revenues (Expenses)					
Intergovernmental grants - federal	7,917,375	0	173,002	0	8,281,072
Intergovernmental grants - state	0	0	0	0	0
Housing assistance payments	(8,066,715)	0	0	0	(8,174,344)
Other non-operating revenue	0	0	0	0	0
Interest income	0	0	0	0	1,409
Interest expense	0	0	(215,000)	0	(319,442)
Operating transfer in	0	0	14,302	0	676,290
Operating transfer (out)	(147,602)	0	0	0	(676,290)
HUD capital grants	0	0	0	0	1,154,291
Gain/Loss on sale of capital asset	0	0	(49,561)	0	(49,561)
<i>Total non-operating revenues (expenses)</i>	<i>(296,942)</i>	<i>0</i>	<i>(77,257)</i>	<i>0</i>	<i>893,425</i>
<i>Changes in net position</i>	<i>(332,686)</i>	<i>0</i>	<i>(692,429)</i>	<i>0</i>	<i>(1,322,706)</i>
Net position, beginning of year	383,577	50,164	(731,150)	0	5,995,453
Restatements	0	0	0	0	27,304
Net position, beginning of year as restated	383,577	50,164	(731,150)	0	6,022,757
Transfer - capital	50,164	(50,164)	0	0	0
<i>Net position, end of year</i>	<i>\$101,055</i>	<i>\$0</i>	<i>(\$1,423,579)</i>	<i>\$0</i>	<i>\$4,700,051</i>

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2022

	Woodleaf Development	TDS-ERHA Unidos	Low Rent Public Housing	Emergency Housing Vouchers
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants	\$1,082,206	\$44,845	\$1,027,288	\$21,730
Cash received for services	0	0	0	0
Grants - subsidies	0	0	1,279,445	0
Cash payments to suppliers for goods and services	(461,971)	(38,586)	(2,247,716)	(45,498)
Cash payments to employees for services	(201,671)	0	(1,021,013)	(47,806)
<i>Net cash (used) for operating activities</i>	418,564	6,259	(961,996)	(71,574)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Net HAP/receipts	0	0	0	83,066
Temporary financing-other funds	0	0	0	48,067
Operating transfers in (out)	0	0	0	133,300
Other nonoperating revenues	0	0	0	0
<i>Net cash provided (used) by noncapital and related financing activities</i>	0	0	0	264,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash transferred in (out)	0	0	0	0
Cash payments for principal and interest	(241,530)	(10,984)	0	0
Cash received from intergovernmental sources	0	0	1,154,291	0
Acquisition and construction of capital assets	0	0	(248,341)	0
<i>Net cash provided by capital and related financing activities</i>	(241,530)	(10,984)	905,950	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	124	0	1,285	0
Investments purchased	0	0	(1,286)	0
<i>Net cash provided by investing activities</i>	124	0	(1)	0
<i>Net increase (decrease) in cash</i>	177,158	(4,725)	(56,047)	192,859
Cash and cash equivalents, beginning of year	752,919	41,711	1,689,309	0
<i>Cash and cash equivalents, end of year</i>	\$930,077	\$36,986	\$1,633,262	\$192,859
Cash and Cash Equivalents				
Cash	\$395,783	\$2,363	\$1,558,497	\$109,793
Restricted	534,294	34,623	74,765	83,066
Bank overdraft	0	0	0	0
	\$930,077	\$36,986	\$1,633,262	\$192,859

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2022

	Section 8 Housing Program	Administrative Services Department	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from tenants	\$759,613	\$0	\$2,935,682
Cash received for services	0	943,262	943,262
Grants - subsidies	0	0	1,279,445
Cash payments to suppliers for goods and services	(813,617)	(323,374)	(3,930,762)
Cash payments to employees for services	0	(1,121,228)	(2,391,718)
<i>Net cash (used) for operating activities</i>	(54,004)	(501,340)	(1,164,091)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Net HAP/receipts	(149,340)	0	(66,274)
Temporary financing-other funds	(49,914)	0	(1,847)
Operating transfers in (out)	(147,602)	14,302	0
Other nonoperating revenues	0	173,002	173,002
<i>Net cash provided (used) by noncapital and related financing activities</i>	(346,856)	187,304	104,881
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds - sale of capital assets		58,464	58,464
Cash transferred in	0	0	0
Cash payments for principal and interest	0	(215,000)	(467,514)
Cash received from intergovernmental sources	50,164	0	1,204,455
Acquisition and construction of capital assets	0	(74,455)	(322,796)
<i>Net cash provided by capital and related financing activities</i>	50,164	(230,991)	472,609
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest earnings	0	0	1,409
Investments purchased	0	0	(1,286)
<i>Net cash provided by investing activities</i>	0	0	123
<i>Net increase (decrease) in cash</i>	(350,696)	(545,027)	(586,478)
Cash and cash equivalents, beginning of year	582,885	534,990	3,601,814
<i>Cash and cash equivalents, end of year</i>	\$232,189	(\$10,037)	3,015,336
Cash and Cash Equivalents			
Cash	\$44,096	\$0	\$2,110,532
Restricted	188,093	0	914,841
Bank overdraft	0	(10,037)	(10,037)
	\$232,189	(\$10,037)	3,015,336

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
JUNE 30, 2022

	Woodleaf Development	TDS-ERHA Unidos	Low Rent Public Housing	Emergency Housing Vouchers
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities				
Operating (loss)	\$292,116	(\$22,691)	(\$1,762,011)	(\$72,629)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities				
Depreciation	79,062	40,498	831,091	0
Change in assets and liabilities:				
(Increase) decrease in tenant/other receivables	168,615	(951)	21,217	0
(Increase) in intergovernmental receivable	0	0	0	0
(Increase) in prepaid expenses and other current assets	0	0	0	0
(Decrease) in accounts payable and accrued expenses	11,029	(9,621)	(3,528)	1,055
(Decrease) in accrued salaries and compensated absences	(2,965)	0	21,311	0
(Decrease) in prepaid rent	8,731	(13)	7,237	0
(Decrease) in tenant deposits/escrow	(1,688)	(963)	2,404	0
(Decrease) in deferred inflows - CARES	0	0	0	0
Increase in net pension contributions and liability	(136,336)	0	(79,717)	0
Total adjustments	126,448	28,950	800,015	1,055
Net cash provided by operating activities	\$418,564	\$6,259	(\$961,996)	(\$71,574)

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
JUNE 30, 2022

	Section 8 Housing Program	Administrative Services Department	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities			
Operating (loss)	(\$35,744)	(\$615,172)	(\$2,216,131)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities			
Depreciation	0	53,777	1,004,428
Change in assets and liabilities:			
(Increase) decrease in tenant/other receivables	0	(292,069)	(103,188)
(Increase) in intergovernmental receivable	0	0	0
(Increase) in prepaid expenses and other current assets	0	0	0
(Decrease) in accounts payable and accrued expenses	0	11,603	10,538
(Decrease) in accrued salaries and compensated absences	0	23,308	41,654
(Decrease) in prepaid rent	0	0	15,955
(Decrease) in tenant deposits/escrow	3,952	0	3,705
(Decrease) in deferred inflows - CARES	(22,212)	0	(22,212)
Increase in net pension contributions and liability	0	317,213	101,160
Total adjustments	(18,260)	113,832	1,052,040
Net cash provided by operating activities	(\$54,004)	(\$501,340)	(\$1,164,091)

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Authority has implemented Government Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments for the year ended June 30, 2022. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

The following is a summary of the Regional Housing Authority's accounting policies

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 blended component unit.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Programs and Developments: The Authority, through related non-profit organizations, owns various apartment complexes, and is also a designated public housing authority (“PHA”) by HUD, and participates in various rental assistance programs which include:

- Woodleaf Development (Enterprise Fund) - A 152 unit apartment complex in Hobbs, New Mexico, which is owned by RHA Housing Development Corporation and managed by the Authority.
- TDS-ERHA Unidos (Enterprise Fund) – The Housing Authority (51%) and Tierra Del Sol Housing Corporation (TDSHC) (49%) formed a New Mexico Limited Liability Company to build and operate 16 affordable housing units in a complex located in Eunice New Mexico.
- Low Rent Public Housing (Enterprise Fund) - 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.
- Section 8 Housing Voucher Program (Enterprise Fund) - 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 (Enterprise Fund) - 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.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities. Business-type activities rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The Authority’s enterprise programs are accounted for as one business-type activity for financial reporting purposes. Major individual enterprise funds are reported as separate columns in the fund financial statements. The financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenue from fees and charges of the activity; (b) which are governed by laws and regulations that require that

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority reports all propriety funds as major funds.

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included in the statement of net position. Net position is segregated into net investment in capital assets, restricted, and unrestricted components. The statements of revenues, expenses, and changes in fund net position present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed. The statement of cash flows presents the cash flows from operating activities, investing activities, capital and related financing activities, and non-capital financing activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds; although, the administrative fees paid to the Administrative Services Department have been eliminated.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met and reported as deferred outflows of resources by the provider and deferred outflow of resources by the recipient.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided such as rental fees; and 2) operating grants and contributions such as weatherization assistance. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 are charges for rent and Section 8 rent vouchers. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses. Revenues are recognized as soon as they are both measurable and available.

Revenue Recognition

The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects, and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as government subsidies revenue in the accompanying revenues, except for capital related contributions, which are recorded as non-operating revenues. Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deposits and Investments

The Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States. 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.

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72.

The Authority's demand deposits and short-term investments with original maturities of three months or less from the date of acquisition are reported at amortized cost per GASB statement No. 72.

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 uninsured balances on deposit with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions. If the securities pledged are United States government securities, they are pledged at market value; if they are New Mexico municipal bonds, they are pledged at par value. U.S. Department of Housing and Urban Development requires 100% of the uninsured balances on deposit to be collateralized.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances. "

Inter-program receivables and payables arose from loans and reimbursable expenses between developments and programs. Accounts receivable and accounts payable relate to operating trade activities. All receivables, including tenant receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices, and are recognized when incurred.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain resources set aside for the repayment of security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited. Assets held in replacement reserves and other escrows as required by bond indenture agreements are classified as restricted.

Prepaid Items

Certain payments to vendors for items that include insurance reflect costs applicable to future accounting periods, and are recorded as prepaid items in the Authority's financial statements.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. State law sets a capitalization threshold of \$5,000 for acquisitions of capital assets. Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 costs of infrastructure assets, (retroactive 1979) are included as part of the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software, is being capitalized in accordance with NMAC 2.20.19 C (5). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the assets are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Authority during the current fiscal year was \$116,663. No interest was included as part of the cost of capital assets under construction.

The following estimated useful lives are used in providing for depreciation of property and equipment.

Buildings	40 years
Building improvements	7-20 years
Equipment and office equipment	3-10 years

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Analysis of Impairment

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment is determined based upon a comparison of future cash flows to the recorded value of the assets. Impairment losses are measured based upon the fair value of the impaired assets. No such impairment losses were recorded during the year ended June 30, 2022.

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

Accrued Expenses

Accrued expenses include payroll and related taxes incurred but not paid by the end of the fiscal year.

Unearned Revenues

Accounting principles generally accepted in the United States of America require that the grant revenue be recognized at the time the related expense is made, if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended are shown as deferred inflows.

Compensated Absences

Vested or accumulated vacation leave that is expecting expendable available financial resources is reported as an expenditure and a liability of the program to which it relates. Employees accrue vacation at the rate of prescribed policy depending on the years of service, and are required to use 80 hours of annual leave and/or administrative leave each year. Annual leave can be accumulated up to 80 hours.

Sick leave is earned at a rate of 8 hours per month, and may be accrued from year to year, up to a maximum of 320 hours. Accumulated sick leave is not paid upon termination of employment. In accordance with provisions of Government Accounting Standards Statement No. 16 'Accounting for Compensated Absences,' no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Taxes

The Regional Housing Authorities are exempt from federal and state income taxes; as such, no provision is made in the accompanying financial statements.

Deferred Outflows of Resources

A consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets. At June 30, 2022, the Authority had pension related to deferred outflows of resource items that qualify for reporting in this category.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

An acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities. At June 30, 2022, the Authority had pension related deferred inflows of resources items that qualify for reporting in this category.

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues primarily include charges for services paid by tenants and by grantor agencies. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities, and result from non-exchange transactions or ancillary activities.

Allocation Expenses

For purposes of the statement of revenues, expenses and changes in fund net position, payroll taxes and fringe benefits were allocated to operations and administration based on direct salaries.

Components of Net Position

Components of net position include the following:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- Restricted Net Position - Net position is reported as restricted when constraints placed on net asset 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.”

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget

Budget for Low Rent Public Housing is adopted and amended on a HUD-prescribed basis on an annual basis.

The Public Housing Authority follows these procedures in establishing the budgetary process:

1. The executive director and the fee accountant prepare the budget in accordance with the US Department of Housing and Urban Development ("HUD") Guidelines.
2. Capital expenditures for the Capital Funds Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets, and reported on the statement of net position.
3. HUD reviews the proposed budget, and makes corrections, revisions, and amendments as necessary.
4. The executive director submits the budget to the Public Housing Authority's Board of Commissioners for approval.
5. The Board of Commissioners approves the budget. The budget is a guideline to operations, and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level and the individual capital projects level. The budget for the Low Rent Public Housing and Section 8 Housing program are approved by HUD.

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.

Subsequent Events

Management has evaluated events through February 6, 2023, the date the financial statements were available to be issued.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, the State Treasurer's Local Government Investment Pool (LGIP), money market accounts, and United States Government obligations. All invested funds of the Authority properly followed state investment requirements as of June 30, 2022. 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 Authority.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

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 bonds given by the financial institution. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asking price on United States treasury bills of the same maturity on the day of deposit. Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate, and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation requires that all depositories provide collateral equal to at least one-half of the amount of public monies on deposit. The types of collateral allowed are 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 held collateral exceeding the amount required by law.

The schedule of pledged collateral to secure the deposits as of June 30, 2022, is as follows:

	Pioneer Bank	Washington Federal	Wells Fargo Investment	Total
Total amounts of deposits	\$2,955,117	\$36,935	\$505,665	\$3,497,717
FDIC	(500,000)	(36,935)	0	(536,935)
Total public funds	\$2,455,117	\$0	\$505,665	\$2,960,782
Collateral requirements (100% of uninsured funds)	\$2,455,117	\$0	*	\$2,455,117
Pledged collateral	3,445,823	0	*	3,445,823
Over (Under) collateralized	\$990,706	\$0	*	\$990,706

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy regarding types of deposits allowed and collateral requirements is to deposit monies in compliance with state statute. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for at least one half of the amount on deposit with the institution. As of June 30, 2022, \$0 of the Authority's deposits totaling \$3,497,717 was exposed to custodial credit risk.

*The cash on deposit with Bond guidelines is, in effect, loan proceeds or payments made by the Authority but not yet disbursed. Such deposits not subject to the collateral requirements as the deposits are invested in the U.S. Government Securities.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - ACCOUNTS RECEIVABLE

The Authority's accounts receivable at June 30, 2022.

Tenants:

Low Rent Public Housing	\$19,929
Woodleaf Development	22,085
TDS-ERHA Unidos	1,016
Total	\$43,030

Other Governments:

MFA/NRHA	\$1,597
Tahoka Housing Authority	60,930
Total	\$62,527

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

During the course of operations, transactions occur between individual funds for loans to cover payroll and certain other operating expenses.

The composition of interfund balances as of June 30, 2022 is as follows:

Due from other funds	Amount	Due to other funds	Amount
Woodleaf Development	\$1,034,094	Emergency Housing Vouchers	\$48,317
Emergency Housing Vouchers	250	Low Rent Public Housing	29,016
		Section 8 Housing	250
		Administrative Service Department	955,088
		TDS-ERHA Unidos	1,673
Total	\$1,034,344	Total	\$1,034,344

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Reclassification	Additions	Deletions	Balance June 30, 2022
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$1,081,611	\$0	\$0	(\$24,104)	\$1,057,507
Construction in progress	0	0	0	0	0
<i>Total capital assets, not being depreciated</i>	1,081,611	0	0	(24,104)	1,057,507
Depreciable capital assets:					
Buildings/improvements	21,939,047	0	0	(243,723)	21,695,324
Equipment/furnishings	1,858,678	0	322,798	(135,844)	2,045,632
<i>Total depreciable capital assets</i>	23,797,725	0	322,798	(379,567)	23,740,956
Less accumulated depreciation:					
Buildings/improvements	(17,886,390)	36,091	(920,256)	295,643	(18,474,912)
Equipment/furnishings	(1,635,760)	0	(84,172)	0	(1,719,932)
<i>Total accumulated depreciation</i>	(19,522,150)	36,091	(1,004,428)	295,643	(20,194,844)
<i>Depreciable capital assets, net</i>	4,275,575	36,091	(681,630)	(83,924)	3,546,112
<i>Business-type capital assets, net</i>	\$5,357,186	\$36,091	(\$681,630)	(\$108,028)	\$4,603,619

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Eastern Regional Housing Authority (ERHA) and Tierra Del Sol Housing Corporation (TDSHC) formed a New Mexico Limited Liability Company known as TDS-ERHA Unidos, LLC, and entered into an operating agreement on October 21, 2016.

The purpose of the company is to acquire, build, own, maintain, and operate 16 affordable units in a housing apartment complex located in Eunice, New Mexico. As per the agreement entered into by the members, the share of Profit/loss and membership units and Initial Capital Contribution between Tierra Del Sol Housing Corporation (TDSHC) and Eastern Regional Housing Authority (ERHA) is 51% and 49% respectively, in TDS-ERHA Unidos LLC.

In May 2018, the Construction in Progress (CIP) for the housing apartment was ready to be placed into service, and thus transferred to Building and Improvements with the share of ownership of the ERHA being 49% but changed in fiscal year 2019 to 51%.

In January 2019, the first amendment to the Operating Agreement ("Amendment") of TDS-ERHA UNIDOS, LLC, a New Mexico limited liability company ("the Company") was made, entered into pursuant to Section 12.1 of the Company's Operating Agreement, and effective on the 1st day of January, 2019.

In consideration of the mutual promises, covenants, agreements and other good and valuable consideration, the Company amended its Operating Agreement to switch the membership interests so that ERHA is a 51% member and TDS is a 49% member pursuant to Article II of the Operating Agreement.

NOTE 6 - LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Restatements	Additions	Retirements	Balance June 30, 2022	Due within one year
Woodleaf Development	\$1,495,000	\$0	\$0	\$140,000	\$1,355,000	\$155,000
N/P NMMFA NM Housing Trust Fund	295,562	0	0	8,072	287,490	8,154
Administrative Services Department - RIII	95,258	0	0	0	95,258	0
Total	\$1,885,820	\$0	\$0	\$148,072	\$1,737,748	\$163,154

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for Woodleaf Development bond and Administrative Services (current and long-term portions) are as follows:

Fiscal Year Ending June 30	Bond			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023	155,000	91,022	\$246,022	\$8,154	\$2,838	\$10,992
2024	165,000	79,622	244,622	8,236	2,756	10,992
2025	175,000	67,509	242,509	8,319	2,673	10,992
2026	190,000	54,506	244,506	8,402	2,590	10,992
2027	200,000	40,613	240,613	8,487	2,505	10,992
2028-2032	470,000	16,744	486,744	43,729	11,229	54,958
2033-2037				45,970	8,988	54,958
2038-2042				48,326	6,632	54,958
2043-2047				50,803	4,155	54,958
2048-2050				152,322	1,340	153,662
Total	\$1,355,000	\$350,016	\$1,705,016	\$382,748	\$45,706	\$428,454

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

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.

\$1,355,000

On December 15, 2016, Eastern Regional Housing Authority took out a loan of \$607,289 with co-borrower 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. Although the loan was borrowed as co-borrowers making either entity potentially liable for the entire debt, Eastern Regional Housing Authority has recorded their 51% of the debt balance as part of their interest in the LLC and anticipates the LLC will make all debt payments as required under the loan agreement. As of June 30, 2022 the total debt balance was \$563,706; therefore the Authorities portion at 51% is \$287,490. 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 for the Authorities 51% ownership is as follows:

287,490

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.

95,258

\$1,737,748

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

Debt coverage service and other covenants exist for the Authority's bonds and notes payable listed above.

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, 2022 was \$126,931, of which \$633 is shown as short-term relating to the current year's graduates of the program.

NOTE 7 - COMPENSATED ABSENCES

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement.

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2021	Due within one year
Compensated Absences	\$17,777	\$99,675	\$91,792	\$25,660	\$0

During the year ended June 30, 2022, Compensated absences balances \$25,660 is included in the accrued liabilities section of the financial statement.

NOTE 8 - 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 through 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 9 - POST-EMPLOYMENT BENEFITS

The Retiree Health Care Act (Chapter 10, Article 76 NMSA 1978) provides comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. The Public Housing Authority has elected not to participate in the post-employment health insurance plan, and there are no required contributions for the fiscal year ending June 30, 2022.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10 - ECONOMIC DEPENDENCY

Substantially all revenues of the Authority are received from programs directed by either the United States Department of Housing and Urban Development or the Department of Agriculture. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by these two U.S. governmental agencies.

NOTE 11 - CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be allowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE 12 - OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Deficit net position of individual funds. The below funds reflected a deficit net position as of June 30, 2022:

Administrative Services Department	\$1,423,579
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NOTE 13 - PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

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—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.

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.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION(CONTINUED)

Contributions. The contribution requirements of defined benefit plan members and the Eastern Regional 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 FY20 for the various PERA coverage options, for both Tier I and Tier II, see PERA's Annual Comprehensive Financial Report contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the Eastern Regional Housing Authority reported a liability of \$1,111,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. The Eastern Regional Housing Authority's proportion of the net pension liability was based on a projection of the Eastern Regional 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, 2021, the Eastern Regional Housing Authority's proportion was 0.098625%, which changed from its proportion measured as of June 30, 2020 of 0.0898%.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2022, the Eastern Regional Housing Authority recognized PERA Fund Division Municipal General pension expense of \$201,873. At June 30, 2022, the Eastern Regional Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$27,661	\$3,804
Changes of assumptions	365	0
Net difference between projected and actual earnings on pension plan investments	0	456,629
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	248,477	17,731
Eastern Regional Housing Authority contributions subsequent to the measurement date	100,712	0
Total	\$377,215	\$478,164

\$91,120 reported as deferred outflows of resources related to pensions resulting from Eastern Regional Housing Authority contributions subsequent to the measurement date June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$38,600
2022	18,625
2023	(71,348)
2024	(187,538)
	(\$201,661)

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 - PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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:

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
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
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.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

* Includes inflation at 2.50%, 2.75% all other years

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2021. These assumptions were adopted by the Board for use in the June 30, 2020 actuarial valuation. 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:

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

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%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to Include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

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 periods 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 Eastern Regional Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Eastern Regional Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Eastern Regional 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.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Eastern Regional Housing Authority's proportionate share of the net pension liability	\$1,993,204	\$1,111,176	\$379,507

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2022, the Authority had paid all required contributions.

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 14. SUBSEQUENT EVENTS

Beginning September 1, 2022 the Eastern Regional Housing Authority (ERHA) entered into a professional services agreement with the City of Alamogordo Housing Authority.

On August 2, 2022 the Woodleaf Development property was sold and therefore no longer managed by Eastern Regional Housing Authority.

NOTE 15. RESTATEMENTS

The beginning net position was corrected for the following:

TDS -ERHA Unidos - Correction of accumulated depreciation	\$36,091
Cash - Development	(8,787)
	<hr/>
Total	\$27,304
	<hr/>

NOTE 16. LEASES

The Authority has two leases for copy machines at July 1, 2021. The effect of the new 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.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE EASTERN REGIONAL HOUSING AUTHORITY'S
PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
Eastern Regional Housing Authority's proportion of the net pension liability (asset)	0.0986%	0.0898%	0.0698%	0.0755%	0.0740%	0.0704%	0.0700%	0.0711%
Eastern Regional Housing Authority's proportionate share of the net pension liability (asset)	\$1,111,176	\$1,815,961	\$1,208,308	\$1,023,749	\$1,016,823	\$1,124,756	\$724,926	\$546,075
Eastern Regional Housing Authority's covered-employee payroll (at measurement date)	\$1,191,116	\$1,085,904	\$821,704	\$821,687	\$806,905	\$811,053	\$809,163	\$809,163
Eastern Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	93.28%	167.23%	147.05%	124.59%	126.02%	138.68%	89.59%	67.49%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	70.52%	71.13%	73.74%	69.18%	76.99%	81.29%

*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, the Eastern Regional Housing Authority will present information for those years for which information is available.

**SCHEDULE OF EASTERN REGIONAL HOUSING AUTHORITY'S
CONTRIBUTIONS**

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$100,712	\$91,120	\$82,972	\$60,806	\$60,804	\$59,711	\$53,772	\$55,805
Contributions in relation to the contractually required contribution	\$100,712	\$91,120	\$82,972	\$60,806	\$60,804	\$59,711	\$53,772	\$55,805
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's ACFR. <https://www.saonm.org>

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2020 report is available at <https://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
111 Cash - Unrestricted	1,558,497	44,096	109,793	0	398,146	0	0	0	2,110,532	0	\$2,110,532
112 Cash - Restricted - Modernization and Development	0	0	0	0	0	0	0	0	0	0	0
113 Cash - Other Restricted	0	188,093	83,066	0	31,270	0	0	0	302,429	0	302,429
114 Cash - Tenant Security Deposits	74,765	0	0	0	31,981	0	0	0	106,746	0	106,746
115 Cash - Restricted for Payment of Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
100 Total Cash	1,633,262	232,189	192,859	0	461,397	0	0	0	2,519,707	0	2,519,707
121 Accounts Receivable - PHA Projects	0	0	0	0	0	0	0	0	0	0	0
122 Accounts Receivable - HUD Other Projects	0	0	0	0	0	0	0	0	0	0	0
124 Accounts Receivable - Other Government	0	0	0	62,527	0	0	0	0	62,527	0	62,527
125 Accounts Receivable - Miscellaneous	0	0	0	0	0	0	0	0	0	0	0
126 Accounts Receivable - Tenants	19,929	0	0	0	23,101	0	0	0	43,030	0	43,030
126.1 Allowance for Doubtful Accounts -Tenants	0	0	0	0	0	0	0	0	0	0	0
126.2 Allowance for Doubtful Accounts - Other	0	0	0	0	0	0	0	0	0	0	0
127 Notes, Loans, & Mortgages Receivable - Current	0	0	0	0	0	0	0	0	0	0	0
128 Fraud Recovery	0	0	0	0	0	0	0	0	0	0	0
128.1 Allowance for Doubtful Accounts - Fraud	0	0	0	0	0	0	0	0	0	0	0
129 Accrued Interest Receivable	0	0	0	0	0	0	0	0	0	0	0
120 Total Receivables, Net of Allowances for Doubtful Accounts	19,929	0	0	62,527	23,101	0	0	0	105,557	0	105,557
131 Investments - Unrestricted	289,075	0	0	0	0	0	0	0	0	0	0
132 Investments - Restricted	0	0	0	0	505,666	0	0	0	505,666	0	505,666
135 Investments - Restricted for Payment of Current Liability	0	0	0	0	0	0	0	0	0	0	0
142 Prepaid Expenses and Other Assets	0	0	0	0	0	0	0	0	0	0	0
143 Inventories	0	0	0	0	0	0	0	0	0	0	0
143.1 Allowance for Obsolete Inventories	0	0	0	0	0	0	0	0	0	0	0
144 Inter Program Due From	0	0	250	0	1,034,094	0	0	0	1,034,344	(1,034,344)	0
145 Assets Held for Sale	0	0	0	0	0	0	0	0	0	0	0
150 Total Current Assets	1,942,266	232,189	193,109	62,527	2,024,258	0	0	0	4,454,349	(1,034,344)	3,420,005
161 Land	784,920	0	0	6,000	266,587	0	0	0	1,057,507	0	1,057,507
162 Buildings	17,267,445	0	0		4,427,879	0	0	0	21,695,324	0	21,695,324
163 Furniture, Equipment & Machinery - Dwellings	1,407,814	0	0	582,047	55,771	0	0	0	2,045,632	0	2,045,632
164 Furniture, Equipment & Machinery - Administration	0	0	0	0	0	0	0	0	0	0	0
165 Leasehold Improvements	0	0	0	0	0	0	0	0	0	0	0
166 Accumulated Depreciation	(16,761,932)	0	0	(386,547)	(3,046,365)	0	0	0	(20,194,844)	0	(20,194,844)
167 Construction in Progress	0	0	0	0	0	0	0	0	0	0	0
168 Infrastructure	0	0	0	0	0	0	0	0	0	0	0
160 Total Capital Assets, Net of Accumulated Depreciation	2,698,247	0	0	201,500	1,703,872	0	0	0	4,603,619	0	4,603,619

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
171 Notes, Loans and Mortgages Receivable - Non-Current	0	0	0	0	0	0	0	0	0	0	0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	0	0	0	0	0	0	0	0	0	0	0
173 Grants Receivable - Non Current	0	0	0	0	0	0	0	0	0	0	0
174 Other Assets	0	0	0	0	0	0	0	0	0	0	0
176 Investments in Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
180 Total Non-Current Assets	2,698,247	0	0	0	0	0	0	0	0	0	0
200 Deferred Outflow of Resources	158,428	0	0	188,607	30,180	0	0	0	377,215	0	377,215
290 Total Assets and Deferred Outflow of Resources	4,798,941	232,189	193,109	452,634	3,758,310	0	0	0	9,435,183	(1,034,344)	8,400,839
311 Bank Overdraft	0	0	0	10,037	0	0	0	0	10,037	0	0
312 Accounts Payable <= 90 Days	3,389	0	0	13,382	16,122	0	0	0	32,893	0	32,893
313 Accounts Payable >90 Days Past Due	0	0	0	0	0	0	0	0	0	0	0
321 Accrued Wage/Payroll Taxes Payable	23,231	0	1,055	(1,990)	2,778	0	0	0	25,074	0	25,074
322 Accrued Compensated Absences - Current Portion	0	0	0	0	0	0	0	0	0	0	0
324 Accrued Contingency Liability	0	0	0	0	0	0	0	0	0	0	0
325 Accrued Interest Payable	0	0	0	0	0	0	0	0	0	0	0
331 Accounts Payable - HUD PHA Programs	0	0	0	0	0	0	0	0	0	0	0
332 Account Payable - PHA Projects	0	0	0	0	0	0	0	0	0	0	0
333 Accounts Payable - Other Government	0	0	0	0	0	0	0	0	0	0	0
341 Tenant Security Deposits	75,273	0	0	0	32,281	0	0	0	107,554	0	107,554
342 Unearned Revenue	0	0	0	0	0	0	0	0	0	0	0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	0	0	0	0	163,154	0	0	0	163,154	0	163,154
344 Current Portion of Long-term Debt - Operating Borrowings	0	0	0	0	0	0	0	0	0	0	0
345 Other Current Liabilities	23,195	633	0	0	18,403	0	0	0	42,231	0	42,231
346 Accrued Liabilities - Other	0	0	0	0	0	0	0	0	0	0	0
347 Inter Program - Due To	29,016	250	48,317	955,088	1,673	0	0	0	1,034,344	(1,034,344)	0
348 Loan Liability - Current	0	0	0	0	0	0	0	0	0	0	0
310 Total Current Liabilities	154,104	883	49,372	976,517	234,411	0	0	0	1,415,287	(1,034,344)	380,943
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	0	0	0	95,258	1,479,336	0	0	0	1,574,594	0	1,574,594
352 Long-term Debt, Net of Current - Operating Borrowings	0	0	0	0	0	0	0	0	0	0	0
353 Non-current Liabilities - Other	0	130,251	0	0	0	0	0	0	130,251	0	130,251
354 Accrued Compensated Absences - Non Current	14,487	0	0	9,768	1,405	0	0	0	25,660	0	25,660
355 Loan Liability - Non Current	0	0	0	0	0	0	0	0	0	0	0
356 FASB 5 Liabilities	0	0	0	0	0	0	0	0	0	0	0
357 Accrued Pension and OPEB Liabilities	466,694	0	0	555,588	88,894	0	0	0	1,111,176	0	1,111,176
350 Total Non-Current Liabilities	481,181	130,251	0	660,614	1,569,635	0	0	0	2,841,681	0	2,841,681
300 Total Liabilities	635,285	131,134	49,372	1,637,131	1,804,046	0	0	0	4,256,968	(1,034,344)	3,222,624

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
400 Deferred Inflow of Resources	200,829	0	0	239,082	38,253	0	0	0	478,164	0	478,164
508.4 Net Investment in Capital Assets	2,698,247	0	0	201,500	61,382	0	0	0	2,961,129	0	2,961,129
511.4 Restricted Net Position	0	43,846	143,737	0	536,936	0	0	0	724,519	0	724,519
512.4 Unrestricted Net Position	1,264,580	57,209	0	(1,625,079)	1,317,693	0	0	0	1,014,403	0	1,014,403
513 Total Equity - Net Assets / Position	3,962,827	101,055	143,737	(1,423,579)	1,916,011	0	0	0	4,700,051	0	4,700,051
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	4,798,941	232,189	193,109	452,634	3,758,310	0	0	0	9,435,183	(1,034,344)	8,400,839

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Revenue and Expense

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
70300 Net Tenant Rental Revenue	\$977,516	\$0	\$0	\$0	\$714,648	\$0	\$0	\$0	\$1,692,164	\$0	\$1,692,164
70400 Tenant Revenue - Other	18,724	0	0	0	23,673	0	0	0	\$42,397	\$0	42,397
70500 Total Tenant Revenue	996,240	0	0	0	738,321	0	0	0	1,734,561	0	1,734,561
70600 HUD PHA Operating Grants	1,267,961	8,612,113	212,425	0	0	0	0	0	\$10,092,499	0	10,092,499
70610 Capital Grants	1,154,291	0	0	0	0	0	0	0	\$1,154,291	0	1,154,291
70710 Management Fee	0	0	0	0	0	0	0	0	\$0	(1,136,172)	(1,136,172)
70720 Asset Management Fee	0	0	0	0	0	0	0	0	\$0	0	0
70730 Book Keeping Fee	0	0	0	0	0	0	0	0	\$0	0	0
70740 Front Line Service Fee	0	0	0	0	0	0	0	0	\$0	0	0
70750 Other Fees	0	0	0	1,408,218	0	0	0	0	\$1,408,218	0	1,408,218
70700 Total Fee Revenue	2,422,252	8,612,113	212,425	1,408,218	0	0	0	0	12,655,008	(1,136,172)	11,518,836
70800 Other Government Grants	0	0	0	0	0	11,484	22,212	0	33,696	0	33,696
71100 Investment Income - Unrestricted	1,285	0	0	0	124	0	0	0	1,409	0	1,409
71200 Mortgage Interest Income	0	0	0	0	0	0	0	0	0	0	0
71300 Proceeds from Disposition of Assets Held for Sale	0	0	0	0	0	0	0	0	0	0	0
71310 Cost of Sale of Assets	0	0	0	0	0	0	0	0	0	0	0
71400 Fraud Recovery	0	28,604	0	0	0	0	0	0	28,604	0	28,604
71500 Other Revenue	190	32,319	0	115	215,000	0	0	0	247,624	0	247,624
71600 Gain or Loss on Sale of Capital Assets	0	0	0	(49,561)	0	0	0	0	(49,561)	0	(49,561)
72000 Investment Income - Restricted	0	0	0	0	0	0	0	0	0	0	0
70000 Total Revenue	3,419,967	8,673,036	212,425	1,358,772	953,445	11,484	22,212	0	14,651,341	0	14,651,341
91100 Administrative Salaries	231,235	0	31,034	846,161	37,384	0	15,600	0	1,161,414	0	1,161,414
91200 Auditing Fees	32,189	0	0	3,510	3,748	0	0	0	39,447	0	39,447
91300 Management Fee	0	0	0	0	0	0	0	0	0	0	0
91310 Book-keeping Fee	0	0	0	0	0	0	0	0	0	0	0
91400 Advertising and Marketing	1,977	0	0	674	999	0	0	0	3,650	0	3,650
91500 Employee Benefit contributions - Administrative	121,286	0	13,922	540,521	(90,683)	0	0	0	585,046	0	585,046
91600 Office Expenses	27,920	0	511	82,563	5,924	0	0	0	116,918	0	116,918
91700 Legal Expense	10,559	0	0	13,805	6,729	0	0	0	31,093	0	31,093
91800 Travel	32,647	0	0	36,712	1,719	0	0	0	71,078	0	71,078
91810 Allocated Overhead	260,713	791,405	38,951	0	50,708	0	0	0	1,141,777	(1,136,172)	5,605
91900 Other	0	0	0	0	0	0	0	0	0	0	0
91000 Total Operating - Administrative	718,526	791,405	84,418	1,523,946	16,528	0	15,600	0	3,150,423	(1,136,172)	2,014,251

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Revenue and Expense

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
92000 Asset Management Fee	0	0	0	0	0	0	0	0	0	0	0
92100 Tenant Services - Salaries	0	0	0	0	0	0	0	0	0	0	0
92200 Relocation Costs	0	0	0	0	0	0	0	0	0	0	0
92300 Employee Benefit Contributions - Tenant Services	0	0	0	0	0	0	0	0	0	0	0
92400 Tenant Services - Other	0	0	0	0	0	0	0	0	0	0	0
92500 Total Tenant Services	0	0		0	0	0	0	0	0	0	0
93100 Water	215,778	0	0	3,583	55,498	0	0	0	274,859	0	274,859
93200 Electricity	79,352	0	0	8,781	31,374	0	0	0	119,507	0	119,507
93300 Gas	135,999	0	0	0	6,407	0	0	0	142,406	0	142,406
93400 Fuel	0	0	0	0	0	0	0	0	0	0	0
93500 Labor	0	0	0	0	0	0	0	0	0	0	0
93600 Sewer	0	0	0	0	0	0	0	0	0	0	0
93700 Employee Benefit Contributions - Utilities	0	0	0	0	0	0	0	0	0	0	0
93800 Other Utilities Expense	51,945	0	0	43,220	18,852	0	0	0	114,017	0	114,017
93000 Total Utilities	483,074	0	0	55,584	112,131	0	0	0	650,789	0	650,789
94100 Ordinary Maintenance and Operations - Labor	523,075	0	0	0	102,968	0	0	0	626,043	0	626,043
94200 Ordinary Maintenance and Operations - Materials and Other	1,276,832	0	0	26,021	234,032	0	0	0	1,536,885	0	1,536,885
94300 Ordinary Maintenance and Operations Contracts	0	0	0	0	0	0	0	0	0	0	0
94500 Employee Benefit Contributions - Ordinary Maintenance	0	0	0	0	0	0	0	0	0	0	0
94000 Total Maintenance	1,799,907	0	0	26,021	337,000	0	0	0	2,162,928	0	2,162,928
95100 Protective Services - Labor	0	0	0	0	0	0	0	0	0	0	0
95200 Protective Services - Other Contract Costs	0	0	0	0	0	0	0	0	0	0	0
95300 Protective Services - Other	0	0	0	0	0	0	0	0	0	0	0
95500 Employee Benefit Contributions - Protective Services	0	0	0	0	0	0	0	0	0	0	0
95000 Total Protective Services	0	0		0	0	0	0	0	0	0	0
96110 Property Insurance	13,336	0	0	2,261	2,211	0	0	0	17,808	0	17,808
96120 Liability Insurance	0	0	0	0	0	0	0	0	0	0	0
96130 Workmen's Compensation	0	0	0	0	0	0	0	0	0	0	0
96140 All Other Insurance	0	0	0	0	0	0	0	0	0	0	0
96100 Total insurance Premiums	13,336	0		2,261	2,211	0	0	0	17,808	0	17,808
96200 Other General Expenses	81,100	0	6,036	66,348	41,484	0	6,612	0	201,580	0	201,580
96210 Compensated Absences	75,527	0	3,905	122,566	12,702	11,484	0	0	226,184	0	226,184

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Revenue and Expense

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
96300 Payments in Lieu of Taxes	0	0	0	0	0	0	0	0	0	0	
96400 Bad debt - Tenant Rents	23,840	0	0	0	42,280	0	0	0	66,120	0	66,120
96500 Bad debt - Mortgages	0	0	0	0	0	0	0	0	0	0	0
96600 Bad debt - Other	0	0	0	0	0	0	0	0	0	0	0
96800 Severance Expense	0	0	0	0	0	0	0	0	0	0	0
96000 Total Other General Expenses	180,467	0	9,941	188,914	96,466	11,484	6,612	0	493,884	0	493,884
96710 Interest of Mortgage (or Bonds) Payable	0	0	0	0	104,442	0	0	0	104,442	0	104,442
96720 Interest on Notes Payable (Short and Long Term)	0	0	0	215,000	0	0	0	0	215,000	0	215,000
96730 Amortization of Bond Issue Costs	0	0	0	0	0	0	0	0	0	0	0
96700 Total Interest Expense and Amortization Cost	0	0	0	215,000	104,442	0	0	0	319,442	0	319,442
96900 Total Operating Expenses	3,195,310	791,405	94,359	2,011,726	668,778	11,484	22,212	0	6,795,274	(1,136,172)	5,659,102
97000 Excess of Operating Revenue over Operating Expenses	224,657	0	118,066	(652,954)	284,667	0	0	0	7,856,067	1,136,172	8,992,239
97100 Extraordinary Maintenance	0	0	0	0	0	0	0	0	0	0	0
97200 Casualty Losses - Non-capitalized	0	0	0	0	0	0	0	0	0	0	0
97300 Housing Assistance Payments	0	8,066,715	107,629	0	0	0	0	0	8,174,344	0	8,174,344
97350 HAP Portability-In	0	0	0	0	0	0	0	0	0	0	0
97400 Depreciation Expense	831,092	0	0	53,777	119,560	0	0	0	1,004,429	0	1,004,429
97500 Fraud Losses	0	0	0	0	0	0	0	0	0	0	0
97600 Capital Outlays - Governmental Funds	0	0	0	0	0	0	0	0	0	0	0
97700 Debt Principal Payment - Governmental Funds	0	0	0	0	0	0	0	0	0	0	0
97800 Dwelling Units Rent Expense	0	0	0	0	0	0	0	0	0	0	0
90000 Total Expenses	4,026,402	8,858,120	201,988	2,065,503	788,338	11,484	22,212	0	15,974,047	(1,136,172)	14,837,875
10010 Operating Transfer In	528,688	2,650	133,300	14,319	0	0	0	0	678,957	0	678,957
10020 Operating transfer Out	(528,688)	(150,252)	0	(17)	0	0	0	0	(678,957)	0	(678,957)
10030 Operating Transfers from/to Primary Government	0	0	0	0	0	0	0	0	0	0	0
10040 Operating Transfers from/to Component Unit	0	0	0	0	0	0	0	0	0	0	0
10050 Proceeds from Notes, Loans and Bonds	0	0	0	0	0	0	0	0	0	0	0
10060 Proceeds from Property Sales	0	0	0	0	0	0	0	0	0	0	0
10070 Extraordinary Items, Net Gain/Loss	0	0	0	0	0	0	0	0	0	0	0
10080 Special Items (Net Gain/Loss)	0	0	0	0	0	0	0	0	0	0	0
10091 Inter Project Excess Cash Transfer In	0	0	0	0	0	0	0	0	0	0	0
10092 Inter Project Excess Cash Transfer Out	0	0	0	0	0	0	0	0	0	0	0

Eastern Regional Housing Authority (NM063)

Financial Data Schedule

Entity Wide Revenue and Expense

Submission Type: Audited/Single Audit

	Project Total	14.871 Housing Choice Vouchers	Emergency Housing Vouchers	1 Business Activities	2 State/Local	14.PHC Public Housing CARES Act Funding	14.HCC HCV CARES Act Funding	10.405 Farm Labor Housing Loans and Grants	Subtotal	Eliminations	Total
10093 Transfers between Program and Project - In	0	0	0	0	0	0	0	0	0	0	0
10094 Transfers between Project and Program - Out	0	0	0	0	0	0	0	0	0	0	0
10100 Total Other financing Sources (Uses)	0	(147,602)	133,300	14,302	0	0	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(606,435)	(332,686)	143,737	(692,429)	165,107	0	0	0	(1,322,706)	0	(1,322,706)
11020 Required Annual Debt Principal Payments	0	0	0	0	0	0	0	0	0	0	0
11030 Beginning Equity	4,569,262	433,741	0	(731,150)	1,723,600	0	0	0	5,995,453	0	5,995,453
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	0	0	0	0	27,304	0	0	0	27,304	0	27,304
11050 Changes in Compensated Absence Balance	0	0	0	0	0	0	0	0	0	0	0
11060 Changes in Contingent Liability Balance	0	0	0	0	0	0	0	0	0	0	0
11070 Changes in Unrecognized Pension Transition Liability	0	0	0	0	0	0	0	0	0	0	0
11080 Changes in Special Term/Severance Benefits Liability	0	0	0	0	0	0	0	0	0	0	0
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	0	0	0	0	0	0	0	0	0	0	0
11100 Changes in Allowance for Doubtful Accounts - Other	0	0	0	0	0	0	0	0	0	0	0
11170 Administrative Fee Equity	0	43,846	60,071	0	0	0	0	0	103,917	0	103,917
											0
11180 Housing Assistance Payments Equity	0	57,209	83,066	0	0	0	0	0	140,275	0	140,275
11190 Unit Months Available	0	0	0	0	0	0	0	0	0	0	0
11210 Number of Unit Months Leased	0	0	0	0	0	0	0	0	0	0	0
11270 Excess Cash	1,521,886	0	0	0	0	0	0	0	1,521,886	0	1,521,886
11610 Land Purchases	0	0	0	0	0	0	0	0	0	0	0
11620 Building Purchases	0	0	0	0	0	0	0	0	0	0	0
11630 Furniture & Equipment - Dwelling Purchases	0	0	0	0	0	0	0	0	0	0	0
11640 Furniture & Equipment - Administrative Purchases	248,342	0	0	0	0	0	0	0	248,342	0	248,342
11650 Leasehold Improvements Purchases	0	0	0	0	0	0	0	0	0	0	0
11660 Infrastructure Purchases	0	0	0	0	0	0	0	0	0	0	0
13510 CFFP Debt Service Payments	0	0	0	0	0	0	0	0	0	0	0
13901 Replacement Housing Factor Funds	0	0	0	0	0	0	0	0	0	0	0

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
JUNE 30, 2022

Account Name	Account Type	Deposits			Investments	
		Pioneer Bank	Washington Federal	Wells Fargo Investment	Pioneer Bank	Total
Woodleaf Development General	Checking (2)	\$400,011				\$400,011
Woodleaf Security Deposits	Checking (2)	28,629				28,629
SSM General	Checking (1)	286,643				286,643
SSM Security Deposits	Checking (2)	17,573				17,573
Vaughn General	Checking (1)	75,044				75,044
Vaughn Security Deposits	Checking (2)	2,934				2,934
ASA General	Checking (1)	33,169				33,169
ASA Payroll	Checking (2)	0				0
ASA Development	Checking (2)	32,610				32,610
Lovington General	Checking (1)	144,404				144,404
Lovington Security Deposit	Checking (2)	12,329				12,329
FSS Escrow Section 8	Checking (2)	130,884				130,884
Section 8 Hsng Voucher	Checking (2)	167,011				167,011
Eunice Security Deposits	Checking (2)	3,775				3,775
Eunice General	Checking (1)	1,621				1,621
Artesia General	Checking (2)	356,834				356,834
Artesia Security Deposits	Checking (2)	29,489				29,489
Tucumcari General	Checking (1)	740,007				740,007
Tucumcari Security Deposits	Checking (2)	8,665				8,665
Emergency Housing Vouchers	Checking (2)	194,410				194,410
TDS-ERHA Unidos LLC	Checking (2)		2,312			2,312
TDS-ERHA Unidos LLC	Checking (2)		34,623			34,623
R & R Wells Fargo	Money Market			140,234		140,234
Woodleaf Debt Service Fund	Money Market			251,543		251,543
Woodleaf Expense Fund	Money Market			8,130		8,130
Woodleaf Surplus Fund	Money Market			27,724		27,724
Woodleaf Bond Fund	Money Market			78,034		78,034
Certificate of Deposit - SSM	CD				100,529	100,529
Certificate of Deposit - Lovington	CD				138,978	138,978
Certificate of Deposit - EHA	CD				15,672	15,672
Certificate of Deposit - EHA	CD				10,448	10,448
Certificate of Deposit- Tucumcari	CD				23,448	23,448
<i>Total amount of deposit in bank</i>		2,666,042	36,935	505,665	289,075	3,497,717

Reconciling items:

Plus: Petty Cash	853
Less: outstanding check per bank reconciliation, and other reconciling items	(194,159)
Plus: deposits in transit per bank reconciliation	
<i>Total reconciling items</i>	(193,306)

Reconciled balance	\$3,304,411
--------------------	-------------

Cash and cash equivalents	\$2,110,532
Restricted cash	\$271,159
Investment	\$289,075
Restricted cash / investments	643,682
Bank overdraft	(10,037)
Cash and cash equivalents	\$3,304,411

(1) Interest bearing

(2) Non-Interest bearing

The Notes to Financial Statements are an integral part of these statements.

EASTERN REGIONAL HOUSING AUTHORITY**SCHEDULE OF DEPOSITORY COLLATERAL****JUNE 30, 2022**

	Pioneer Bank
Checking accounts	\$2,666,042
Investments / certificates of deposit	289,075
Less FDIC insurance	(500,000)
Total uninsured public funds	\$2,455,117
100% collateralization requirement, per HUD	\$2,455,117
Total collateralization requirement	\$2,455,117
Pledged Securities:	
FNMA, cusip number 31418D5B4, maturing 10/01/2025	\$1,697,009
FNMA, cusip number 3140X4HB5, maturing 01/01/2032	296,684
GNMA, cusip number 3617NLQA7, maturing 07/20/2050	1,407,461
GNMA, cusip number 36225CS64, maturing 09/20/2031	44,669
Total pledged securities	3,445,823
Pledged securities over (under) requirement	\$990,706

Securities are pledged to the Eastern Regional Housing Authority, and are held at the Federal Home Loan Bank of Dallas. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

EASTERN REGIONAL HOUSING AUTHORITY
SUPPORTING DATA REQUIRED BY THE BOND INDENTURE COMPUTATION OF DEBT
SERVICE COVERAGE RATIO RHA HOUSING DEVELOPMENT CORPORATION
(WOODLEAF DEVELOPMENT)
JUNE 30, 2022

Debt Service Ratio Calculation

Net revenue available for debt service	\$381,302
Divided by	
Maximum Annual Debt Service as defined in the bond trust indenture	256,531
Debt Service Ratio	1.49
Debt Service Ratio required by bond indenture	1.25

Calculation of Net Revenues Available for Debt Service on the Bonds

Total revenues*	906,672
Total operating expenses and interest expense	(715,963)
Plus: Recorded bond amortization and depreciation expense	79,062
Interest expense related to 1997A Series bonds	101,531
Net revenues from project excluding non-cash expenses and interest expense on 1997A Series bonds	371,302

Debt Service for the year ended June 30, 2022

Principal reduction on 1997A Series bonds during the year ended June 30, 2022	155,000
Interest due attributable to 1997A Series bonds during the year ended June 30, 2022	101,531
Maximum Annual Debt Service as defined in the bond trust indenture	\$256,531

NOTE:

The computation of Debt Service Coverage Ratio for the year ended June 30, 2022, ("the computation") is not calculated on a GAAP basis as specified in the 1997A Series Bond Indenture between the RHA Housing Development Corporation, as issuer, and Wells Fargo Bank, N.A., as trustee, because the computation excludes non-cash expenses. The 1997A Series Bond Indenture is an integral part of the computation, and should be read in conjunction with it.

	<u>Revenue</u>	<u>Expenses</u>
Total Gross Revenue (Woodleaf Development)	\$906,672	\$715,963

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Assistance Listing Number or Agency Prefix	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Public and Indian Housing	14,850	N/A	-	\$1,267,961
COVID-19 Public and Indian Housing	14,850	N/A	-	11,484
				1,279,445
Section 8 Housing Choice Vouchers	14,871	N/A	-	8,612,113
Emergency Housing Vouchers	14,EHV	N/A	-	201,988
COVID-19 Section 8 Vouchers	14,HCC	N/A	-	22,212
<i>Housing Voucher Cluster</i>				8,836,313
Public Housing Capital Fund	14,872	N/A	-	1,154,291
Resident Opportunity and Self Sufficiency	14,898	N/A	-	173,002
<i>Total U.S. Department of Housing and Urban Development</i>			-	11,443,051
<i>Total Expenditures of Federal Awards</i>			-	\$11,443,051

N/A - Not Applicable

EASTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Eastern Regional Housing Authority, under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Eastern Regional Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Eastern Regional Housing Authority.

NOTE 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.

NOTE 3. The Eastern Regional Housing Authority has elected not to use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance.

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

Independent Auditor's Report

Mr. Joseph M. Maestas P.E., State Auditor and
 Board of Commissioners
 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 business-type activities of Eastern Regional Housing Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Eastern Regional Housing Authority's basic financial statements, and have issued our report thereon dated February 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Regional 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 Eastern Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Eastern Regional 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.

Mr. Joseph M. Maestas P.E., State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Two

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Regional 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001 (2020-003).

Eastern Regional Housing Authority's Response to Findings

Eastern Regional Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Eastern Regional Housing Authority's response was not subjected to 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 Eastern Regional Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

February 6, 2023

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., State Auditor and
 Board of Commissioners
 Eastern Regional Housing Authority
 Roswell, New Mexico

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Eastern Regional Housing Authority's 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 each of Eastern Regional Housing Authority's major federal programs for the year ended June 30, 2022. Eastern Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Eastern Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Eastern Regional 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 each major federal program. Our audit does not provide a legal determination of Eastern Regional 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 Eastern Regional 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 Eastern Regional Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not

Mr. Joseph M. Maestas P.E., State Auditor and
 Board of Commissioners
 Eastern Regional Housing Authority
 Roswell, New Mexico
 Page Two

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 Eastern Regional Housing Authority's compliance with the requirements of each 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 Eastern Regional 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 Eastern Regional 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 Eastern Regional 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.

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 are described in the accompanying schedule of findings and questioned costs as items 2022-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Eastern Regional Housing Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Eastern Regional 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.

Report on 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, 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

Mr. Joseph M. Maestas P.E., State Auditor and
Board of Commissioners
Eastern Regional Housing Authority
Roswell, New Mexico
Page Three

control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

February 6, 2023

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

14.872

Capital Fund Program

14.871

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

None

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

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

Federal Program Information:

Finding Agency: Department of Housing and Urban Development
Program Title: Section 8 Housing Choice Vouchers
Assistance Listing Number: 14.871
Compliance Requirement: Special Tests and Provisions

Questioned Costs:

None

Condition – The equity balances for Section 8 Housing Choice Vouchers were not properly maintained between Administrative Fee Equity and HAP Equity.

Criteria – The ACC requires PHA to properly account for program activity – records and accounting transactions support a proper roll-forward of equity.

Cause – Confusion caused by the absorbion of Tucumcari HA Section 8 program that included balances later determined to be administrative fee equity per discussion with HUD. PHA was accustomed to expending all administrative fees and therefore incorrectly assumed the same for the year of absorbion of Tucumcari Section 8 Housing.

Effect – Potential that PHA is not funded correctly.

Recommendation – The PHA should correct the account balances.

Management Response – The staff shall correct the account balances, specifically in the HUD FDS and VMS records.

Estimated Completion Date: March 31, 2023

Responsible Party: Deputy Director

EASTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION IV – FINDINGS REQUIRED BY 12-6-5 NMSA 1978 and 2.2.2.10 (L) NMAC

CURRENT YEAR FINDINGS:

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

Repeated with modification.

Condition – The audit report was submitted after September 30, 2022.

Although the Housing Authority worked with the auditor to complete the audit timely; due to the complexity of accounting issues resulting from absorbtions and the early due date the auditor again was 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, 2022.

Cause – Complex accounting and presentation issues due to the absorbtion of the Housing Authorities the auditor was unable to meet deadline

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: September 30, 2023

Responsible Party: Deputy Director

EASTERN REGIONAL HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

2021-001 Procurement Policy Not Followed (Other Non-Compliance)

Resolved

2022-001 (2020-003) Late Audit Report (Other Non-Compliance)

Repeated

EASTERN REGIONAL HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2022

EXIT CONFERENCE:

The exit conference was held August 18, 2022 and was attended by the following:

Representing Eastern Regional Housing Authority:

Michael O'Hara, Chairperson
Chris Herbert, Executive Director
Irene Murillo, Deputy Director
Carol Cheadle, Section 8 Supervisor

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of the financial statements is the responsibility of management. Although, the Eastern Regional Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.

EASTERN REGIONAL HOUSING AUTHORITY

Eastern Regional Housing Authority
106 E. Reed Street
P.O. Drawer 2057
Roswell, NM 88202-2057
Tel (575) 622-0881
Fax (575) 622-7507
TTY 1-800-659-1779

CORRECTIVE ACTION PLAN

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

Repeated with modification.

Condition – The audit report was submitted after September 30, 2022.

The Housing Authority worked with the auditor to complete the audit timely; but, due to the complexity of accounting issues resulting from absorbtions and the early due date the auditor was unable to meet deadline.

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

Estimated Completion Date: September 30, 2023

Responsible Party: Deputy Director

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

Federal Program Information:

Questioned Costs:

Finding Agency: Department of Housing and Urban Development

None

Program Title: Section 8 Housing Choice Vouchers

Assistance Listing Number: 14.871

Compliance Requirement: Special Tests and Provisions

Condition – The equity balances for Section 8 Housing Choice Vouchers were not properly maintained between Administrative Fee Equity and HAP Equity.

Management Response – The staff shall correct the account balances, specifically in the HUD FDS and VMS records.

Estimated Completion Date: March 31, 2023

Responsible Party: Deputy Director



STATE OF NEW MEXICO

WESTERN REGIONAL HOUSING AUTHORITY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2022

WESTERN REGIONAL HOUSING AUTHORITY

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WESTERN REGIONAL HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2022

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>G. Vincent Barrett</i>	<i>Chairman</i>
<i>Carol Anaya</i>	<i>Treasurer</i>
<i>Martha Salas</i>	<i>Commissioner</i>
<i>Jackie Muncy</i>	<i>Commissioner</i>
<i>Irene Galvan</i>	<i>Commissioner</i>
<i>Patricia Lynne Featheringill</i>	<i>Commissioner</i>

ADMINISTRATIVE OFFICIALS

<i>Cathy De Marco</i>	<i>Executive Director</i>
<i>Sonia Flores</i>	<i>Deputy Director</i>

INDEPENDENT AUDITORS' REPORT

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Western Regional Housing Authority, as of and for the year ended June 30, 2022 , and the related notes to the financial statements, which collectively comprise the Western Regional 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 business-type activities of the Western Regional Housing Authority, as of June 30, 2022 , and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 Western Regional 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 opinions.

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 Western Regional 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.

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Two

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 auditor's report that includes our opinions. 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 Western Regional 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 Western Regional 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 5 through 10 and the pension liability schedules on pages 29 and 30 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 our audit of the basic financial statements. We do

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Three


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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements that collectively comprise Western Regional Housing Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements. The Financial Data Schedule and the schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are also not a required part of the basic financial statements. The Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and related 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 Financial Data Schedule, the schedule of expenditures of federal awards and the schedules required by 2.2.2 NMAC 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 September 20, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

WESTERN REGIONAL HOUSING AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

As management of the Western Regional Housing Authority, we offer the readers of the Western Regional Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Western Regional Housing Authority for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the financial statements of the Western Regional Housing Authority and additional information provided.

Financial Highlights

- The assets of the Western Regional Housing Authority exceeded its liabilities at the close of the most recent fiscal year by \$6,440,751 (net position). Of this amount, \$1,199,624 (unrestricted net position) may be used to meet the Authority's obligations to residents and creditors.
- The Authority's total net position increased by \$76,294. Of this amount, a \$250,465 increase was attributable to Pyramid Village (Lordsburg) activities. Southwest Housing Assistance activities generated an increase of \$22,035 and Low Rent Public Housing program increased by \$7,397. The activities generating a decrease were Housing Choice Vouchers of \$203,481 and Linkages of \$122.
- At the end of the current fiscal year, unrestricted net position for the Low-Rent Public Housing fund was \$237,154, or 64% of the total Low-Rent Public Housing fund expenses. Lordsburg's Low-Rent Public Housing fund had an unrestricted net position of \$591,172, or 80% of expenses.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Western Regional Housing Authority's basic financial statements comprised of 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.

Basic Financial Statements

The *basic financial statements* are designed to provide readers with a broad overview of the Western Regional Housing Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Western Regional Housing Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Western Regional Housing Authority is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected receivables and earned but unused vacation leave).

Proprietary Funds

The Western Regional Housing Authority maintains five proprietary enterprise funds to account for: Two Low-Rent Public Housing Funds, Housing Choice Voucher Program, Southwest Housing Assistance Program (SWHAP), and State Programs (Linkages Program) for the year ended June 30, 2022. The proprietary fund financial statements provide separate information for all Authority activities and programs.

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Western Regional Housing Authority, assets exceeded liabilities by \$6,440,751 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's assets (68%) reflect its investment in capital assets (e.g., land, buildings, furnishings, equipment), less any related debt used to acquire those assets that is still outstanding. Western Regional Housing Authority uses these capital assets to provide services to residents; consequently, these assets are not available for future spending.

Western Regional Housing Authority		
Condensed Statement of Net Position		
	2022	2021
ASSETS		
Current assets	\$2,314,343	\$2,393,450
Assets restricted for tenant deposits	31,699	28,765
Capital assets, net of depreciation	4,909,826	4,798,300
<i>Total assets</i>	<i>7,255,868</i>	<i>7,220,515</i>
Deferred outflows of resources		
Related to pension plans	174,449	349,572
<i>Total assets and deferred outflows of resources</i>	<i>\$7,430,317</i>	<i>\$7,570,087</i>
LIABILITIES		
Current liabilities	\$46,261	\$58,986
Compensated absences (noncurrent)	51,169	48,043
Net pension liability	563,322	1,015,490
<i>Total liabilities</i>	<i>660,752</i>	<i>1,122,519</i>
Deferred inflows of resources		
Related to pension plans	328,814	83,111
NET POSITION		
Net investment in capital assets, net of depreciation	4,909,826	4,798,300
Restricted for housing assistance payments	331,241	269,371
Unrestricted net position	1,199,684	1,296,786
<i>Total net position</i>	<i>6,440,751</i>	<i>6,364,457</i>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<i>\$7,430,317</i>	<i>\$7,570,087</i>

*Coronavirus Aid, Relief, and Economic Security Act

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

A portion of the Western Regional Housing Authority's net position represents resources that are subject to external restrictions on how they may be used. The Housing Authority currently has \$331,241 funds restricted for Housing Assistance Payments. The remaining balance of unrestricted net position (\$1,199,684) may be used to meet the Authority's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Western Regional Housing Authority is able to report positive balances on all three categories of net position, for the government as a whole. The State and Local Program reported a negative balance in unrestricted net position, this is a due to the implementation of GASB 68.

The Housing Authority continues to utilize all of their HAP Reserves to maintain lease up as well as some of their HUD-Held reserves.

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Western Regional Housing Authority
Condensed Statement of Revenues, Expenses, and Changes in Fund Net Position

	2022	2021
REVENUES		
Tenant rental revenue	\$369,465	\$318,804
Other tenant revenue	2,180	1,939
Operating Subsidy	572,567	547,236
CARES operating subsidy	0	209,636
Administrative fees earned	467,255	557,722
Other Revenue	921	0
Total revenues	1,412,388	1,635,337
OPERATING EXPENSES		
Personnel services	538,919	428,969
Employee benefits	176,750	217,709
Professional services	23,829	30,381
Repairs and maintenance	180,680	133,215
Utilities	199,528	194,002
General operating	16,986	12,585
Insurance	9,128	12,963
Other general expenses	92,990	71,727
CARES operating expenses	0	197,762
Depreciation	340,853	309,888
Total expenses	1,579,663	1,609,201
<i>Operating income (loss)</i>	<i>(167,275)</i>	<i>26,136</i>
NON-OPERATING REVENUES (EXPENSES)		
Intergovernmental grants - federal	3,673,202	4,021,971
Intergovernmental grants - state	85,333	65,795
Housing assistance payments	(4,007,683)	(3,863,793)
Other non-operating revenue	1,286	1,326
HUD Capital grants	454,530	363,868
Insurance proceeds	43,558	0
Casualty loss	(43,558)	0
Fraud recovery	36,901	55,533
Gain (loss) on sale of fixed assets	0	0
Total non-operating revenues	243,569	644,700
<i>Income (loss) before capital contributions and transfers</i>	<i>76,294</i>	<i>670,836</i>
CHANGE IN NET POSITION		
Net position, beginning of year	6,364,457	5,693,621
Net position, end of year	\$6,440,751	\$6,364,457

WESTERN REGIONAL HOUSING AUTHORITY

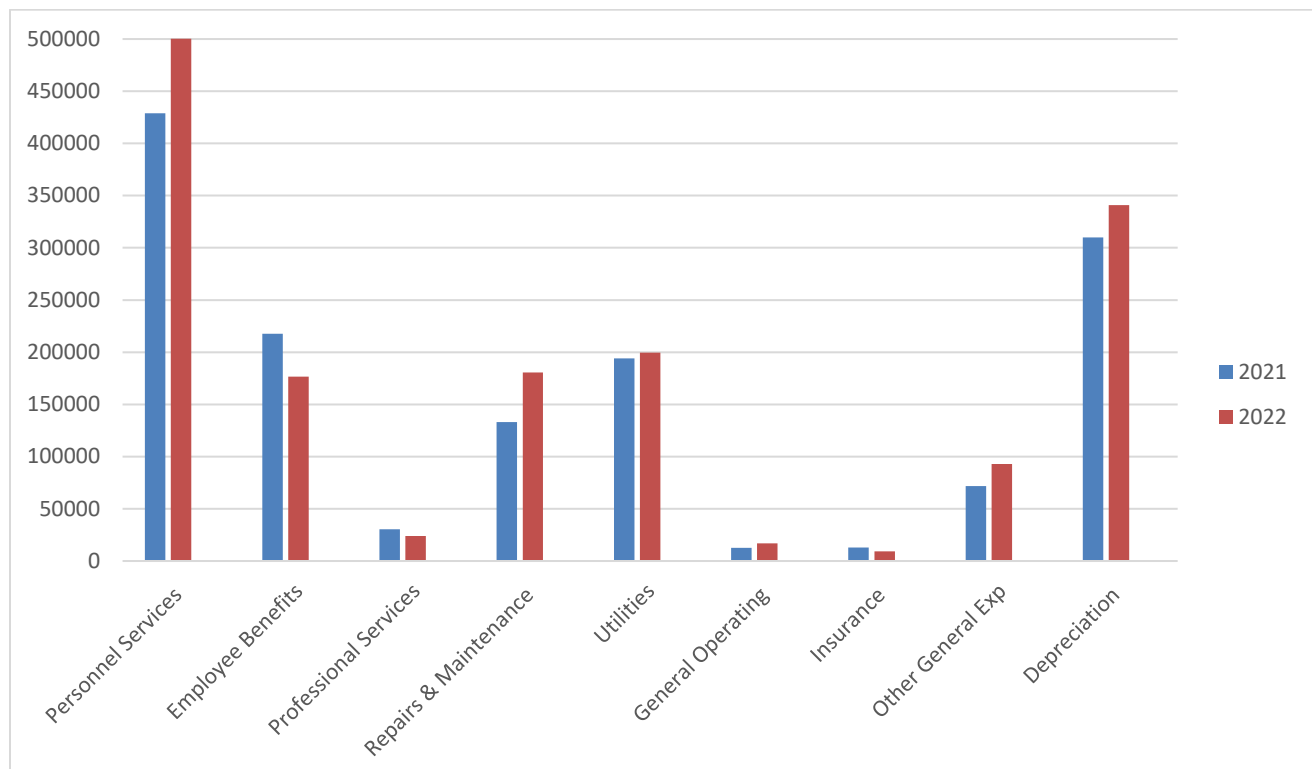
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Total revenues decreased \$222,949 about 2% during the year. This is primarily the result of the no CARES act revenue in the current year.

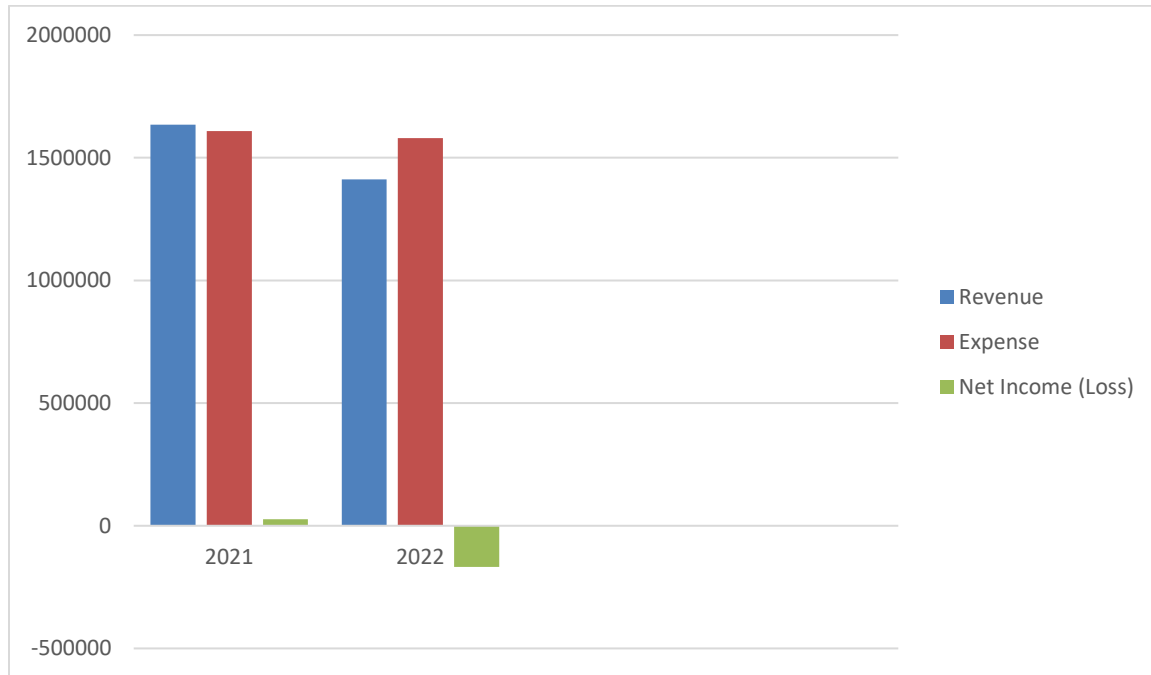


Total expenses decreased \$29,538 or 2%, as compared to the prior year, primarily due to Employee Benefits which decreased due to a decrease in the net pension liability and related deferred inflows and outflows.



WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

For the most part, the Authority's operating revenues seldom exceed operating expenses on an ongoing basis. Typically, deficit or unfavorable results from operations are subsidized by intergovernmental HUD assistance and Capital Fund grant programs.



Budgetary Highlights

During the year, the Authority's operating revenues were over budgetary expectations by \$19,672. Total operating expenses, however, remained under the budget plan by \$185,216 after adjusting for Depreciation Expenses of \$340,853, thereby eliminating the need to draw upon existing net position.

Capital Asset and Debt Administration

The Western Regional Housing Authority's investment in capital assets as of June 30, 2022, amounts to \$ 4,909,826 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, furnishings and equipment.

Western Regional Housing Authority
Capital Assets, Net of Accumulated Depreciation

	2022	2021
Land and improvements	\$831,537	\$831,537
Buildings, systems and improvements	3,668,695	3,504,581
Furniture, fixtures and equipment	62,472	48,475
Construction in progress	347,122	413,707
<i>Total fixed assets, net of accumulated depreciation</i>	<i>\$4,909,826</i>	<i>\$4,798,300</i>

WESTERN REGIONAL HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Long Term Debt:

At the end of the current fiscal year, the Housing Authority had estimated long-term liabilities in the amount of \$614,491. This is a decrease of \$449,042 from last year which is due primarily to the Net Pension Liability decrease of \$452,168.

Economic Factors:

- The unemployment rate in Grant County as of June 30, 2022, reported by the New Mexico Department of Workforce Solutions, is 5%, which is a 3.7% decrease from last year. The unemployment rate in Luna County as of June 30, 2022 decreased from 16.5% last year to 11.4%, they continue to rank the highest in the state. New Mexico's average unemployment rate is 5%.

Requests for Information:

This financial report is designed to provide a general overview of the Western Regional Housing Authority's finances for all those with an interest in the Authority'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 North Silver Street, P.O. Box 3015, Silver City, New Mexico 88062.

BASIC FINANCIAL STATEMENTS

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2022

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
ASSETS						
Current Assets						
Cash	\$837,229	\$393,694	\$674,393	\$346,082	\$34,000	\$2,285,398
Receivables (net of allowance):						
Tenants (net of allowance)	12,302	9,566	0	0	0	21,868
Other government	0	0	0	0	0	0
Due from (to) other funds	0	0	0	34,000	(34,000)	0
Inventory	5,725	1,352	0	0	0	7,077
<i>Total current assets</i>	855,256	404,612	674,393	380,082	0	2,314,343
Noncurrent Assets:						
Restricted cash	16,281	12,539	0	2,879	0	31,699
Capital Assets:						
Land	100,000	436,727	0	294,810	0	831,537
Construction in progress	136,382	0	0	210,740	0	347,122
Buildings	6,420,000	4,876,863	0	428,090	0	11,724,953
Equipment and furniture	137,557	165,255	46,082	0	0	348,894
Less accumulated depreciation	(4,178,603)	(3,896,995)	(46,082)	(221,000)	0	(8,342,680)
<i>Capital assets, net</i>	2,615,336	1,581,850	0	712,640	0	4,909,826
<i>Total assets</i>	3,486,873	1,999,001	674,393	1,095,601	0	7,255,868
Deferred outflows of resources - related to pension plan						
	59,313	36,634	76,758	0	1,744	174,449
LIABILITIES						
Current Liabilities:						
Accounts payable	1,446	2,834	3,128	0	0	7,408
Accrued payroll liabilities	0	0	0	0	0	0
Prepaid rent	1,691	785	0	1,547	0	4,023
Tenant deposits	16,281	12,539	0	2,879	0	31,699
Compensated absences (current)	646	328	2,157	0	0	3,131
<i>Total current liabilities</i>	20,064	16,486	5,285	4,426	0	46,261
Compensated Absences (non current)	16,286	12,797	22,086	0	0	51,169
Net pension liability	191,531	118,297	247,861	0	5,633	563,322
<i>Total liabilities</i>	227,881	147,580	275,232	4,426	5,633	660,752
Deferred inflows of resources - Related to pension plan						
	111,797	69,051	144,678	0	3,288	328,814
NET POSITION						
Net investment in capital assets	2,615,336	1,581,850	0	712,640	0	4,909,826
Restricted for housing assistance payments	0	0	331,241	0	0	331,241
Unrestricted	591,172	237,154	0	378,535	(7,177)	1,199,684
<i>Total net position</i>	\$3,206,508	\$1,819,004	\$331,241	\$1,091,175	(\$7,177)	\$6,440,751

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
JUNE 30, 2022

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
Operating Revenues						
Tenant rental revenue	\$251,588	\$79,984	\$0	\$37,893	\$0	\$369,465
Other tenant revenue	950	1,230	0	0	0	2,180
Grant-administrative fees	0	0	430,805	0	36,450	467,255
HUD operating subsidy	370,763	201,804	0	0	0	572,567
Other Revenue	0	921	0	0	0	921
<i>Total operating revenues</i>	<i>623,301</i>	<i>283,939</i>	<i>430,805</i>	<i>37,893</i>	<i>36,450</i>	<i>1,412,388</i>
Operating Expenses						
Personnel services	183,082	110,078	236,652	0	9,107	538,919
Employee benefits	69,422	2,808	101,259	0	3,261	176,750
Professional services	9,532	6,195	8,102	0	0	23,829
Repairs and maintenance	102,402	58,078	16,662	2,488	1,050	180,680
Utilities	172,252	21,528	5,748	0	0	199,528
General operating	11,465	2,542	2,979	0	0	16,986
Insurance	3,381	3,580	1,795	372	0	9,128
Other General Expenses	13,922	5,762	49,892	260	23,154	92,990
Depreciation	170,751	157,128	0	12,974	0	340,853
<i>Total operating expenses</i>	<i>736,209</i>	<i>367,699</i>	<i>423,089</i>	<i>16,094</i>	<i>36,572</i>	<i>1,579,663</i>
<i>Operating income (loss)</i>	<i>(112,908)</i>	<i>(83,760)</i>	<i>7,716</i>	<i>21,799</i>	<i>(122)</i>	<i>(167,275)</i>
Non-Operating Revenues (Expenses)						
Intergovernmental grants - federal	0	0	3,673,202	0	0	3,673,202
Intergovernmental grants - state	0	0	0	0	85,333	85,333
Housing assistance payments	0	0	(3,922,350)	0	(85,333)	(4,007,683)
Other non-operating revenue	0	0	1,050	236	0	1,286
HUD capital grants	363,373	91,157	0	0	0	454,530
Insurance proceeds	43,558	0	0	0	0	43,558
Casualty loss	(43,558)	0	0	0	0	(43,558)
Gain/Loss on sale of capital asset	0	0	0	0	0	0
Fraud Recovery	0	0	36,901	0	0	36,901
<i>Total non-operating revenues (expenses)</i>	<i>363,373</i>	<i>91,157</i>	<i>(211,197)</i>	<i>236</i>	<i>0</i>	<i>243,569</i>
<i>Changes in net position</i>	<i>250,465</i>	<i>7,397</i>	<i>(203,481)</i>	<i>22,035</i>	<i>(122)</i>	<i>76,294</i>
Net position, beginning of year	2,956,043	1,811,607	534,722	1,069,140	(7,055)	6,364,457
<i>Net position, end of year</i>	<i>\$3,206,508</i>	<i>\$1,819,004</i>	<i>\$331,241</i>	<i>\$1,091,175</i>	<i>(\$7,177)</i>	<i>\$6,440,751</i>

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2022

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants	\$255,974	\$76,054	\$0	\$38,307	\$46,154	\$416,489
Grants - subsidies	370,763	201,804	430,805	0	0	1,003,372
Cash payments to suppliers for goods and services	(327,477)	(94,511)	(86,813)	(1,573)	(24,204)	(534,578)
Cash payments to employees for services	(248,608)	(152,073)	(332,762)	0	(12,246)	(745,689)
<i>Net cash (used) for operating activities</i>	50,652	31,274	11,230	36,734	9,704	139,594
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES						
Net HAP/receipts	0	0	(211,197)	0	0	(211,197)
Temporary financing-other funds	0	0	0	0	0	0
Other nonoperating revenues	0	0	0	236	0	236
<i>Net cash provided (used) by noncapital and related financing activities</i>	0	0	(211,197)	236	0	(210,961)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from sale of assets	0	0	0	0	0	0
Cash received from intergovernmental sources	363,373	91,157	0	0	0	454,530
Acquisition and construction of capital assets	(386,223)	(66,158)	0	0	0	(452,381)
<i>Net cash provided by capital and related financing activities</i>	(22,850)	24,999	0	0	0	2,149
<i>Net (increase) in cash</i>	27,802	56,273	(199,967)	36,970	9,704	(69,218)
Cash and cash equivalents, beginning of year	825,708	349,960	874,360	311,991	24,296	2,386,315
<i>Cash and cash equivalents, end of year</i>	\$853,510	\$406,233	\$674,393	\$348,961	\$34,000	\$2,317,097
Cash and Cash Equivalents						
Cash	\$837,229	\$393,694	\$674,393	\$346,082	\$34,000	\$2,285,398
Restricted	16,281	12,539	0	2,879	0	31,699
	\$853,510	\$406,233	\$674,393	\$348,961	\$34,000	\$2,317,097

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

JUNE 30, 2022

	Lordsburg HA Pyramid Village	Low Rent Public Housing	Housing Choice Vouchers	Southwest Housing Assistance	State and Local	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities						
Operating income (loss)	(\$112,908)	(\$83,760)	\$7,716	\$21,799	(\$122)	(\$167,275)
Adjustments to Reconcile Operating (Loss)to Net Cash Provided by Operating Activities						
Depreciation	170,751	157,128	0	12,974	0	340,853
Change in assets and liabilities:						
(Increase) decrease in tenant/other receivables	(141)	(6,767)	0	414	0	(6,494)
(Increase) in intergovernmental receivable	0	0	0	0	9,704	9,704
Decrease in inventory	3,018	727	0	0	0	3,745
(Increase) in prepaid expenses and other current assets	0	0	0	0	0	0
(Decrease) in accounts payable	(17,541)	2,447	(1,635)	0	0	(16,729)
(Decrease) in accrued salaries and compensated absences	6	1,206	110	0	0	1,322
(Decrease) in prepaid rent	1,270	59	0	1,547	0	2,876
(Decrease) in tenant deposits	2,307	627	0	0	0	2,934
Increase in net pension contributions and liability	3,890	(40,393)	5,039	0	122	(31,342)
Total adjustments	163,560	115,034	3,514	14,935	9,826	306,869
Net cash provided by operating activities	\$50,652	\$31,274	\$11,230	\$36,734	\$9,704	\$139,594

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Western Regional Housing Authority was organized under New Mexico statutes, to provide a conduit for housing funds for disadvantaged New Mexicans. The Authority is a political subdivision of the State of New Mexico.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements) and interpretations. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Financial Reporting Entity

The Authority's basic financial statements include the accounts of all 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 Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, the Authority has no component units.

Basis of Presentation

Governmental-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All Authority activities are accounted for as proprietary activities, in accordance with HUD UFRS Guidelines.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Revenues, Expenses and Changes in Net Position presents a comparison between expenses, both direct and indirect, and operating revenues for each segment of the business-type activities of the Authority. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated but are presented as separate functions. Operating revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as operating revenues are presented as non-operating revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the non-operating revenues of the Authority. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into one major category: proprietary. An emphasis is placed on major funds within the proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, or
- b. The Authority believes the fund is particularly important to financial statement users.

The funds of the financial reporting entity are described below:

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The Enterprise funds are as follows:

Major Funds

Pyramid Village – To account for HUD’s Low Rent Public Housing and Capital Fund Program. Provides living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

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.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

State and Local – To account for State sources from the New Mexico Mortgage Finance Authority to provide intake, screening and placement into homes for disadvantaged New Mexicans.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position business-like activities are presented using the economic resources measurement focus as defined in item “a” below.

- a. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with professional standards. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred outflows of resources by the recipient.

Budgets

The Housing Authority adopts budgets for its Proprietary funds in accordance with the Housing and Urban Development Program Agreements.

Budgets are prepared on the “Economic Resources” basis, excluding depreciation, and are utilized as a guide only. The budgets are not legally enforceable documents.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments

For the purpose of the Statement of Net Position, “cash” includes all demand, savings accounts, and certificates of deposits of the Authority. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less, both restricted and unrestricted.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurer’s investment pool.

New Mexico Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables/payables”. These balances have been eliminated in the “total” column in the Statement of Net Position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report rents, grant reimbursements and interest earnings as their major receivables.

Capital Assets

Government-wide Statements and Fund Statements

In the government-wide and fund financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- | | |
|---------------------------|-------------|
| • Buildings | 25-40 years |
| • Improvements | 10-40 years |
| • Machinery and Equipment | 5-10 years |
| • Software and Library | 5-10 years |

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resources (expenses/expenditures) until then. The Authority has deferred outflows of resources related to pension plans as discussed in Note 6.

In addition to liabilities, the statement of financial position and/or balance sheet 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has deferred inflows of resources related to pension plans as discussed in Note 6.

Restricted Position

Restricted position includes cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted positions are related to rent deposits, capital grants and housing payment advances.

Long-Term Debt

All long-term debt to be repaid from business-type resources are reported as liabilities in the government-wide and fund statements. The long-term debt consists primarily of accrued compensated absences, and net pension liability.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as both short and long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Proprietary funds report the liability as it is incurred.

Equity Classifications

Government-wide Statements and Fund Financial Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “net investment in capital assets, net of related debt.”

Revenues, Expenditures, And Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Fraud recovery revenue represents back rent when it is determined that the tenant was charged an incorrect monthly rent amount due to income that was misstated (various reasons) and therefore the tenant must pay back rent (after re-determination) in addition to any current rent. This account is specifically required by HUD for financial data schedule reporting.

Expenditures/Expenses

In the government-wide and fund financial statements, expenses are classified as operating or non-operating for business-type activities.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Authority does not allocate indirect costs.

Inventories are carried at cost, valued by the first-in first-out method.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the total column in the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. CUSTODIAL CREDIT RISK

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The Authority does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2022, \$44,374 of the Authority’s bank balance of \$2,466,316 was exposed to custodial credit risk.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. CUSTODIAL CREDIT RISK (CONTINUED)

	Bank Balance	Carrying Amount
Deposits by custodial risk		
Category:		
Insured	\$500,000	
Collateral held by the pledging bank agent in Authority's name	1,921,942	
Uninsured/uncollateralized	44,374	
Total public funds	\$2,466,316	\$2,316,797

NOTE 3. ACCOUNTS RECEIVABLE

Due from tenants	\$21,868
Due from other governments	0
Total accounts receivable	\$21,868

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$831,537	\$0	\$0	\$0	\$831,537
Construction in progress	413,707	402,982	0	(469,567)	347,122
Total capital assets, not being depreciated	1,245,244	402,982	0	(469,567)	1,178,659
Depreciable capital assets:					
Buildings/improvements	11,232,536	22,850	0	469,567	11,724,953
Equipment/furnishings	341,756	26,548	(19,410)	0	348,894
Total depreciable capital assets	11,574,292	49,398	(19,410)	469,567	12,073,847
Less accumulated depreciation:					
Buildings/improvements	(7,727,955)	(328,302)	0	0	(8,056,257)
Equipment/furnishings	(293,281)	(12,551)	19,410	0	(286,422)
Total accumulated depreciation	(8,021,236)	(340,853)	19,410	0	(8,342,679)
Depreciable capital assets, net	3,553,056	(291,455)	0	469,567	3,731,168
Business-type capital assets, net	\$4,798,300	\$111,527	\$0	\$0	\$4,909,827

Nine rental units at Pyramid Village were off line and idle while awaiting necessary renovations.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5. COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Amounts Due:				
Current	\$4,935	\$3,370	\$4,935	\$3,370
Long-term	48,043	36,373	11,670	50,930
	\$52,978	\$39,743	\$16,605	\$54,300

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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), each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund, unless specifically excluded.

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

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Benefits Provided—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.

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.

Contributions. The contribution requirements of defined benefit plan members and the Western Regional 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 FY21 for the various PERA coverage options, for both Tier I and Tier II, see PERA's comprehensive annual financial report contribution provided description.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2022, the Western Regional Housing Authority reported a liability of \$563,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2021 using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2021. There were no significant events or changes in benefit provision that required an adjustment to the roll-forward liabilities as of June 30, 2021. The Western Regional Housing Authority's proportion of the net pension liability was based on a projection of the Western Regional 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, 2021, the Western Regional Housing Authority's proportion was 0.0499%, which changed from its proportion measured as of June 30, 2020 of 0.0481%.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

For the year ended June 30, 2022, the Western Regional Housing Authority (including Lordsburg Housing Authority) recognized PERA Fund Division Municipal General pension expense of \$60,059. At June 30, 2022, the Western Regional Housing Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$14,023	\$1,929
Changes of assumptions	185	0
Net difference between projected and actual earnings on pension plan investments	0	231,493
Changes in proportion and differences between Western Regional Housing Authority contributions and proportionate share of contributions	111,671	95,392
Western Regional Housing Authority contributions subsequent to the measurement date	48,570	0
Total	\$174,449	\$328,814

\$48,570 reported as deferred outflows of resources related to pensions resulting from Western Regional Housing Authority contributions subsequent to the measurement date June 30, 2021 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$31,515)
2023	(32,069)
2024	(44,171)
2025	(95,180)
	<u>(\$202,935)</u>

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:

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Valuation date	June 30, 2020
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll
Amortization period	Solved for based on statutory rates
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
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.
Experience Study Dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2013 through June 30, 2017 (economic)

* Includes inflation at 2.50%, 2.75% all other years

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2020. The total pension liability was rolled-forward from the valuation date to the plan year ended June 30, 2021. These assumptions were adopted by the Board for use in the June 30, 2020 actuarial valuation. 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%
Client Oriented Fixed Income	15.00%	4.20%
Real Assets to Include Real Estate Equity	20.00%	6.00%
Multi-Risk Allocation	10.00%	6.40%
Total	100.0%	

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. PENSION PLAN - PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (CONTINUED)

Discount rate: A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2021. 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 periods 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 Western Regional Housing Authority's proportionate share of the net pension liability to changes in the discount rate. The following presents the Western Regional Housing Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Western Regional 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.

PERA Fund Division Municipal General	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Western Regional Housing Authority's proportionate share of the net pension liability	\$1,010,476	\$563,322	\$192,395

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERA's financial reports.

Payables to the pension plan. The Authority is legally required to make defined contributions to the cost sharing pension plan on behalf of its' participant employees. At June 30, 2022, the Authority had paid all required contributions.

NOTE 7. LEASES

The Authority has two leases for copy machines at July 1, 2021. The effect of the new 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.

NOTE 8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

NOTE 9. RISK MANAGEMENT

The 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 Authority pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage, and risk of loss is transferred.

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. FINANCIAL DATA SCHEDULE

The Authority is required to submit, and include with the audited financial statements, a financial data schedule, which is presented as other supplemental data.

The financial data schedule is a hard copy of the Authority's electronic submission to the Real Estate Assessment Center and is presented in their required format. Therefore, some amounts may differ from those presented in the financial statements.

NOTE 11. INTERFUND ACTIVITY

Interfund balances at June 30, 2022 consisted of the following:

		<u>Interfund Payable</u>
		<u>State and Local</u>
<u>Interfund Receivable</u>		
SW Housing Assistance	\$34,000	\$34,000

The loans were made to fund operating expenses and are expected to be paid within one year.

NOTE 12. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through September 20, 2022, the date which the financial statements were available to be issued.

NOTE 13. OTHER REQUIRED DISCLOSURES

The State and Local fund had a deficit fund balance at June 30, 2022 as a result of recording the net pension liability.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE WESTERN REGIONAL HOUSING AUTHORITY'S
PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY OF PERA FUND DIVISION
MUNICIPAL GENERAL
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	As of Measurement Date							
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
	2022	2021	2020	2019	2018	2017	2016	2015
Western Regional Housing Authority's proportion of the net pension liability (asset)	0.0499%	0.0481%	0.0475%	0.0394%	0.037%	0.0377%	0.0386%	0.0399%
Western Regional Housing Authority's proportionate share of the net pension liability (asset)	\$563,322	\$972,691	\$822,273	\$628,182	\$508,411	\$602,319	\$393,560	\$311,263
Western Regional Housing Authority's covered-employee payroll (at measurement date)	\$471,036	\$448,143	\$512,802	\$325,068	\$324,937	\$322,976	\$314,984	\$323,716
Western Regional Housing Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	119.59%	217.05%	160.35%	193.24%	156.46%	186.49%	124.95%	96.00%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	66.36%	70.52%	71.13%	73.74%	79.89%	80.20%	81.00%

*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, the Western Regional Housing Authority will present information for those years for which information is available.

**Includes Lordsburg Housing Authority and Western Regional Housing Authority

SCHEDULE OF WESTERN REGIONAL HOUSING AUTHORITY'S CONTRIBUTIONS

Public Employees Retirement Association (PERA) Plan

PERA FUND DIVISION - MUNICIPAL GENERAL

Last 10 Fiscal Years*

	**							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$48,570	\$46,162	\$43,918	\$31,767	\$31,044	\$31,031	\$30,844	\$30,081
Contributions in relation to the contractually required contribution	\$48,570	\$46,162	\$43,918	\$31,767	(\$31,044)	(\$31,031)	(\$30,844)	(\$30,081)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Western Regional Housing Authority's covered-employee payroll	\$495,613	\$471,036	\$448,143	\$332,638	\$325,068	\$324,937	\$322,976	\$314,984
Contributions as a percentage of covered-employee payroll	9.80%	9.80%	9.80%	9.55%	9.55%	9.55%	9.55%	9.55%

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

**Includes Lordsburg Housing Authority and Western Regional Housing Authority

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Public Employee Retirement Association Plan (PERA)

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of PERA's CAFR. <https://www.saonm.org>

Changes of assumptions.

The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2020 report is available at <https://www.nmpera.org/>

SUPPLEMENTARY INFORMATION

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,230,922	\$346,083	\$34,000	\$635,720	\$2,246,725		\$2,246,725
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted				\$38,673	\$38,673		\$38,673
114 Cash - Tenant Security Deposits	\$28,820	\$2,879			\$31,699		\$31,699
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$1,259,742	\$348,962	\$34,000	\$674,393	\$2,317,097	\$0	\$2,317,097
121 Accounts Receivable - PHA Projects							
122 Accounts Receivable - HUD Other Projects							
124 Accounts Receivable - Other Government							
125 Accounts Receivable - Miscellaneous							
126 Accounts Receivable - Tenants	\$2,703				\$2,703		\$2,703
126.1 Allowance for Doubtful Accounts -Tenants	-\$3,658				-\$3,658		-\$3,658
126.2 Allowance for Doubtful Accounts - Other							
127 Notes, Loans, & Mortgages Receivable - Current							
128 Fraud Recovery	\$22,824				\$22,824		\$22,824
128.1 Allowance for Doubtful Accounts - Fraud	\$0				\$0		\$0
129 Accrued Interest Receivable	.						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$21,869	\$0	\$0	\$0	\$21,869		\$21,869
131 Investments - Unrestricted							
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets							
143 Inventories	\$7,221				\$7,221		\$7,221
143.1 Allowance for Obsolete Inventories	-\$144				-\$144		-\$144
144 Inter Program Due From		\$34,000			\$34,000	-\$34,000	\$0
145 Assets Held for Sale							
150 Total Current Assets	\$1,288,688	\$382,962	\$34,000	\$674,393	\$2,380,043	-\$34,000	\$2,346,043
161 Land	\$536,727	\$294,810			\$831,537		\$831,537
162 Buildings	\$11,296,863	\$428,090			\$11,724,953		\$11,724,953
163 Furniture, Equipment & Machinery - Dwellings	\$51,657			\$46,082	\$51,657		\$51,657
164 Furniture, Equipment & Machinery - Administration	\$251,155				\$297,237		\$297,237
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$8,075,599	-\$221,000		-\$46,082	-\$8,342,681		-\$8,342,681
167 Construction in Progress	\$136,382	\$210,740			\$347,122		\$347,122
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,197,185	\$712,640	\$0	\$0	\$4,909,825	\$0	\$4,909,825

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
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	\$4,197,185	\$712,640	\$0	\$0	\$4,909,825	\$0	\$4,909,825
200 Deferred Outflow of Resources	\$95,947		\$1,744	\$76,758	\$174,449		\$174,449
290 Total Assets and Deferred Outflow of Resources	\$5,581,820	\$1,095,602	\$35,744	\$751,151	\$7,464,317	-\$34,000	\$7,430,317
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$4,278			\$3,127	\$7,405		\$7,405
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable	\$1				\$1		\$1
322 Accrued Compensated Absences - Current Portion	\$1,071			\$1,939	\$3,010		\$3,010
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government							
341 Tenant Security Deposits	\$28,820	\$2,879			\$31,699		\$31,699
342 Unearned Revenue	\$2,476	1,547			\$4,023		\$4,023
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							
347 Inter Program - Due To			\$34,000		\$34,000	-\$34,000	\$0
348 Loan Liability - Current							
310 Total Current Liabilities	\$36,646	\$4,426	\$34,000	\$5,066	\$80,138	-\$34,000	\$46,138
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	\$28,986			\$22,304	\$51,290		\$51,290
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities	\$309,828		\$5,633	\$247,861	\$563,322		\$563,322
350 Total Non-Current Liabilities	\$338,814	\$0	\$5,633	\$270,165	\$614,612	\$0	\$614,612

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Loc al	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
300 Total Liabilities	\$375,460	\$4,426	\$39,633	\$275,231	\$694,750	-\$34,000	\$660,750
400 Deferred Inflow of Resources	\$180,848		\$3,288	\$144,678	\$328,814		\$328,814
508.4 Net Investment in Capital Assets	\$4,197,185	\$712,640		\$0	\$4,909,825		\$4,909,825
511.4 Restricted Net Position				\$38,673	\$38,673		\$38,673
512.4 Unrestricted Net Position	\$828,327	\$378,536	-\$7,177	\$292,569	\$1,492,255		\$1,492,255
513 Total Equity - Net Assets / Position	\$5,025,512	\$1,091,176	-\$7,177	\$331,242	\$6,440,753	\$0	\$6,440,753
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$5,581,820	\$1,095,602	\$35,744	\$751,151	\$7,464,317	-\$34,000	\$7,430,317

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$331,572	\$37,893			\$369,465		\$369,465
70400 Tenant Revenue - Other	\$3,102	\$236			\$3,338		\$3,338
70500 Total Tenant Revenue	\$334,674	\$38,129	\$0	\$0	\$372,803	\$0	\$372,803
70600 HUD PHA Operating Grants	\$597,567			\$4,104,007	\$4,701,574		\$4,701,574
70610 Capital Grants	\$429,530				\$429,530		\$429,530
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue					\$0	\$0	\$0
70800 Other Government Grants			\$121,783		\$121,783		\$121,783
71100 Investment Income - Unrestricted							
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery				\$36,900	\$36,900		\$36,900
71500 Other Revenue	\$43,558			\$1,050	\$44,608		\$44,608
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$1,405,329	\$38,129	\$121,783	\$4,141,957	\$5,707,198	\$0	\$5,707,198
91100 Administrative Salaries	\$180,908		\$9,107	\$236,543	\$426,558		\$426,558
91200 Auditing Fees	\$15,727			\$8,102	\$23,829		\$23,829
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit contributions - Administrative	\$34,661		\$3,261	\$101,259	\$139,181		\$139,181
91600 Office Expenses							
91700 Legal Expense							
91800 Travel	\$1,417			\$2,979	\$4,396		\$4,396
91810 Allocated Overhead							
91900 Other	\$19,686	\$260	\$23,154	\$43,583	\$86,683		\$86,683
91000 Total Operating - Administrative	\$252,399	\$260	\$35,522	\$392,466	\$680,647	\$0	\$680,647
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs	\$4,172				\$4,172		\$4,172
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other							
92500 Total Tenant Services	\$4,172	\$0	\$0	\$0	\$4,172	\$0	\$4,172

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
93100 Water	\$134,793			\$766	\$135,559		\$135,003
93200 Electricity	\$11,655			\$3,634	\$15,289		\$15,500
93300 Gas	\$47,331			\$1,348	\$48,679		\$42,795
93400 Fuel							
93500 Labor							
93600 Sewer							
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense							
93000 Total Utilities	\$193,779	\$0	\$0	\$5,748	\$199,527	\$0	\$199,527
94100 Ordinary Maintenance and Operations - Labor	\$112,252				\$112,252		\$112,252
94200 Ordinary Maintenance and Operations - Materials and Other	\$66,728	\$834		\$1,517	\$69,079		\$69,079
94300 Ordinary Maintenance and Operations Contracts	\$93,752	\$1,654	\$1,050	\$15,145	\$111,601		\$111,601
94500 Employee Benefit Contributions - Ordinary Maintenance	\$36,354				\$36,354		\$36,354
94000 Total Maintenance	\$309,086	\$2,488	\$1,050	\$16,662	\$329,286	\$0	\$329,286
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$5,176	\$372		\$400	\$5,948		\$5,948
96120 Liability Insurance	\$1,570			\$1,228	\$2,798		\$2,798
96130 Workmen's Compensation	\$215			\$167	\$382		\$382
96140 All Other Insurance							
96100 Total Insurance Premiums	\$6,961	\$372	\$0	\$1,795	\$9,128	\$0	\$9,128
96200 Other General Expenses				\$6,305	\$6,305		\$6,305
96210 Compensated Absences	\$1,213			\$110	\$1,323		\$1,323
96300 Payments in Lieu of Taxes							
96400 Bad debt - Tenant Rents	\$8,419				\$8,419		\$8,419
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$9,632	\$0	\$0	\$6,415	\$16,047	\$0	\$16,047
96710 Interest of Mortgage (or Bonds) Payable							
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
96900 Total Operating Expenses	\$776,029	\$3,120	\$36,572	\$423,086	\$1,238,807	\$0	\$1,238,807
97000 Excess of Operating Revenue over Operating Expenses	\$629,300	\$35,009	\$85,211	\$3,718,871	\$4,468,391	\$0	\$4,468,391
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized	\$43,558				\$43,558		\$43,558
97300 Housing Assistance Payments			\$85,333	\$3,922,350	\$4,007,683		\$4,007,683
97350 HAP Portability-In							
97400 Depreciation Expense	\$327,879	\$12,974			\$340,853		\$340,853
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$1,147,466	\$16,094	\$121,905	\$4,345,436	\$5,630,901	\$0	\$5,630,901
10010 Operating Transfer In	\$25,000				\$25,000	-\$25,000	\$0
10020 Operating transfer Out	-\$25,000				-\$25,000	\$25,000	\$0
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$257,863	\$22,035	-\$122	-\$203,479	\$76,297	\$0	\$76,297
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$1,811,607	\$1,069,141	-\$7,055	\$534,721	\$3,408,414		\$3,408,414
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$2,956,042				\$2,956,042		\$2,956,042
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				\$292,569	\$292,569		\$292,569

Western Regional Housing Authority (NM067)

Silver City, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

	Project Total	1 Business Activities	2 State/Local	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11180 Housing Assistance Payments Equity				\$38,673	\$38,673		\$38,673
11190 Unit Months Available	\$1,656	60		10932	\$12,648		\$12,648
11210 Number of Unit Months Leased	\$1,600	\$60		\$8,596	\$10,256		\$10,256
11270 Excess Cash	\$1,176,998				\$1,176,998		\$1,176,998
11610 Land Purchases	\$0				\$0		\$0
11620 Building Purchases	\$425,832				\$425,832		\$425,832
11630 Furniture & Equipment - Dwelling Purchases	\$26,548				\$26,548		\$26,548
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0		\$0
11650 Leasehold Improvements Purchases	\$0				\$0		\$0
11660 Infrastructure Purchases	\$0				\$0		\$0
13510 CFFP Debt Service Payments	\$0				\$0		\$0
13901 Replacement Housing Factor Funds	\$0				\$0		\$0

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2022

	NM067000001	OTHER PROJ	Total
111 Cash - Unrestricted	\$1,230,922		\$1,230,922
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$28,820		\$28,820
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$1,259,742	\$0	\$1,259,742
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$2,703		\$2,703
126.1 Allowance for Doubtful Accounts - Tenants	-\$3,658		-\$3,658
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery	\$22,824		\$22,824
128.1 Allowance for Doubtful Accounts - Fraud	\$0		\$0
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$21,869	\$0	\$21,869
131 Investments - Unrestricted			
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories	\$7,221		\$7,221
143.1 Allowance for Obsolete Inventories	-\$144		-\$144
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$1,288,688	\$0	\$1,288,688
161 Land	\$536,727		\$536,727
162 Buildings	\$11,296,863		\$11,296,863
163 Furniture, Equipment & Machinery - Dwellings	\$51,657		\$51,657
164 Furniture, Equipment & Machinery - Administration	\$251,155		\$251,155

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

	NM067000001	OTHER PROJ	Total
165 Leasehold Improvements			
166 Accumulated Depreciation	-\$8,075,599		-\$8,075,599
167 Construction in Progress	\$136,382		\$136,382
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$4,197,185	\$0	\$4,197,185
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past			
173 Grants Receivable - Non Current			
174 Other Assets			
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$4,197,185	\$0	\$4,197,185
200 Deferred Outflow of Resources	\$95,947		\$95,947
290 Total Assets and Deferred Outflow of Resources	\$5,581,820	\$0	\$5,581,820
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$4,278		\$4,278
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$1		\$1
322 Accrued Compensated Absences - Current Portion	\$1,071		\$1,071
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$28,820		\$28,820
342 Unearned Revenue	\$2,476	\$0	\$2,476
343 Current Portion of Long-term Debt - Capital			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			

Western Regional Housing Authority (NM067)

Silver City, NM

Project Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

	NM067000001	OTHER PROJ	Total
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$36,646	\$0	\$36,646
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$28,986		\$28,986
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$309,828		\$309,828
350 Total Non-Current Liabilities	\$338,814	\$0	\$338,814
300 Total Liabilities	\$375,460	\$0	\$375,460
400 Deferred Inflow of Resources	\$180,848		\$180,848
508.4 Net Investment in Capital Assets	\$4,197,185		\$4,197,185
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	\$828,327	\$0	\$828,327
513 Total Equity - Net Assets / Position	\$5,025,512	\$0	\$5,025,512
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$5,581,820	\$0	\$5,581,820

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 6/30/2022

	NM067000001	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$331,572		\$331,572
70400 Tenant Revenue - Other	\$3,102		\$3,102
70500 Total Tenant Revenue	\$334,674	\$0	\$334,674
70600 HUD PHA Operating Grants	\$597,567		\$597,567
70610 Capital Grants	\$429,530		\$429,530
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$43,558		\$43,558
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$1,405,329	\$0	\$1,405,329
91100 Administrative Salaries	\$180,908		\$180,908
91200 Auditing Fees	\$15,727		\$15,727
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$34,661		\$34,661
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	\$1,417		\$1,417
91810 Allocated Overhead			
91900 Other	\$19,686		\$19,686
91000 Total Operating - Administrative	\$252,399	\$0	\$252,399

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

	NM067000001	OTHER PROJ	Total
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs	\$4,172		\$4,172
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$4,172	\$0	\$4,172
93100 Water	\$134,793		\$134,793
93200 Electricity	\$11,655		\$11,655
93300 Gas	\$47,331		\$47,331
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$193,779	\$0	\$193,779
94100 Ordinary Maintenance and Operations - Labor	\$112,252		\$112,252
94200 Ordinary Maintenance and Operations - Materials and	\$66,728		\$66,728
94300 Ordinary Maintenance and Operations Contracts	\$93,752		\$93,752
94500 Employee Benefit Contributions - Ordinary Maintenance	\$36,354		\$36,354
94000 Total Maintenance	\$309,086	\$0	\$309,086
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$5,176		\$5,176
96120 Liability Insurance	\$1,570		\$1,570
96130 Workmen's Compensation	\$215		\$215
96140 All Other Insurance			
96100 Total insurance Premiums	\$6,961	\$0	\$6,961
96200 Other General Expenses			

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

	NM067000001	OTHER PROJ	Total
96210 Compensated Absences	\$1,213		\$1,213
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$8,419		\$8,419
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$9,632	\$0	\$9,632
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$776,029	\$0	\$776,029
97000 Excess of Operating Revenue over Operating Expenses	\$629,300	\$0	\$629,300
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$43,558		\$43,558
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$327,879		\$327,879
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,147,466	\$0	\$1,147,466
10010 Operating Transfer In	\$25,000		\$25,000
10020 Operating transfer Out	-\$25,000		-\$25,000
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			

Western Regional Housing Authority (NM067)

Silver City, NM

Project Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End:

	NM067000001	OTHER PROJ	Total
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$257,863	\$0	\$257,863
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,811,607	\$0	\$1,811,607
11040 Prior Period Adjustments, Equity Transfers and	\$2,956,042		\$2,956,042
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			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	1656	\$0	\$1,656
11210 Number of Unit Months Leased	1600	\$0	\$1,600
11270 Excess Cash	\$1,176,998	\$0	\$1,176,998
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$425,832	\$0	\$425,832
11630 Furniture & Equipment - Dwelling Purchases	\$26,548	\$0	\$26,548
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$331,572		\$331,572
70400 Tenant Revenue - Other	\$3,102		\$3,102
70500 Total Tenant Revenue	\$334,674	\$0	\$334,674
70600 HUD PHA Operating Grants	\$572,567	\$25,000	\$597,567
70610 Capital Grants		\$429,530	\$429,530
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted			
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$43,558		\$43,558
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$950,799	\$454,530	\$1,405,329
91100 Administrative Salaries	\$180,908		\$180,908
91200 Auditing Fees	\$15,727		\$15,727
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$34,661		\$34,661
91600 Office Expenses			
91700 Legal Expense			
91800 Travel	\$1,417		\$1,417
91810 Allocated Overhead			
91900 Other	\$19,686		\$19,686
91000 Total Operating - Administrative	\$252,399	\$0	\$252,399

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs	\$4,172		\$4,172
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$4,172	\$0	\$4,172
93100 Water	\$134,793		\$134,793
93200 Electricity	\$11,655		\$11,655
93300 Gas	\$47,331		\$47,331
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$193,779	\$0	\$193,779
94100 Ordinary Maintenance and Operations - Labor	\$112,252		\$112,252
94200 Ordinary Maintenance and Operations - Materials and Other	\$66,728		\$66,728
94300 Ordinary Maintenance and Operations Contracts	\$93,752		\$93,752
94500 Employee Benefit Contributions - Ordinary Maintenance	\$36,354		\$36,354
94000 Total Maintenance	\$309,086	\$0	\$309,086
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$5,176		\$5,176
96120 Liability Insurance	\$1,570		\$1,570
96130 Workmen's Compensation	\$215		\$215
96140 All Other Insurance			
96100 Total insurance Premiums	\$6,961	\$0	\$6,961
96200 Other General Expenses			
96210 Compensated Absences	\$1,213		\$1,213

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$8,419		\$8,419
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$9,632	\$0	\$9,632
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$776,029	\$0	\$776,029
97000 Excess of Operating Revenue over Operating Expenses	\$174,770	\$454,530	\$629,300
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized	\$43,558		\$43,558
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$327,879		\$327,879
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$1,147,466	\$0	\$1,147,466
10010 Operating Transfer In	\$25,000		\$25,000
10020 Operating transfer Out		-\$25,000	-\$25,000
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			

Western Regional Housing Authority (NM067)

Silver City, NM

Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2022

Project: NM067000001 HILLSIDE APARTMENTS

	Low Rent	Capital Fund	Total Project
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$25,000	-\$25,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$171,667	\$429,530	\$257,863
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,811,607	\$0	\$1,811,607
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$3,452,157	-\$496,115	\$2,956,042
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	\$1,656		\$1,656
11210 Number of Unit Months Leased	\$1,600		\$1,600
11270 Excess Cash	\$1,176,998		\$1,176,998
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$22,850	\$402,982	\$425,832
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$26,548	\$26,548
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
JUNE 30, 2022

	Bank Balance	Reconciling Items	Reconciled Balance
Wells Fargo Bank			
Checking (non-interest) - Housing Assistance Payments	\$8,271	(\$8,271)	\$0
Checking (non-interest) - Voucher	700,684	(26,441)	674,243
Checking (non-interest) - Southwest Housing Assistance	348,961	0	348,961
Checking (non-interest) - Low Rent Public Housing	407,057	(875)	406,182
Checking (non-interest) - Linkages	34,000	0	34,000
Checking (non-interest) - Payroll	17,251	(17,250)	1
<i>Total - Wells Fargo Bank</i>	1,516,224	(52,837)	1,463,387
Western Bank			
Checking (non-interest) - Pyramid Village LRPH (Lordsbu	950,092	(96,682)	853,410
<i>Total - Western Bank</i>	950,092	(96,682)	853,410
Balance, June 30, 2020	\$2,466,316	(\$149,519)	\$2,316,797
Petty Cash			\$300
Total cash per financial statements			\$2,317,097

The Notes to Financial Statements are an integral part of these statements.

WESTERN REGIONAL HOUSING AUTHORITY**SCHEDULE OF DEPOSITORY COLLATERAL****JUNE 30, 2022**

	Wells Fargo Bank
Checking accounts	\$1,516,244
Less FDIC insurance	250,000
Total uninsured public funds	\$1,266,244
100% collateralization requirement, per HUD	\$1,266,224
Total collateralization requirement	\$1,266,224
Pledged Securities:	
FMAC FEPC 3.500%, cusip number 3131XJKU5, maturing 4/01/42	\$205,533
FMAC FEPC 3.500%, cusip number 3131XJLR1, maturing 5/01/42	\$31,947
FMAC FEPC 3.000%, cusip number 31339UWR7, maturing 11/01/49	\$270,443
FMAC FEPC 2.500%, cusip number 3133AYN55, maturing 12/01/51	\$61,497
FMAC FEPC 3.000%, cusip number 3133KHLN4, maturing 2/01/50	\$218,030
FMAC FEPC 2.500%, cusip number 3133KNBK8, maturing 11/01/51	86,910
FMAC FGRM 2.000%, cusip number 31398QR58, maturing 8/15/40	347,490
Total pledged securities	1,221,850
Pledged securities over (under) requirement	(\$44,374)

Securities are pledged to the Western Regional Housing Authority, and are held at the Bank of New York Mellon. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

WESTERN REGIONAL HOUSING AUTHORITY**SCHEDULE OF DEPOSITORY COLLATERAL****JUNE 30, 2022**

	Western Bank
Checking accounts	\$950,092
Less FDIC insurance	250,000
Total uninsured public funds	\$700,092
100% collateralization requirement, per HUD	\$700,092
Total collateralization requirement	\$700,092
Pledged Securities:	
FG G15016, cusip number 3128MDYM9, maturing 04/01/26	\$9,623
BN BF0371, cusip number 3140FXMV1, maturing 7/01/48	790,873
GNR 2018-128 WA, cusip number 38381AAU0, maturing 09/20/33	183,613
SILVER CITY N MEX SCH DIST, cusip number 827513GR7, maturing 08/01/29	263,005
Total pledged securities	1,247,114
Pledged securities over (under) requirement	\$547,022

Securities are pledged to the Western Regional Housing Authority. The securities remain in the name of the financial institution, with safekeeping receipts held by the Authority.

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal Grantor/Program Title	Federal Assistance Listings Number	Passed through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Public and Indian Housing	14,850	N/A	N/A	\$572,567
Section 8 Housing Choice Vouchers	14,871	N/A	N/A	4,104,007
<i>Housing Voucher Cluster</i>	14,871			4,104,007
Public Housing Capital Fund	14,872	N/A	N/A	454,494
<i>Total Expenditures of Federal Awards</i>			-	\$5,131,068

N/A - Not Applicable

WESTERN REGIONAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Western Regional Housing Authority, under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Western Regional Housing Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Western Regional Housing Authority.

NOTE 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.

NOTE 3. The Western Regional Housing Authority has elected not to use the de Minimis indirect cost rate as allowed under the Uniform Guidance.

WESTERN REGIONAL HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENT AUDIT

CURRENT STATUS

None

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs

None

**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. Brian Colón, State Auditor and
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 business-type activities of Western Regional Housing Authority as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Western Regional Housing Authority's basic financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Regional 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 Western Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Western Regional 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.

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
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Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Regional 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 financial statement. 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*.

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 Western Regional Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 20, 2022

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

Mr. Brian Colón, State Auditor and
 Board of Commissioners
 Western Regional Housing Authority
 Silver City, New Mexico

Report on Compliance for Each Major Federal Programd

Opinion on Each Major Federal Program

We have audited Western Regional Housing Authority's 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 each of Western Regional Housing Authority's major federal programs for the year ended June 30, 2022 . Western Regional Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Western Regional Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Western Regional Housing Authority 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 each major federal program. Our audit does not provide a legal determination of Western Regional Housing Authority's compliance with the compliance requirements referred to above.

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
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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 Western Regional 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 Western Regional 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 Western Regional Housing Authority's compliance with the requirements of each 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 Western Regional 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 Western Regional 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 Western Regional 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

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

Mr. Brian Colón, State Auditor and
Board of Commissioners
Western Regional Housing Authority
Silver City, New Mexico
Page Three

federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico

September 20, 2022

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of Auditor’s Report issued:

Unmodified

Internal Control Over Financial Reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Noncompliance material to financial statements noted?

_____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

_____ Yes X No

Type of Auditor’s Report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of the Uniform Guidance?

_____ Yes X No

Identification of Major Programs:

Federal Assistance Listings Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS:

None

CURRENT STATUS ON PRIOR YEAR FINDINGS:

None

WESTERN REGIONAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None

WESTERN REGIONAL HOUSING AUTHORITY
EXIT CONFERENCE
JUNE 30, 2022

EXIT CONFERENCE:

The exit conference was held September 28, 2022 and was attended by the following:

Representing Western Regional Housing Authority:

Irene Galvan, Commissioner
Cathy DeMarco, Executive Director
Sonia Flores, Deputy Director

Representing Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA/Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of the financial statements is the responsibility of management. Although, the Western Regional Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.

**STATE OF NEW MEXICO
NORTHERN REGIONAL HOUSING AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2021**



**STATE OF NEW MEXICO
NORTHERN REGIONAL HOUSING AUTHORITY
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**STATE OF NEW MEXICO
NORTHERN REGIONAL HOUSING AUTHORITY**

Official Roster

Year Ended June 30, 2021

Board of Commissioners

Rayetta Trujillo	Chairperson
Steven Brugger	Vice-Chairperson
Donna Vigil	Secretary
Nichole R. Sandoval-Belt	Treasurer
Joleen Slowen	Commissioner
Lauren Reichelt	Commissioner
Rev. Garland Moore	Commissioner

Administrative Officials

Terry Baca	Executive Director
Natasha E. Martinez	Deputy Director

FINANCIAL SECTION



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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.



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		<u>4,551,483</u>

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		<u>14,860,273</u>

TOTAL ASSETS

19,411,756

DEFERRED OUTFLOWS OF RESOURCES

Pension related		1,045,044
OPEB related		947,373
Total deferred outflows of resources		<u>1,992,417</u>

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		<u>589,402</u>

Noncurrent liabilities

Compensated absences		117,909
Net pension liability		2,743,636
Net OPEB liability		1,056,751
Total noncurrent liabilities		<u>3,918,296</u>

TOTAL LIABILITIES

4,507,698

DEFERRED INFLOWS OF RESOURCES

Pension related		252,141
OPEB related		458,983
Total deferred inflows of resources		<u>711,124</u>

NET POSITION

Net investment in capital assets		11,412,206
Restricted for section 8 housing		40,446
Unrestricted		4,732,699
Total net position		<u>16,185,351</u>

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		<u>808,381</u>

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	<u>3,928,464</u>

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	<u>15,377,501</u>

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

Cash Flows From Operating Activities

Cash received from customers	\$ 1,356,997
Cash payments to employees for services	(1,117,733)
Cash payments to suppliers for goods and services	(1,053,993)
Net cash used by operating activities	(814,729)

Cash Flows From Noncapital Financing Activities

Cash received from miscellaneous sources	410,897
Cash received from subsidy grants	4,319,307
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 Flows From Capital Financing Activities

Cash received from capital grants	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 \$ 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	
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	110,815
Unearned revenue	-
Accounts payable	116,028
Other liabilities	(13,309)
Net pension and OPEB expenses	404,016
Net cash used by operating activities	\$ (814,729)

Non Cash Transaction

Transfer of net position (Note 14)	\$ <u><u>9,985,252</u></u>
------------------------------------	----------------------------

See Notes to Financial Statements.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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 1, 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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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 period. 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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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.

STATE OF NEW MEXICO
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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	\$ 610,391	1,463,035	2,040,390	100,000
FDIC Coverage	(250,000)	(250,000)	(250,000)	(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)	180,196	606,518	895,195	-
Pledged collateral	1,058,796	1,635,000	1,423,401	-
Over (Under) collateralized	\$ 878,600	1,028,482	528,206	-

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NOTE 2. CASH AND CASH EQUIVALENTS (CONTINUED)

		US Bank	First National Bank in Trinidad	Total
Amount of deposits	\$	44,233	235,134	4,493,183
FDIC Coverage		(44,233)	(235,134)	(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)		-	-	1,681,909
Pledged collateral		-	-	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	\$ <u>159,732</u>

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NOTE 4. CAPITAL ASSETS

The following summarizes changes in capital assets activity for the Housing Authority during the year ended June 30, 2021.

	Balance 6/30/2020	Additions	Deletions	Transfer (Note 13)	Balance 6/30/2021
Primary Government					
Capital assets, not being depreciated:					
Land	\$ 232,913	-	-	418,586	\$ 651,499
Construction in process	22,648	-	-	107,685	130,333
Total capital assets not being depreciated	255,561	-	-	526,271	781,832
Capital assets, being depreciated:					
Building and structures	14,800,508	660,104	-	24,433,024	39,893,636
Furniture, fixtures and 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	\$ 11,412,206

Depreciation expense for the year ended June 30, 2021 totaled \$939,933 for all the Low Rent Public Housing Program.

STATE OF NEW MEXICO
Northern Regional Housing Authority
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NOTE 5. LONG-TERM LIABILITIES

The following summarizes changes in compensated absences activity during fiscal year June 30, 2021.

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Compensated Absences	\$ 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 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.

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Notes to the Financial Statements
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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.

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Northern Regional Housing Authority
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NOTE 6. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (CONTINUED)

Contributions. See PERA's annual compressive financial report for Contribution provided description.

PERA Contribution Rates and Pension Factors in effect during FY20						
Coverage Plan	Employee Contribution Percentage		Employer Contribution Percentage	Pension Factor per year of Service		Pension Maximum as a Percentage of the Final Average
	Annual Salary less than \$20,000	Annual Salary greater than \$20,000				
				TIER 1	TIER 2	
STATE PLAN						
State Plan 3	7.42%	8.92%	17.24%	3.0%	2.5%	90%
MUNICIPAL PLANS 1 - 4						
Municipal Plan 1 (plan open to new employers)	7.0%	8.5%	7.65%	2.0%	2.0%	90%
Municipal Plan 2 (plan open to new employers)	9.15%	10.65%	9.80%	2.5%	2.0%	90%
Municipal Plan 3 (plan closed to new employers 6/95)	13.15%	14.65%	9.80%	3.0%	2.5%	90%
Municipal Plan 4 (plan closed to new employers 6/00)	15.65%	17.15%	12.30%	3.0%	2.5%	90%
MUNICIPAL POLICE PLANS 1 - 5						
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%
MUNICIPAL FIRE 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%
MUNICIPAL DETENTION OFFICER PLAN 1						
Municipal Detention Officer Plan 1	16.65%	18.15%	17.05%	3.0%	3.0%	90%
STATE POLICE AND ADULT CORRECTIONAL OFFICER PLANS, 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%

STATE OF NEW MEXICO
Northern Regional Housing Authority
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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	38,948	(252,141)
Housing Authority's contributions subsequent to the measurement date	<u>109,973</u>	<u>-</u>
Total	<u>\$ 1,045,044</u>	<u>(252,141)</u>

\$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:

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
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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.

STATE OF NEW MEXICO
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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:

	1% Decrease	Current	1% Increase
	(6.25%)	Discount Rate	(8.25%)
PERA Fund Municipal General Division			
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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
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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 co-payments 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
	<u>154,177</u>

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
	<u>91,082</u>

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.

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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	\$ <u>947,373</u>	<u>(458,983)</u>

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	\$ <u>469,525</u>

STATE OF NEW MEXICO
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Notes to the Financial Statements
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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:

Asset Class	Long-Term 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%

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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:

	1% Decrease	Current Trend 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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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 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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Notes to the Financial Statements
June 30, 2021

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		<u>13,681,063</u>

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		<u>(1,134,853)</u>
	\$	
Total Net Position Transfer		<u>12,546,210</u>

NOTE 15. RISK AND ECONOMIC UNCERTAINTIES

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 Measurement Date	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015
The Housing Authority's proportion of the net pension liability (asset)		0.13570%	0.05720%	0.07540%	0.07240%	0.04490%	0.03670%
The Housing Authority's proportionate share of the net pension liability (asset)	\$	2,743,636	990,189	1,202,155	994,838	717,351	374,186
The Housing Authority's covered payroll	\$	895,702	156,718	536,008	481,372	304,643	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%
Plan fiduciary net position as a percentage of the total pension liability		66.36%	70.52%	71.13%	73.74%	69.18%	76.99%

*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. <https://www.saonm.org>

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

Account Name	Type	InBank	Centinel Bank	Wells Fargo	Aim Bank	US Bank	First National 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)
		<u>\$ 608,713</u>	<u>1,386,782</u>	<u>1,943,978</u>	<u>100,000</u>	<u>44,233</u>	<u>235,134</u>	<u>4,318,840</u>
							Petty Cash:	475
								<u>\$ 4,319,315</u>
							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	<u>\$ 4,319,315</u>

STATE OF NEW MEXICO
NORTHERN REGIONAL HOUSING AUTHORITY
Schedule of Pledged Collateral
June 30, 2021

Security	Location	Maturity	Fair 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			<u>1,058,796</u>
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			<u>1,635,000</u>
FMAS FEPC (CUSIP 3133A0TH7)	BNY Mellon	January 1, 2050	1,423,401
BNY Mellon Total			<u>1,423,401</u>
Total			<u>\$ 4,117,197</u>

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
-	-	-	-	-	-	-
-	-	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

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business 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	-	-	-
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	-	-	-	-
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)	7,066
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 Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing 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	90,249	-	90,249
-	-	-	17,444	50,531	-	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	-	-	-	-
70720 Asset Management Fee	-	-	-	-
70730 Book Keeping Fee	-	-	-	-
70740 Front Line Service Fee	-	-	-	-
70750 Other Fees	-	-	-	-
70700 Total Fee Revenue	-	-	-	-
70800 Other Government Grants	-	-	-	2,110
71100 Investment Income - Unrestricted	3,347	-	-	-
71200 Mortgage Interest Income	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-
71400 Fraud Recovery	-	-	-	-
71500 Other Revenue	48,181	-	110,560	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-
70000 Total Revenue	3,161,179	189,360	110,560	2,110
91100 Administrative Salaries	285,018	19,845	84,402	-
91200 Auditing Fees	29,294	-	27	-
91300 Management Fee	217,417	31,524	600	-
91310 Book-keeping Fee	28,185	-	-	-
91400 Advertising and Marketing	5,670	-	33	-
91500 Employee Benefit contributions - Administrative	178,090	1,866	19,414	-
91600 Office Expenses	63,504	1,910	452	-
91700 Legal Expense	28,304	-	251	-
91800 Travel	8,541	1,790	-	-
91810 Allocated Overhead	-	-	-	-
91900 Other	99,184	10,432	20,500	8
91000 Total Operating - Administrative	943,207	67,367	125,679	8
92000 Asset Management Fee	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-
92200 Relocation Costs	3,041	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-
92400 Tenant Services - Other	4,263	-	-	-
92500 Total Tenant Services	7,304	-	-	-
93100 Water	99,274	715	-	-
93200 Electricity	63,052	141	-	-
93300 Gas	132,897	-	-	-
93400 Fuel	-	-	-	-
93500 Labor	-	-	-	-
93600 Sewer	145,192	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-
93800 Other Utilities Expense	-	-	-	-
93000 Total Utilities	440,415	856	-	-

14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing 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	-	-	10,690	143,835	-	143,835
32,214	102,277	-	213,460	1,484,212	(229,726)	1,254,486
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	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	-	-
94300 Ordinary Maintenance and Operations Contracts	181,395	604	4,173	-
94500 Employee Benefit Contributions - Ordinary Maintenance	235,470	498	17,904	-
94000 Total Maintenance	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	-	-	-
96110 Property Insurance	62,199	-	-	-
96120 Liability Insurance	13,753	-	336	2
96130 Workmen's Compensation	2,221	-	-	1
96140 All Other Insurance	22,466	-	368	1
96100 Total insurance Premiums	100,639	-	704	4
96200 Other General Expenses	12,083	-	-	-
96210 Compensated Absences	64,945	-	-	-
96300 Payments in Lieu of Taxes	10,364	-	-	-
96400 Bad debt - Tenant Rents	11,348	-	-	-
96500 Bad debt - Mortgages	-	-	-	-
96600 Bad debt - Other	-	-	-	-
96800 Severance Expense	-	-	-	-
96000 Total Other General Expenses	98,740	-	-	-
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-
96900 Total Operating Expenses	2,595,955	77,693	231,086	12
97000 Excess of Operating Revenue over Operating Expenses	565,224	111,667	(120,526)	2,098
97100 Extraordinary Maintenance	7,662	-	-	-
97200 Casualty Losses - Non-capitalized	4,838	-	-	-
97300 Housing Assistance Payments	-	-	-	3,177
97350 HAP Portability-In	-	-	-	-
97400 Depreciation Expense	938,386	-	-	27
97500 Fraud Losses	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-
90000 Total Expenses	3,546,841	77,693	231,086	3,216
10010 Operating Transfer In	68,944	-	-	-
10020 Operating transfer Out	(68,944)	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-

14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	14.EHV Emergency Housing Voucher	COCC	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
-	-	-	-	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
-	-	-	-	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.



Albuquerque, NM
March 24, 2023

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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 are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for 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, 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. 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.



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		
<i>Direct Funding</i>		
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		<u>3,402,480</u>
Total Expenditures of Federal Awards		<u><u>\$ 5,765,321</u></u>

* = 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		<u>461,898</u>
<i>Total expenditures</i>	\$	<u>6,227,219</u>

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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 Awards:

- | | |
|---|------------------------------------|
| 1. Type of auditors’ report issued on compliance for major federal programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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 federal programs: | |
| Federal Assistance | |
| <u>Listing Number</u> | <u>Federal Program</u> |
| 14.850 | Public Low Rent and Indian Housing |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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 come 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

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
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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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

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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 come 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: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
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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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
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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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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 come 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: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
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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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

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 come 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: The Housing Authority will complete this process by the 2023 audit.

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 Statutes.

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

STATE OF NEW MEXICO
Northern Regional Housing Authority
Schedule of Findings and Questioned Costs
June 30, 2021

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

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.

Timeline: The Housing Authority will complete this process by the 2023 audit.

**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



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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.

**New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Construction Services**

Part I: Background & General Information

Introduction

The New Mexico Mortgage Finance Authority (“MFA” and/or “Owner”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA Sections 58-18-1 to 27 for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified general contractors by reason of their skill, knowledge, and experience that are able to furnish construction services to MFA (“Offerors”) to renovate MFA’s new headquarters located at 7425 Jefferson St. NE, 87109.

Project Description

This project is an interior renovation of the 2-story, ±44,978 square feet REDW Building at 7425 Jefferson Street NE. There is no change of occupancy associated with this project. The renovation is considered a Level 3 Alteration based on the International Existing Building Code. Currently, a majority of the building is unoccupied, except as noted below.

The renovated building will house new private offices, new open office areas, new conference rooms, a new Board Room on the second floor and new support spaces. New metal stud partitions, ceilings, finishes, painting, wallcovering, casework, doors, manual and automatic blinds, plumbing fixtures, power distribution, interior lighting, and modifications to the existing HVAC systems, fire suppression system and fire alarm will be required to complete the renovation. Currently there are two areas that are considered ‘shell’ spaces. These areas are to be improved, with new partitions, ceilings, finishes, HVAC equipment, lighting and power distribution. No work to the building envelope or site is anticipated.

All flooring, with the exception of the porcelain tile in the lobby and the restrooms, and those areas designed as ‘No Work,’ is to be removed and replaced with new carpet tile and luxury vinyl tile with wall base.

The majority of the interior doors will remain in place. It is the intent to relocate existing doors and frames to new locations. Door hardware may require modifications for the Owner’s new access control system.

The majority of the suspended acoustical ceilings throughout the building will remain ‘as-is’ with modifications needed to accommodate the new layout. New gyp. board ‘beams’ and decorative wood ceilings will be installed in the new conference rooms and Board Room.

The majority of the existing lighting is to be removed and replaced ‘in kind’ with LED fixtures throughout. New decorative and specialty lights will be installed in the lobby, new conference rooms and Board Room.

The restrooms will remain 'as-is' with the exception of new solid surface countertops, sinks, trim, and new vanity lighting. There is no change to the flooring, ceilings, toilet partitions or other plumbing fixtures.

All new and existing gyp. board walls and ceilings, with the exception of those areas designed as 'No Work,' are to be repainted.

The current lobby stair and second floor railing system are to remain 'as-is' and are to be protected during construction.

Installation of the phone, data, IT, and audio and visual systems.

Reconfiguration of the current modular office furniture and removal of the modular wall systems will be the responsibility of the Owner. The Offeror will be required to coordinate with the Owner's vendor to maintain the construction schedule.

Concurrently, the Owner is soliciting bids from separate contractors for a reroof of the building. The Offeror will be required to coordinate new roof penetrations with the Owner's vendor to maintain the construction schedule.

Finally, a separate tenant currently occupies ±8,000sf on the west side of the second floor. This tenant, also, has use of the building lobby, the restrooms and a breakroom on the second floor outside their space. During construction, the Offeror must ensure these spaces remain operational for the tenant's employees and guests at all times. Electrical, mechanical, and plumbing systems in these areas shall remain in working order throughout construction. The Offeror must provide a schedule for work in these areas as the Owner will coordinate appropriately with the tenant. The schedule for work in these areas will be determined with the Owner and tenant. Other than these areas, the Offeror will have full access to the building during construction.

RFP and Construction Documents Made Available to Potential Offerors

Proposal Documents (RFP, construction drawings, & specifications) may be obtained from the Design Professional of Record as follows:

Design Professional of Record: Mullen Heller Architecture, P.C.
Douglas Heller, AIA

Address: 1718 Central Avenue SW, Suite D
Albuquerque, NM 87104

Telephone: (505)268-4144

Email: doug@mullenheller.com

A drop box link containing an electronic Bid Form, Construction Drawings and a Project Manual will be provided to each Offeror.

Questions and Answers

Questions pertaining to this RFP and application, including those regarding the selection process and those regarding technical construction issues, must be submitted to the Design Professional of Record's offices via email (doug@mullenheller.com). All questions must be submitted prior to the deadline listed in the "Sequence of Selection

Process Events" chart below. The design professional will respond to all questions submitted by addenda by the release of last addendum date listed in the "Sequence of Selection Process Events" chart below.

Proposal Submission

The original and three (3) copies of a proposal must be received by MFA at its office, located at 344 Fourth Street S.W., Albuquerque, NM 87102, by no later than **Thursday, August 10, 2023, at 2:00 p.m., Mountain Time**. Proposals shall be in sealed envelopes marked "Response to RFP to Provide Construction Services."

Bid Proposals are to be submitted on the forms provided with the Bid Proposal documents (Bid Form, Construction Drawings, and Project Manual) (see "Part V: Proposal Format and Instructions to Offeror"). Fill in all required blanks legibly, in ink or by typewriter. Any alteration must be initialed by the individual signing the Bid Proposal. Sums shall be expressed in both words and figures. In the event of a discrepancy between the two, the words will govern. Bid Proposals shall be signed with the name and title/position of the person or persons authorized to bind the Offeror to a contract.

Bid Proposals in which acceptance is in some manner restricted or conditioned by the Offeror will be reviewed by the Owner. If the limitations imposed are not in the best interest of Owner or are prejudicial to other Offerors, the Bid Proposal will be rejected.

Bid Proposals received after the time and date established will not be accepted and shall be returned unopened.

Mandatory Pre-Bid Conference

Attendance at a Pre-Bid Conference is mandatory. The pre-proposal meeting will be conducted at MFA' new headquarters at 7425 Jefferson Steet NE (on the southwest corner of Jefferson and Masthead), 87109 on **Thursday, July, 24, 2023 at 9:00 AM local time**. Please check in with reception at the front desk and you will be directed to the meeting. All prime/general contractors who intend to submit a proposal for this project must attend this meeting. A tour of the project site will be conducted following the Pre-Bid Conference. This meeting provides potential Offerors an opportunity to request clarification about the procurement process and discuss the intent and the specifics of the project with MFA and the design professional.

Sequence of Selection Process Events

	Event	Responsible Party	Date	Location
1	RFP and Construction Documents Made Available to Potential Offerors	Contract Design professional	07-20-2023	By Email from Design Professional of Record
2	Advertisement of RFP	MFA Procurement	07-20-2023	Albuquerque Journal, MFA website
3	Mandatory Pre-proposal Conference	MFA & Design Professional	07-24-2023 9:00 AM	MFA New Headquarters 7425 Jefferson St. NE, 87109
4	Submission of Written Questions	Potential Offerors	08-04-2023 before 12:00 PM deadline	Send to Design Professional's office

5.	Release of Last Addendum Prior to Submission of Proposals	MFA and Design Professional	08-08-2023 5:00 PM deadline	Issued to All Potential Offerors
6.	Submission of Price Proposals and Qualifications	Offerors	08-10-2023 2:00 PM deadline	MFA Offices 344 4th Street SW, 87102
7.	Notice of Award	MFA Board of Directors	08-16-2023	MFA Offices
8.	Deadline for Protest	Unsuccessful Offerors	five (5) business days after the notice of award	MFA Offices 344 4th Street SW, Albuquerque

Proposal Tenure

All proposals shall include a statement that the proposal shall be valid until contract award, but no more than ninety (90) calendar days from the proposal due date.

RFP Revisions and Supplements

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be posted on the MFA web site.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

Cancellation of Requests for Proposals or Rejection of Proposals

MFA may cancel this RFP at any time for any reason and may reject all proposals (or any proposal) which are/**are** not responsive. MFA reserves the right, in its sole discretion, to accept or reject any or all proposals and maintains no obligation to select any proposal.

Evaluation of Proposals, Selection and Negotiation

Proposals will be evaluated **by** an Internal Review Committee of MFA staff and the Design Professionals, and a final recommendation shall be made by the Property Committee of MFA staff and design professional to MFA's Board of Directors.

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s).

Interview

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee and/or Property Committee. The Internal Review Committee and/or Property

Committee may request a finalist to provide an oral presentation of the proposal as an opportunity for the Internal Review Committee and/or Property Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

Award Notice

MFA shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose proposal(s) is/are accepted by MFA.

Proposal Confidentiality

Offerors or their representatives shall not communicate with MFA's Board of Directors or staff members regarding any proposal under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee and/or Property Committee, or a request from the Board of Directors, or its Property Committee for a presentation and interview. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, including any period immediately following release of the RFP.

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information" cannot be waived under any circumstances.

Responsibility of Offerors

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

Protest

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to MFA. The protest must be written and addressed to:

Jeff Payne, Chief Lending Officer
New Mexico Mortgage Finance Authority
344 Fourth Street S.W.

Albuquerque, New Mexico 87102

Or:

jpayne@housingnm.org

The protest must be submitted to MFA within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- ◆ The protest will be reviewed by the Property Committee of MFA's Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.
- ◆ The Board of Directors shall make a final determination regarding the disposition of the protest, which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with members of MFA's Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and protest process.

Confidential Data/Public Inspection

After award, and after the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection and copying pursuant to MFA's Request to Inspect Documents Policy. Offerors must redact confidential and personal identifier information from documents if the information is not specifically required by MFA. Offeror agrees to indemnify MFA from any claims arising from or related to MFA's disclosure or nondisclosure of materials submitted to MFA related to the proposal.

Part II: Minimum Qualifications and Requirements

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFP. Any proposal submitted by an Offeror that does not meet these minimum qualifications and requirements shall be rejected:

1. An Offeror must, at a minimum, hold a current State of New Mexico general contractor license designation of GB-98 and be licensed to do business in the State of New Mexico.
2. Ability to work around existing tenant and to comply with their security and professional requirements.

Offeror shall be willing and able to enter into a standard AIA contract with MFA. MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract. Materiality shall be determined in MFA's sole discretion.

4. Offeror shall provide evidence of its ability and willingness to provide MFA certificates of insurance acceptable to MFA prior to the commencement of any Work evidencing compliance with the insurance requirements in the AIA Document A101 Exhibit A, including but not limited to:
 - i. Commercial General Liability;
 - ii. Automobile Liability;
 - iii. Workers' Compensation;
 - iv. Employers' Liability;
 - v. All Risks; and
 - vi. Other insurance that may be identified by MFA
5. Offeror shall provide evidence of its ability and willingness to provide surety bonds, from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located, as follows:
 - i. Payment Bond in an amount equal to 100% of the contract between MFA and Offeror
 - ii. Performance Bond in an amount equal to 100% of the contract between MFA and Offeror

Selected Offerors must also meet the following requirements:

3. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
4. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
5. Offeror shall provide written certification, on the form attached as **Exhibit A**, that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
6. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Part III: Services to be Performed

As requested by MFA, Construction Services required to be provided and to be incorporated into the contract to be awarded pursuant to this RFP include, the services detailed in the Project Description found in Part I of this RFP and as further detailed in the Bid Form, Construction Drawings, and Project Manual.

Part IV: Evaluation Criteria

MFA shall award the contract for Construction Services to the Offeror whose proposal is most advantageous to MFA. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated based on the below criteria.

Proposals shall be scored on a scale of 1 to 100 (or 150 if interviews are held) based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Evidence of Offeror's Ability to Perform the Work: a. profiles of the technical competence and experience of: i. Offeror's principal(s); ii. Proposed Project manager and superintendent; and iii. any Subcontractor(s) identified in the response	0-5 0-3 0-2	10
2. Examples of Past Performance in terms of cost control, quality of work, and compliance with performance schedules.	0-30	30
3. Base Bid Proposal not including NMGR.	0-35	35
4. Project Schedule and capability to provide services in a timely manner	0-20	20
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5
6. Interviews, if held	0-50	50
Maximum Points		100, or 150 if interviews are held

Part V: Proposal Format and Instructions to Offeror

Proposals submitted to MFA must, at a minimum, contain the following information and shall be organized as follows:

1. Letter of Transmittal – to include at least the following:
 - A. Name, address and telephone number of Offeror and name of contact person.
 - B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
 - C. Date of proposal.
 - D. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.
 - E. A narrative description and documents necessary to evidence Offeror's ability to perform the work including profiles of the technical competence and experience of: (i) Offeror's principal(s); and (ii) any subcontractor(s) identified in the response.

- F. A narrative description of past performance in terms of cost control, quality of work, and compliance with performance schedules. Please include five examples of past projects that demonstrate your capabilities noted above and your ability to work in a building with multiple tenants.
- G. A narrative description of the number of projects currently being managed by Offeror and a detailed narrative of Offeror's capacity to prioritize and manage this Project in accordance with the Project Schedule presented by Offeror.
- H. A statement that is willing and able to enter into a standard AIA contract with MFA and acknowledging that MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract which materiality shall be determined in MFA's sole discretion.
- I. A statement that Offeror is willing and able to provide the insurances listed in Part II: Minimum Qualifications and Requirements.
- J. A statement that Offeror is willing and able to provide the surety bonds listed in Part II: Minimum Qualifications and Requirements.

2. Price Proposal – Detailed requirements

- A. Price Proposals shall be presented in the form of a total Base Proposal under a Lump Sum Contract.
- B. A proposal must be submitted on all proposal items, allowances and alternates; segregated proposals will not be accepted. The proposal, bearing original signatures, must be typed or hand-written in ink on the Price Proposal Form.
- C. The Proposal price shall not include state gross receipts or local options taxes. Taxes will be included in the contracted amount at prevailing rates as a separate item to be paid by MFA.
- D. Before submitting a proposal, each Offeror shall carefully examine the RFP; shall visit the site of the work; shall fully inform themselves as to all existing conditions and limitations; and shall include in the proposal the cost of all items required by the RFP. If the Offeror observes that portions of the Construction Services to be performed are at variance with applicable laws, building codes, rules, regulations or contain obvious erroneous or uncoordinated information, the contractor shall promptly notify the Design Professional of Record specified in the RFP and the necessary changes shall be accomplished by addendum.
- E. Permits, Plan Checking Fees, Other Charges - Offerors shall include as part of the Price Proposal all costs incurred for permits relating to this scope of work, as charged by the City of Albuquerque (or any other applicable entity or agency with jurisdiction over the project) for checking Contract Documents prior to obtaining a building permit. Additionally, the Owner will not pay for business licenses, professional affiliations and similar costs of doing business which are the Offeror's obligation to secure and maintain. The cost of all bonding will be paid by the Offeror and will not be paid by the Owner. These costs are to be included in Offeror's Price Proposal.

3. Project Schedule

- A. A proposal shall include a detailed Project Schedule which, at a minimum, shall address:
- i. Date Offeror is able to begin work on the Project;
 - ii. Scheduling for each scope of work listed in the Project Description in Part I and in the Construction Documents; and
 - iii. Offeror should anticipate that work to be performed in the area of the building occupied by Tenant will need to be performed asynchronously after the tenant vacates the building premises which is currently anticipated to occur January 1, 2024, but which may be extended at the option of tenant for a period of six (6) months ending June 30, 2024.

4. Disclosure, Certifications and Licenses – Offeror shall provide:

- A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
- B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
- C. A written certification, on the form attached as **Exhibit A**, that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct.
- D. A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.
- E. Copies of licensing documentation showing that the Offeror is currently licensed by the State of New Mexico to perform general building construction services.
- F. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
- G. A statement indicating if Offeror has been free of any Labor Code violations during the entirety of the past 5 years (including repeated or willful violations of laws and/or regulations pertaining to the payment of prevailing wages or employment of apprentices of Public Works projects.)

5. References

- A. Offeror shall provide three to five references for references from customers to whom Offeror has provided services substantially similar in cost and scope to the Construction Services requested hereunder on the form attached hereto as **Exhibit B**.

6. New Mexico Resident Business

- A. Evidence that the Offeror is licensed to do business in New Mexico.
- B. Representation that the majority of Offeror's employees who would perform the services to be performed reside in New Mexico.

7. Other Documents Noted in Bid Form, Construction Drawings, and Project Manual

Part VI: Principal Contract Terms and Conditions

The Owner will enter into a standard AIA contract with the successful Offeror.

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos
 Vice Chair – Derek Valdo, Chief Executive Officer, AMERIND Risk
 Treasurer Rebecca Wurzbarger – Strategic Planning Consultant
 Member Raul Torrez – Attorney General, State of New Mexico
 Member Howie Morales – Lieutenant Governor, State of New Mexico
 Member Laura M. Montoya – Treasurer, State of New Mexico
 Member Patricia Sullivan, Associate Dean, New Mexico State University College of Engineering

Management

Isidoro Hernandez, Executive
 Director/CEO

Donna Maestas-De Vries, Chief Housing Officer
 Jeff Payne, Chief Lending Officer
 Lizzy Ratnaraj, Chief Financial Officer

EXHIBIT A**NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT**

- A. Preamble. The New Mexico Mortgage Finance Authority ("MFA"), an instrumentality of the state government, exists to serve the citizens of the State of New Mexico. To maintain the respect, trust, and confidence of the public, and consistent with MFA's commitment to conduct its business in an ethical and legal manner, MFA requires that all Third Parties doing business with MFA comply with this Third-Party Code of Conduct and otherwise uphold the highest standards of ethics and behavior.
- B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Third Parties doing business with MFA.
- C. Definitions. For the purpose of this Third-Party Code of Conduct, the following words and phrases shall have the following meanings:

"MFA Employee" means any person employed directly by MFA and any person employed through a staffing agency or by contract and for whom MFA has the right to direct and control the work performed.

"MFA Member" means a Member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of the MFA.

"MFA Management" means the Executive Director/Chief Executive Officer, Chief Housing Officer, Chief Financial Officer, Chief Lending Officer and Director of Human Resources employed by the MFA.

"Transaction" means any transaction including, but not limited to any sale, purchase, or exchange of tangible or intangible property or services; any loan, loan commitment or loan guarantee; any sale, purchase, or exchange of mortgage loans, notes, or bonds; or any other business arrangement or contract therefor.

- D. Conflicts of Interest. Third Parties should avoid engaging in any activity that would conflict, interfere, or even create the appearance of a conflict with their business with MFA. Third Parties must disclose any potential conflicts to MFA in writing as soon as practicable upon discovery or recognition.

Examples of potential conflicts include, but are not limited to:

- Engaging in a conflict-of-interest transaction prohibited by Section F of MFA's Code of Conduct, which can be found at:
https://housingnm.org/uploads/documents/Section_F_of_MFA_Code_of_Conduct.pdf
- Providing gifts and entertainment to any MFA Employee, MFA Management or MFA Member in an attempt to improperly influence MFA business decisions.

MFA shall not enter into any Transaction with a former MFA Member or former MFA Management for a period of one (1) year after such person ceases to be an MFA Member or MFA Management, except with prior approval of a disinterested majority of all current MFA Members.

To the extent applicable, Third-Party shall disclose conflicts of interest required pursuant to state or federal law, including but not limited to 2 CFR 200.112.

- E. **Anti-Discrimination and Anti-Harassment Policy.** MFA is committed to maintaining an employment environment in which all individuals are treated with respect and dignity and expects the same from Third Parties doing business with MFA. MFA expects that Third Parties will maintain a workplace where employment-related decisions are based on performance, ability, or other legitimate, non-discriminatory bases and are never based on race, color, national origin, ancestry, citizenship status, religion, sex, sexual orientation, gender identity, age, physical or mental disability, serious medical condition, marital status, status with regard to public assistance, veteran status, or any other legally protected status. MFA also maintains and expects Third Parties to maintain a workplace that is free of unlawful harassment. This includes harassment based upon any of the above legally protected status (such as age, sex, religion, national origin, etc.) and which creates an intimidating, hostile, or offensive working environment. This also includes sexual harassment which is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidated, hostile, or offensive working environment. MFA will also not tolerate any form of unlawful discrimination or harassment of an MFA Employee by any Third-Party including by its employees, owners, managers, members, directors, agents, or representatives

- F. **Confidential Information and Intellectual Property.** Third Parties doing business with MFA must protect any confidential or proprietary information that belongs either to MFA or any other third-party with whom MFA does business, if such other third-party has provided MFA with confidential or proprietary information. Confidential or proprietary information includes, but is not limited to, any non-public financial information, business processes and systems, intellectual property, personally identifiable information of MFA's customers, and personally identifiable or private information about any MFA Employee, MFA Member, MFA Management, third-party, or customer, such as identity, medical, employment, or financial information. To the extent necessary for a Third-Party to share MFA's confidential or proprietary information with a sub-contractor, MFA expects the Third-Party to implement adequate controls at a level no less than those set forth in this Third-Party Code of Conduct with such sub-contractor. Third Parties must not infringe upon the intellectual property rights of other companies or organizations. Third Parties must return all confidential and proprietary information in their possession to MFA when the contractual relationship between MFA and the Third-Party has terminated, unless otherwise specified by contract. The obligation to protect MFA's confidential and proprietary information continues even after any business relationship between MFA and the Third-Party ends. MFA may require that Third Parties sign a separate confidentiality and non-disclosure agreement.

- G. **Onsite Visitor Requirements.** While on MFA's premises, Third Parties must comply with all MFA rules and procedures, including security measures and requests. These may include but are not limited to:
 - Registering with reception.
 - Accessing only authorized areas unless accompanied by an MFA Employee.
 - Promptly reporting known security violations and property loss or damage.
 - Complying with all MFA facility requirements, including maintaining a substance-free and violence-free workplace.

- Any public health and safety policies in effect, including wearing a face mask.
- H. Compliance with Laws, Regulations, Policies and Procedures and Contracts. All Third Parties must comply with all applicable state and federal laws, codes, and regulations and MFA's policies and procedures to the extent applicable to the Third-Party and must not violate any terms and conditions established by contract with MFA.
- I. Business Integrity. Any and all forms of illegal or inappropriate activity by a Third-Party doing business with MFA, including, but not limited to, corruption, misrepresentation, extortion, embezzlement, or bribery, are strictly prohibited and may result in termination of any or all agreements with MFA.

OFFEROR ACKNOWLEDGMENT

By: NAME

Date

Signature

EXHIBIT B**ORGANIZATIONAL REFERENCE QUESTIONNAIRE**

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit three-five references from customers to whom Offeror has provided services substantially similar in cost and scope to the Construction Services requested hereunder. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. Offeror shall send the following reference form to each business reference listed in Offeror's proposal.

**CONSTRUCTION SERVICES RFP
ORGANIZATIONAL REFERENCE**

OFFEROR

Reference No. 1	Name: Company: Address: Telephone: Email:
Reference No. 2	Name: Company: Address: Telephone: Email:
Reference No. 3	Name: Company: Address: Telephone: Email:
Reference No. 4	Name: Company: Address: Telephone: Email:
Reference No. 5	Name: Company: Address: Telephone: Email:

NM MFA Office Renovation

7425 Jefferson Street NE
Albuquerque New Mexico 87109

Schematic Design Package

PROJECT DESCRIPTION

THIS PROJECT IS AN INTERIOR RENOVATION OF THE 2-STORY, 344,978 SQUARE FEET REDW BUILDING AT 7425 JEFFERSON STREET NE. THERE IS NO CHANGE OF OCCUPANCY ASSOCIATED WITH THIS PROJECT. THE RENOVATION IS CONSIDERED A LEVEL 3 ALTERATION BASED ON THE INTERNATIONAL EXISTING BUILDING CODE. CURRENTLY, A MAJORITY OF THE BUILDING IS UNOCCUPIED, EXCEPT AS NOTED BELOW.

THE RENOVATED BUILDING WILL HOUSE NEW PRIVATE OFFICES, NEW OPEN OFFICE AREAS, NEW CONFERENCE ROOMS, A NEW BOARD ROOM ON THE SECOND FLOOR AND NEW SUPPORT SPACES. NEW METAL STUD PARTITIONS, CEILINGS, FINISHES, PAINTING, WALLCOVERING, CASEWORK, DOORS, MANUAL AND AUTOMATIC BLINDS, PLUMBING FIXTURES, POWER DISTRIBUTION, INTERIOR LIGHTING, AND MODIFICATIONS TO THE EXISTING HVAC SYSTEMS, FIRE SUPPRESSION SYSTEM AND FIRE ALARM WILL BE REQUIRED TO COMPLETE THE RENOVATION. CURRENTLY THERE ARE TWO AREAS THAT ARE CONSIDERED 'SHELL' SPACES. THESE AREAS ARE TO BE IMPROVED, WITH NEW PARTITIONS, CEILINGS, FINISHES, HVAC EQUIPMENT, LIGHTING AND POWER DISTRIBUTION. NO WORK TO THE BUILDING ENVELOPE OR SITE IS ANTICIPATED.

ALL FLOORING, WITH THE EXCEPTION OF THE PORCELAIN TILE IN THE LOBBY AND THE RESTROOMS, AND THOSE AREAS DESIGNED AS 'NO WORK,' IS TO BE REMOVED AND REPLACED WITH NEW CARPET TILE AND LUXURY VINYL TILE WITH WALL BASE.

THE MAJORITY OF THE INTERIOR DOORS WILL REMAIN IN PLACE. IT IS THE INTENT TO RELOCATE EXISTING DOORS AND FRAMES TO NEW LOCATIONS. DOOR HARDWARE MAY REQUIRE MODIFICATIONS FOR THE OWNER'S NEW ACCESS CONTROL SYSTEM.

THE MAJORITY OF THE SUSPENDED ACOUSTICAL CEILINGS THROUGHOUT THE BUILDING WILL REMAIN 'AS-IS' WITH MODIFICATIONS NEEDED TO ACCOMMODATE THE NEW LAYOUT. NEW GYP. BOARD 'BEAMS' AND DECORATIVE WOOD CEILINGS WILL BE INSTALLED IN THE NEW CONFERENCE ROOMS AND BOARD ROOM.

THE MAJORITY OF THE EXISTING LIGHTING IS TO BE REMOVED AND REPLACED 'IN KIND' WITH LED FIXTURES THROUGHOUT. NEW DECORATIVE AND SPECIALTY LIGHTS WILL BE INSTALLED IN THE LOBBY, NEW CONFERENCE ROOMS AND BOARD ROOM.

THE RESTROOMS WILL REMAIN 'AS-IS' WITH THE EXCEPTION OF NEW SOLID SURFACE COUNTERTOPS, SINKS, TRIM, AND NEW VANITY LIGHTING. THERE IS NO CHANGE TO THE FLOORING, CEILINGS, TOILET PARTITIONS OR OTHER PLUMBING FIXTURES.

ALL NEW AND EXISTING GYP. BOARD WALLS AND CEILINGS, WITH THE EXCEPTION OF THOSE AREAS DESIGNED AS 'NO WORK,' ARE TO BE REPAINTED.

THE CURRENT LOBBY STAIR AND SECOND FLOOR RAILING SYSTEM ARE TO REMAIN 'AS-IS' AND ARE TO BE PROTECTED DURING CONSTRUCTION.

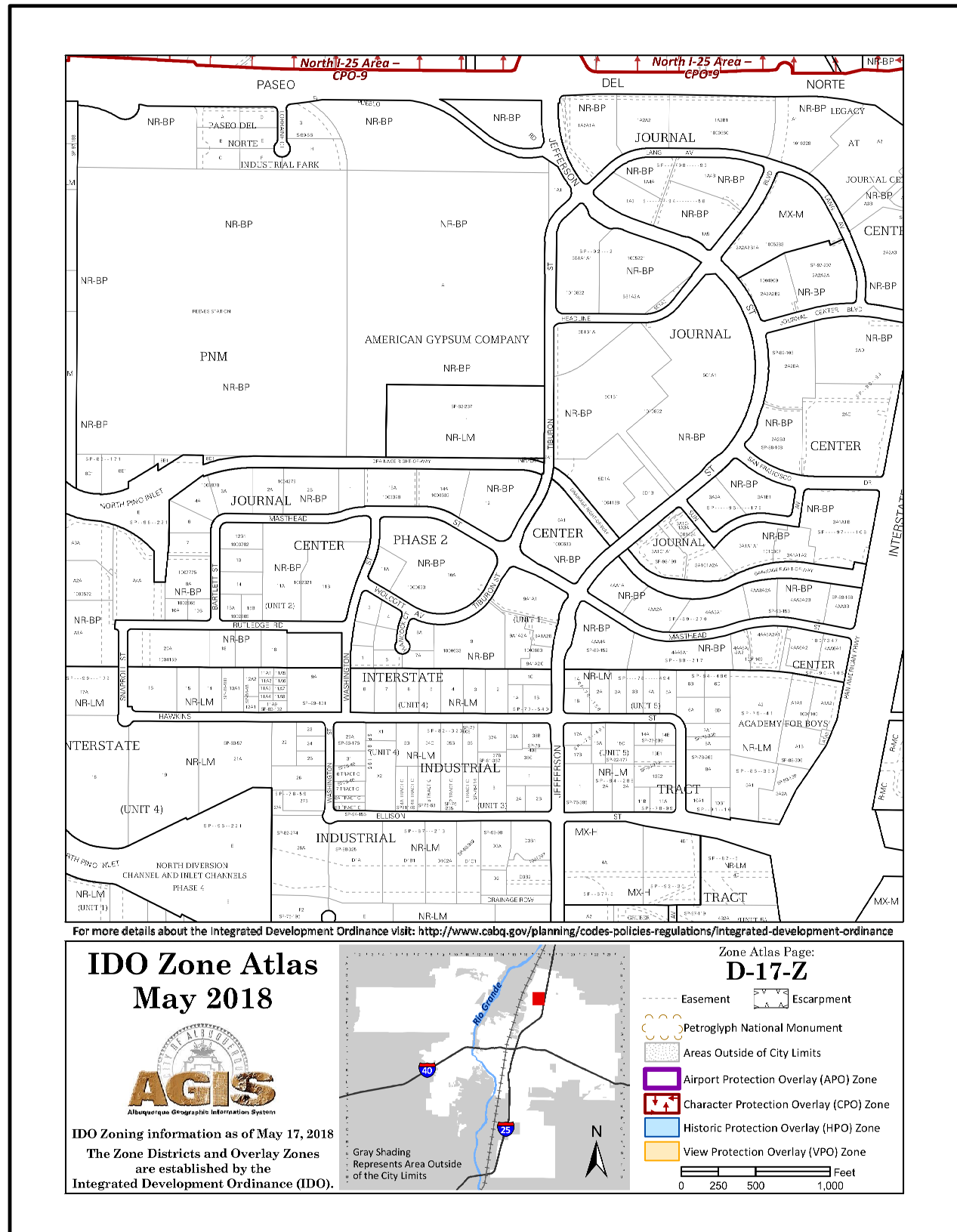
DRAWING INDEX

GENERAL	
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G-003	CODE ANALYSIS
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G-005	TYPICAL ADA DETAILS
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PLUMBING	
ELECTRICAL	

CONCEPTUAL DESIGN RENDERING

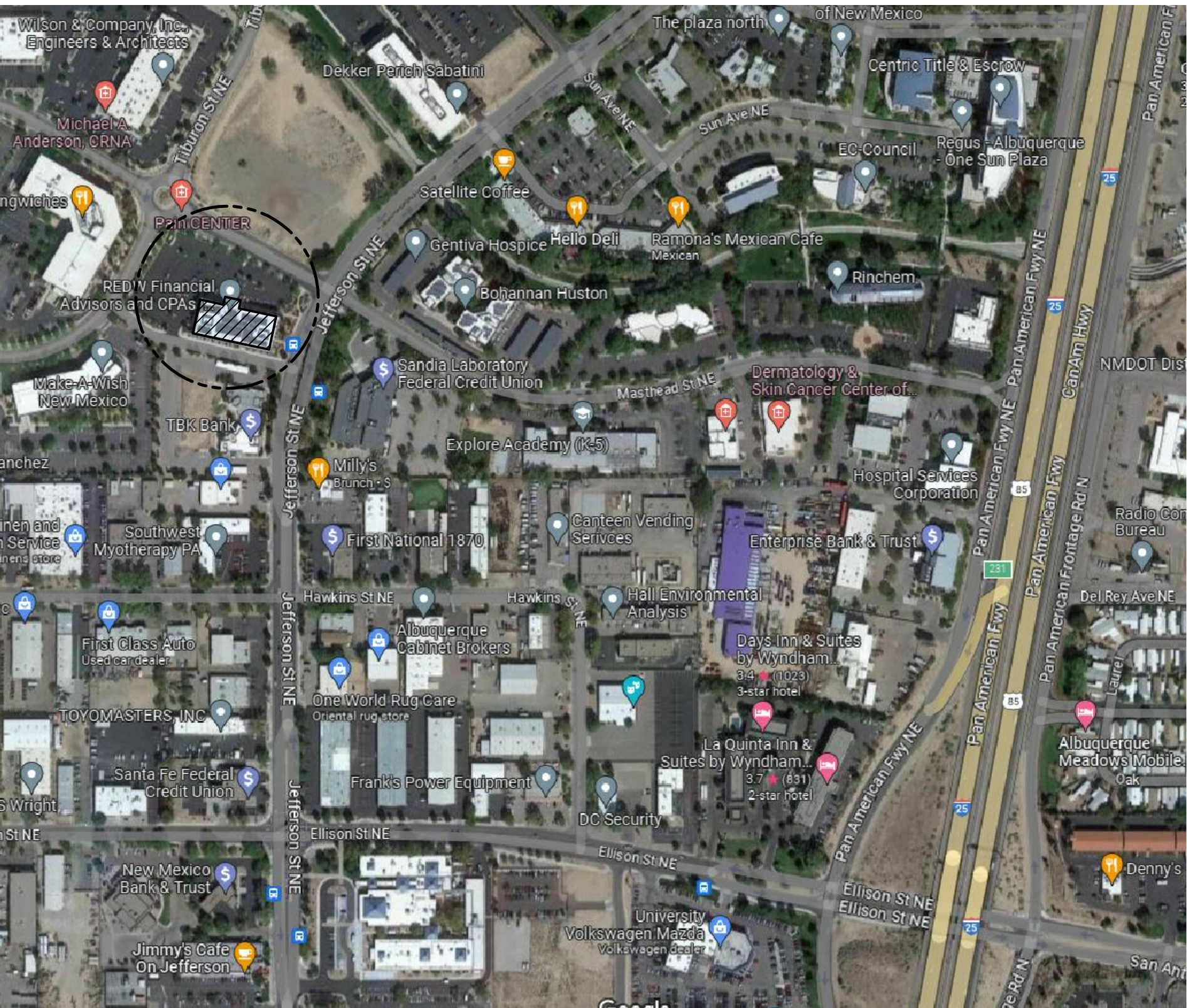


ZONE MAP



D-17-Z

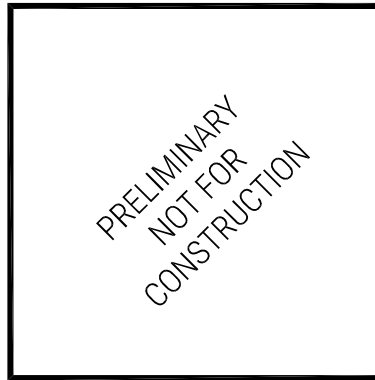
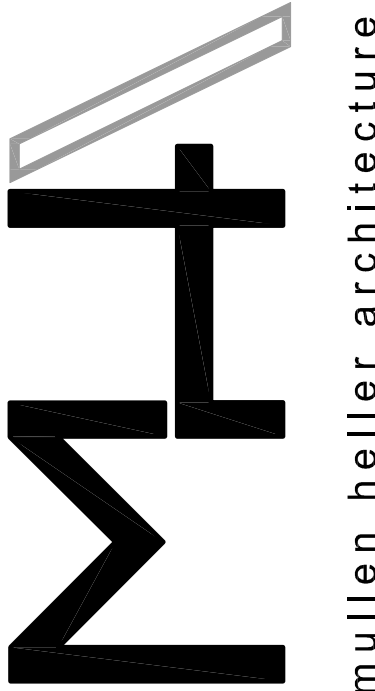
VICINITY MAP



PROJECT DIRECTORY

OWNER:	New Mexico Mortgage Finance Authority 344 4th ST SW ALBUQUERQUE, NM 87102 ISIDORO HERNANDEZ 
ARCHITECTURE:	MULLEN HELLER ARCHITECTURE P.C. DOUG HELLER, AIA MADELE LETTLE 1718 CENTRAL AVE SW SUITE D ALBUQUERQUE, NM 87104 PHONE: 505-268-4144
MECHANICAL:	BG BUILDINGWORKS 7007 Wyoming Blvd NE # F2 ALBUQUERQUE, NM 87109 NATHAN AULTMAN EMAIL: naultman@bgbuildingworks.com
ELECTRICAL:	BG BUILDINGWORKS 7007 Wyoming Blvd NE # F2 ALBUQUERQUE, NM 87109 DUANE DE SPAIN email: dgdespain@bgbuildingworks.com KARL NIXON email: knixon@bgbuildingworks.com
PLUMBING:	BG BUILDINGWORKS 7007 Wyoming Blvd NE # F2 ALBUQUERQUE, NM 87109 MIGUEL PERALTA email: mdperalta@bgbuildingworks.com

REV	DATE	BY	DESCRIPTION
1	9-8-2020	SEJ	FOR CONSTRUCTION SET
2	6-26-2020	SEJ	PERMIT REVISIONS



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JOB NUMBER	22-19
DRAWN BY	MW/LF
PROJECT MGR	JDH
DATE	7/10/23
PHASE	SD

PROJECT	NM MFA Office Renovation 7425 JEFFERSON ST. NE ALBUQUERQUE, NM 87109
TITLE	Cover Sheet and Project Information

LEGEND:

- ===== EXISTING WALL/INTERIOR PARTITION TO REMAIN
- EXISTING ELEMENT TO BE REMOVED
- ////// AREA OF EXISTING CEILING TO BE REMOVED

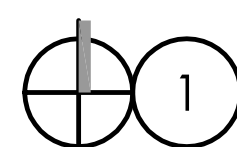
GENERAL NOTES:

- [A] ALL DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD, UNLESS OTHERWISE NOTED.
- [B] THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND CONDITIONS IN THE FIELD. IF DIMENSIONAL ERROR, VARIANCES, AND/OR CONFLICTS EXIST, AS DESCRIBED WITHIN THE CONSTRUCTION DOCUMENTS, OR CONDITIONS ARE ENCOUNTERED THAT ARE NOT COVERED IN THE DRAWINGS, THE CONTRACTOR SHALL NOTIFY THE ARCHITECT BEFORE COMMENCING THAT PORTION OF THE WORK.
- [C] CONTRACTOR TO VERIFY SIZES OF ALL OWNER PROVIDED EQUIPMENT PRIOR TO INSTALLATION.
- [D] ALL CONSTRUCTION SHALL BE IN COMPLIANCE WITH INTERNATIONAL BUILDING CODE AND ALL OTHER APPLICABLE MODEL CODES, LOCAL CODES, LAWS AND ORDINANCES.
- [E] UNLESS NOTED OTHERWISE, ALL BUILDING ELEMENTS INCLUDING DOORS, CASEWORK, STAIRS, AND RAILINGS ARE TO REMAIN.
- [F] UNLESS NOTED OTHERWISE, ALL EXISTING FLOORING IS TO BE REMOVED AND SLAB SHALL BE PREPPED FOR NEW FINISH.
- [G] PROVIDE WOOD BLOCKING IN PARTITIONS TO SUPPORT ALL WALL ITEMS INCLUDING WALL HUNG CABINETS, DOOR STOPS ETC.
- [H] ALL FURNITURE SHOWN IS OWNER PROVIDED. REFER TO FURNITURE PLANS.
- [I] DO NOT SCALE DRAWINGS.

KEYED NOTES:

- [1] REMOVE INTERIOR PARTITION COMPLETELY. PATCH ADJACENT PARTITION/FINISH.
- [2] REMOVE EXISTING CASEWORK. PATCH ADJACENT PARTITION.
- [3] REMOVE EXISTING PLUMBING FIXTURE COMPLETELY, CAP PLUMBING AS NECESSARY.
- [4] REMOVE DOOR AND FRAME AND SALVAGE FOR REUSE.
- [5] EXISTING FLOORING THIS AREA TO REMAIN. PROTECT DURING CONSTRUCTION.
- [6] PROTECT FLOORING THIS AREA WHERE DEMOLITION OCCURS.
- [7] NO WORK THIS ROOM, FLOORING AND LIGHTING TO REMAIN.
- [8] EXISTING MODULAR WALLS TO BE REMOVED BY FURNITURE SUPPLIER.
- [9] THIS AREA IS AN UNFINISHED EXISTING SHELL SPACE. REFER TO RENOVATION PLAN.
- [10] REMOVE PORTION OF PARTITION FOR NEW OPENING.
- [11] REMOVE CEILING THIS AREA.

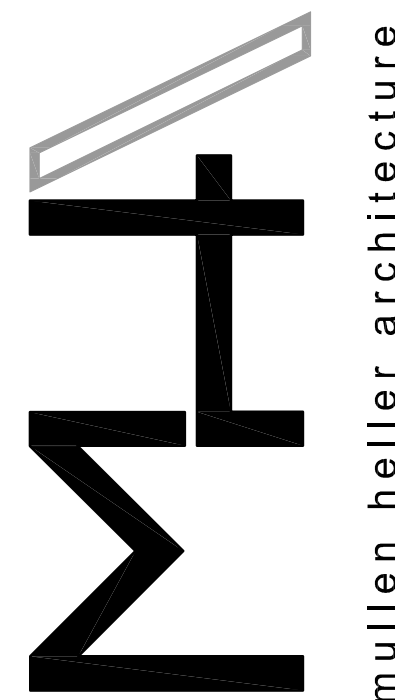
- [12] REMOVE EXISTING SOFFIT/HEADER AND PATCH ADJACENT PARTITIONS.
- [13] REMOVING EXISTING INTERIOR WINDOW. PREPARE FOR INFILL.
- [14] REMOVE EXISTING TV AND RELATED POWER, PATCH PARTITION. SALVAGE TV TO OWNER.
- [15] EXISTING SOFFIT/HEADER TO REMAIN.
- [16] REMOVE EXISTING LIGHT FIXTURE.



First Floor Demolition Plan

Scale: 1/8"=1'-0"

REV	DATE	BY	DESCRIPTION
1			
2			
3			
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PRELIMINARY
NOT FOR
CONSTRUCTION

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JOB NUMBER 22-19
DRAWN BY MW/LF
PROJECT MGR JDH
DATE 7/10/23
PHASE SD

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
First Floor Demolition Plan

SHEET

D101

LEGEND:

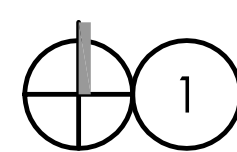
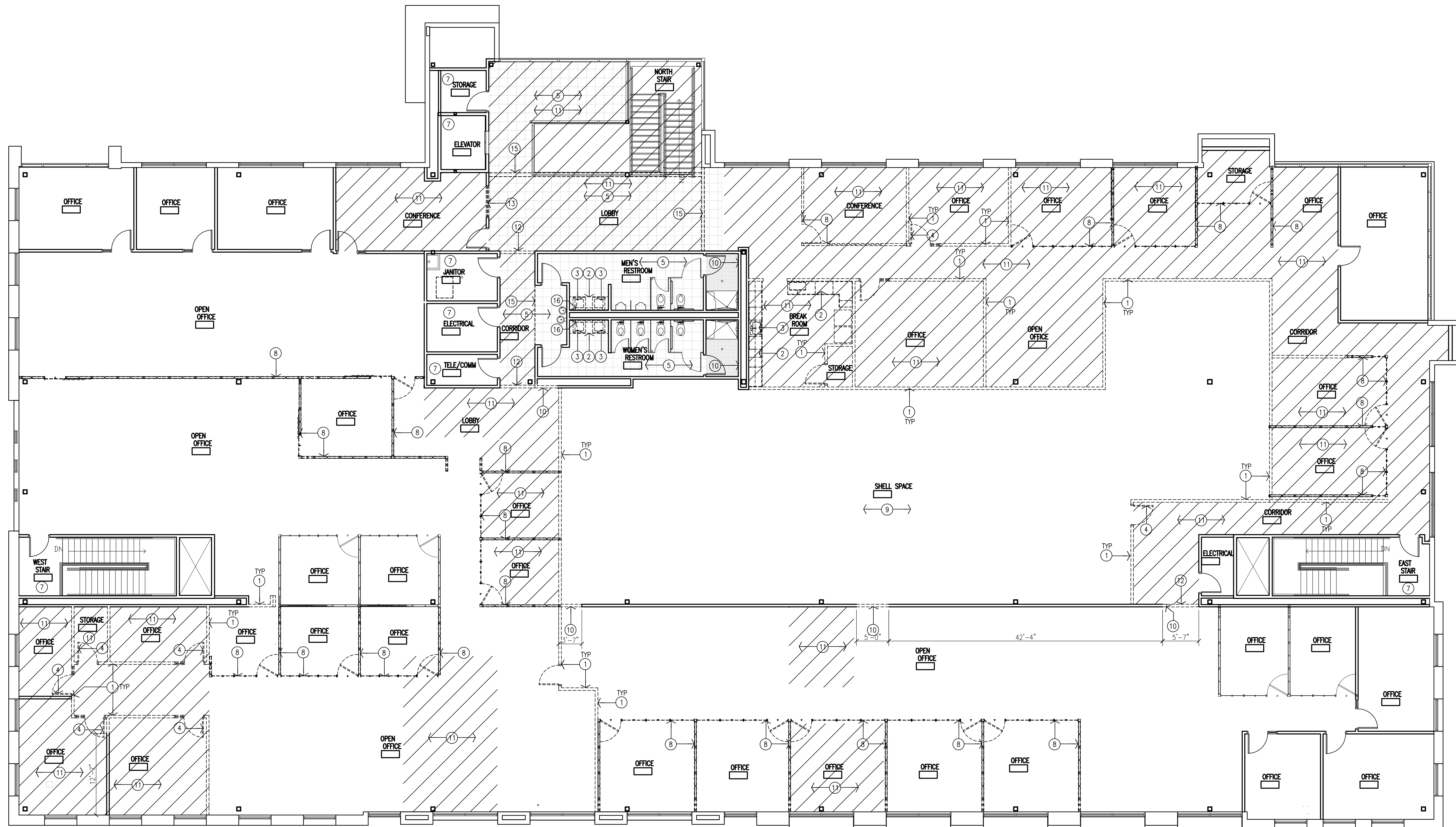
- ===== EXISTING WALL/INTERIOR PARTITION TO REMAIN
- EXISTING ELEMENT TO BE REMOVED
- ////// AREA OF EXISTING CEILING TO BE REMOVED. SEE RENOVATED FLOOR PLANS FOR DIMENSIONED EXTENTS.

GENERAL NOTES:

- [A] ALL DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD, UNLESS OTHERWISE NOTED.
- [B] THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND CONDITIONS IN THE FIELD. IF DIMENSIONAL ERROR, VARIANCES, AND/OR CONFLICTS EXIST, AS DESCRIBED WITHIN THE CONSTRUCTION DOCUMENTS, OR CONDITIONS ARE ENCOUNTERED THAT ARE NOT COVERED IN THE DRAWINGS, THE CONTRACTOR SHALL NOTIFY THE ARCHITECT BEFORE COMMENCING THAT PORTION OF THE WORK.
- [C] CONTRACTOR TO VERIFY SIZES OF ALL OWNER PROVIDED EQUIPMENT PRIOR TO INSTALLATION.
- [D] ALL CONSTRUCTION SHALL BE IN COMPLIANCE WITH INTERNATIONAL BUILDING CODE AND ALL OTHER APPLICABLE MODEL CODES, LOCAL CODES, LAWS AND ORDINANCES.
- [E] UNLESS NOTED OTHERWISE, ALL BUILDING ELEMENTS INCLUDING DOORS, CASEWORK, STAIRS, AND RAILINGS ARE TO REMAIN.
- [F] UNLESS NOTED OTHERWISE, ALL EXISTING FLOORING IS TO BE REMOVED AND SLAB SHALL BE PREPPED FOR NEW FINISH.
- [G] PROVIDE WOOD BLOCKING IN PARTITIONS TO SUPPORT ALL WALL ITEMS INCLUDING WALL HUNG CABINETS, DOOR STOPS ETC.
- [H] ALL FURNITURE SHOWN IS OWNER PROVIDED. REFER TO FURNITURE PLANS.
- [I] DO NOT SCALE DRAWINGS.

KEYED NOTES:

- [1] REMOVE INTERIOR PARTITION COMPLETELY. PATCH ADJACENT PARTITION/FINISH.
- [2] REMOVE EXISTING CASEWORK. PATCH ADJACENT PARTITION.
- [3] REMOVE EXISTING PLUMBING FIXTURE COMPLETELY, CAP PLUMBING AS NECESSARY.
- [4] REMOVE DOOR AND FRAME AND SALVAGE FOR REUSE.
- [5] EXISTING FLOORING THIS AREA TO REMAIN. PROTECT DURING CONSTRUCTION.
- [6] PROTECT FLOORING THIS AREA WHERE DEMOLITION OCCURS.
- [7] NO WORK THIS ROOM, FLOORING AND LIGHTING TO REMAIN.
- [8] EXISTING MODULAR WALLS TO BE REMOVED BY FURNITURE SUPPLIER.
- [9] THIS AREA IS AN UNFINISHED EXISTING SHELL SPACE. REFER TO RENOVATION PLAN.
- [10] REMOVE PORTION OF PARTITION FOR NEW OPENING.
- [11] REMOVE CEILING THIS AREA.
- [12] REMOVE EXISTING SOFFIT/HEADER AND PATCH ADJACENT PARTITIONS.
- [13] REMOVING EXISTING INTERIOR WINDOW. PREPARE FOR INFILL.
- [14] REMOVE EXISTING TV AND RELATED POWER, PATCH PARTITION. SALVAGE TV TO OWNER.
- [15] EXISTING SOFFIT/HEADER TO REMAIN.
- [16] REMOVE EXISTING LIGHT FIXTURE.



Second Floor Demolition Plan

Scale: 1/8"=1'-0"

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PROJECT NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

SHEET

D102

TITLE
Second Floor Demolition Plan

MULLEN HELLER ARCHITECTURE
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JOB NUMBER 22-19

DRAWN BY MW/LF

PROJECT MGR JDH

DATE 7/10/23

PHASE SD

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PARTITION LEGEND:

	EXISTING WALL/INTERIOR PARTITION TO REMAIN
	NEW METAL STUD INTERIOR PARTITION TO DECK 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO DECK.
	NEW METAL STUD INTERIOR PARTITION 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO 6" ABOVE CEILING U.N.O. BRACE TO STRUCTURE @ 48" O.C. MIN.

GENERAL NOTES:

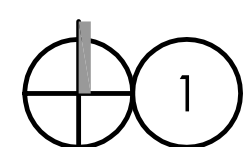
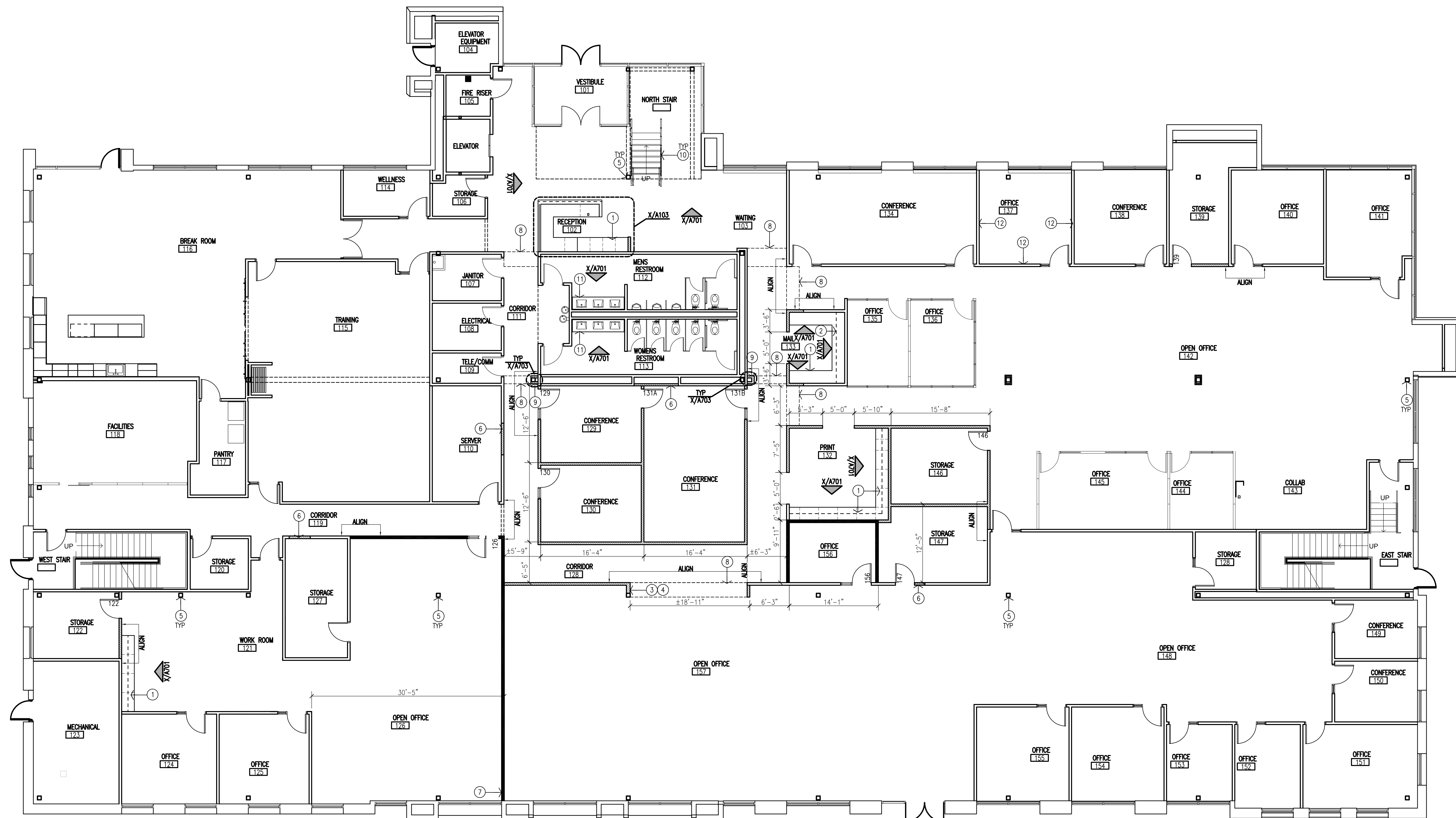
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- [E] PROVIDE WOOD BLOCKING IN PARTITIONS TO SUPPORT ALL WALL ITEMS INCLUDING WALL HUNG CABINETS, DOOR STOPS ETC.
- [F] ALL FURNITURE SHOWN IS OWNER PROVIDED, OWNER INSTALLED.
- [G] DO NOT SCALE DRAWINGS.

KEYED NOTES:

- [1] NEW PLASTIC LAMINATE CASEWORK. SEE INTERIOR ELEVATIONS.
- [2] NEW PREFABRICATED METAL MAILBOX SYSTEM.
- [3] ALIGN NEW PARTITION WITH EXISTING COLUMN.
- [4] NEW 6" METAL STUD PARTITION.
- [5] EXISTING STEEL COLUMN, PAINT WHERE EXPOSED.
- [6] INFILL OPENING WITH METAL STUD FRAMING AND 5/8" GYP. BOARD EACH SIDE. MATCH PARTITION WIDTH AND FINISH.
- [7] ALIGN FACE OF NEW PARTITION WITH EDGE OF EXISTING WINDOW FRAME.
- [8] NEW SOFFIT/HEADER ABOVE. SEE REFLECTED CEILING PLAN.
- [9] NEW FURR-OUT/COLUMN FURR-OUT.
- [10] EXISTING STEEL RAILING SYSTEM TO REMAIN. PROTECT DURING CONSTRUCTION.
- [11] NEW SOLID SURFACE COUNTERTOP AND PORCELAIN UNDERMOUNT SINK. SEE INTERIOR ELEVATIONS.
- [12] NEW POWER AND DATA IN SLAB.
- [13] INSTALL 8" GYP. BOARD AT EXISTING STUD FRAMING TO 6" ABOVE CEILING.

[14] RELOCATED DOOR. REFER TO SCHEDULE FOR ADDITIONAL NOTES.

- [15] EXISTING FIRE EXTINGUISHER TO REMAIN.
- [16] EXISTING HEADER TO REMAIN.
- [17] EXISTING CASEWORK TO REMAIN. PROTECT DURING CONSTRUCTION.
- [18] ALIGN NEW PARTITION WITH HEADER ABOVE.
- [19] EXTEND THIS PARTITION TO DECK WITH 8" GYP. BOARD ON THIS SIDE OF METAL STUD FRAMING AND BATT INSULATION TO DECK.



Renovated First Floor Plan

Scale: 1/8"=1'-0"

DESCRIPTION

BY

DATE

REV

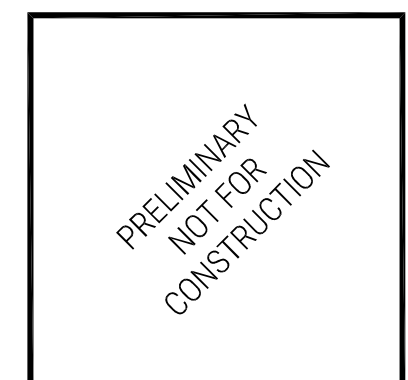
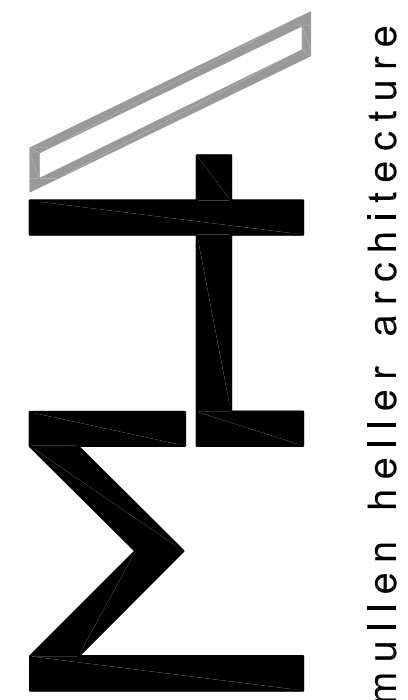
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JOB NUMBER 22-19

DRAWN BY MW/LF

PROJECT MGR JDH

DATE 7/10/23

PHASE SD

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
Renovated First Floor Plan

SHEET

A101

PARTITION LEGEND:

	EXISTING WALL/INTERIOR PARTITION TO REMAIN
	NEW METAL STUD INTERIOR PARTITION TO DECK 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO DECK.
	NEW METAL STUD INTERIOR PARTITION 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO 6" ABOVE CEILING U.N.O. BRACE TO STRUCTURE @ 48" O.C. MIN.

GENERAL NOTES:

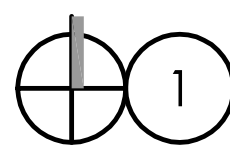
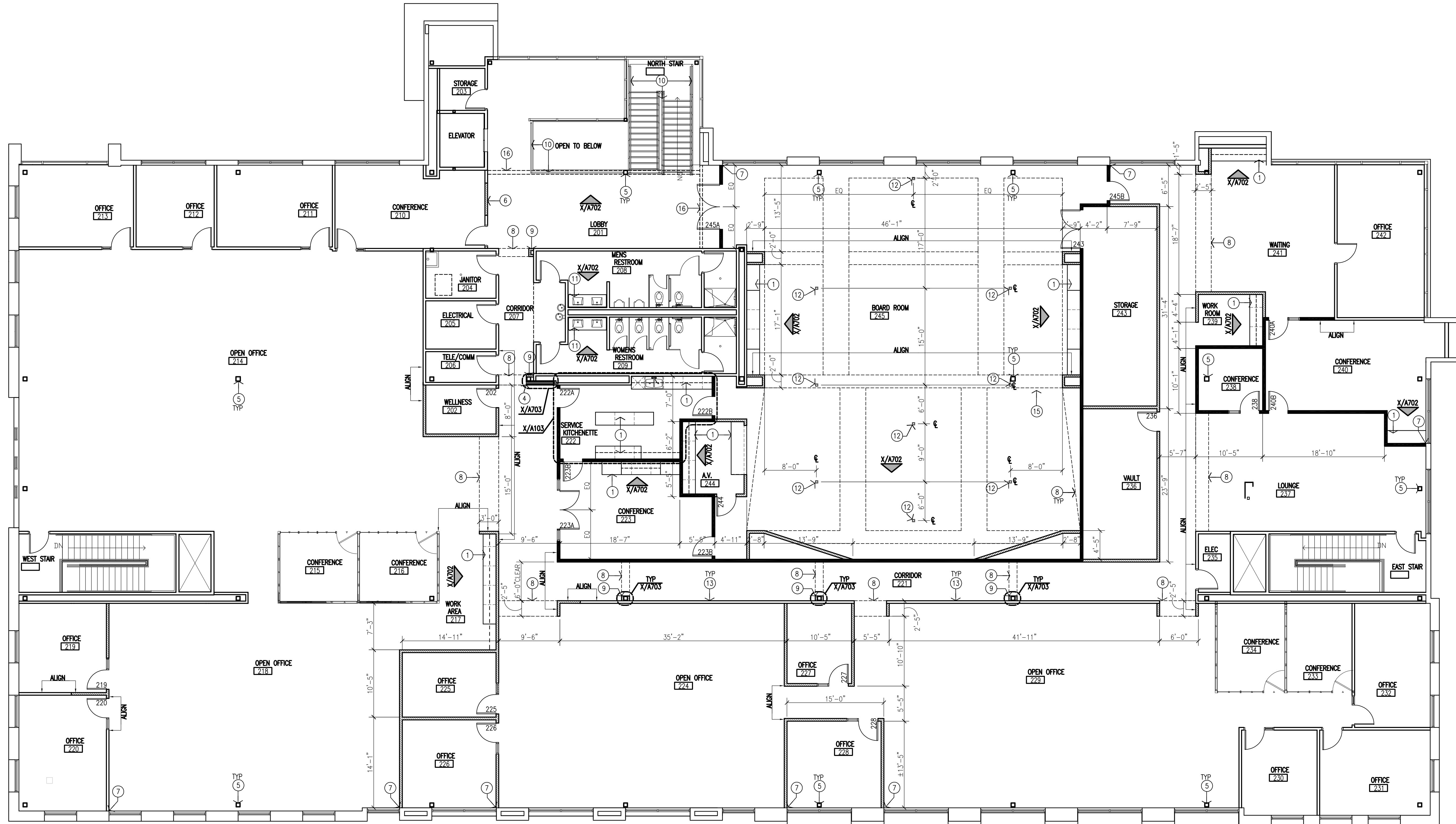
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- [E] PROVIDE WOOD BLOCKING IN PARTITIONS TO SUPPORT ALL WALL ITEMS INCLUDING WALL HUNG CABINETS, DOOR STOPS ETC.
- [F] ALL FURNITURE SHOWN IS OWNER PROVIDED, OWNER INSTALLED.
- [G] DO NOT SCALE DRAWINGS.

KEYED NOTES:

- [1] NEW PLASTIC LAMINATE CASEWORK. SEE INTERIOR ELEVATIONS.
- [2] NEW PREFABRICATED METAL MAILBOX SYSTEM.
- [3] ALIGN NEW PARTITION WITH EXISTING COLUMN.
- [4] NEW 6" METAL STUD PARTITION.
- [5] EXISTING STEEL COLUMN, PAINT WHERE EXPOSED.
- [6] INFILL OPENING WITH METAL STUD FRAMING AND 5/8" GYP. BOARD EACH SIDE. MATCH PARTITION WIDTH AND FINISH.
- [7] ALIGN FACE OF NEW PARTITION WITH EDGE OF EXISTING WINDOW FRAME.
- [8] NEW SOFFIT/HEADER ABOVE. SEE REFLECTED CEILING PLAN.
- [9] NEW FURR-OUT/COLUMN FURR-OUT.
- [10] EXISTING STEEL RAILING SYSTEM TO REMAIN. PROTECT DURING CONSTRUCTION.
- [11] NEW SOLID SURFACE COUNTERTOP AND PORCELAIN UNDERMOUNT SINK. SEE INTERIOR ELEVATIONS.
- [12] NEW POWER AND DATA IN SLAB.
- [13] NOT USED.
- [14] RELOCATED DOOR. REFER TO SCHEDULE FOR

ADDITIONAL NOTES:

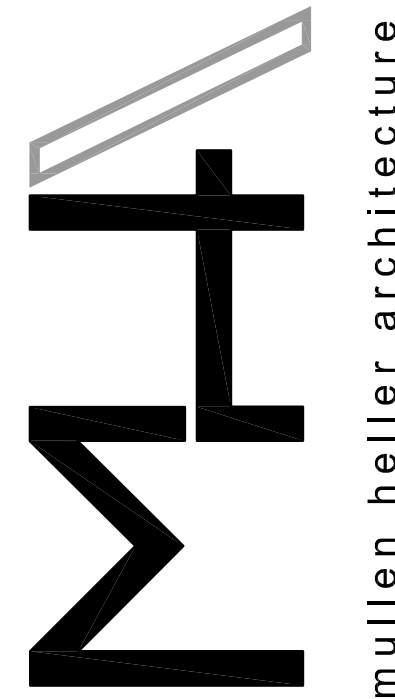
- [15] EXISTING FIRE EXTINGUISHER TO REMAIN.
- [16] EXISTING HEADER TO REMAIN.
- [17] NOT USED.
- [18] NOT USED.
- [19] EXTEND THIS PARTITION TO DECK WITH 5/8" GYP. BOARD ON THIS SIDE OF METAL STUD FRAMING AND BATT INSULATION TO DECK.



Renovated Second Floor Plan

Scale: 1/8"=1'-0"

REV	BY	DATE	DESCRIPTION
1			
2			
3			
4			
5			



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CONSTRUCTION

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www.mullenheller.com

JOB NUMBER	22-19
DRAWN BY	MW/LF
PROJECT MGR	JDH
DATE	7/10/23
PHASE	SD

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
Renovated Second Floor Plan

SHEET

A102

PARTITION LEGEND:

- EXISTING WALL/INTERIOR PARTITION TO REMAIN
- NEW METAL STUD INTERIOR PARTITION TO DECK
3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8"
GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO DECK.
- NEW METAL STUD INTERIOR PARTITION
3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8"
GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO 6"
ABOVE CEILING U.N.O. BRACE TO STRUCTURE @ 48" O.C. MIN.

CEILING LEGEND:

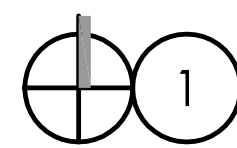
-
- EXISTING 2'x4' LAY-IN CEILING GRID AND ACOUSTICAL TILES.
- EXISTING 2'x2' LAY-IN CEILING GRID AND ACOUSTICAL TILES.
- NEW 2'x8' LAY-IN WOOD GRILLE CEILING SYSTEM. INSTALL DIAGONALLY WHERE SHOWN. REFER TO PLAN FOR INSTALLATION. SWOOD 2800 TRUE ACCESS LINEAR SERIES WITH BLACK SCRIM OR EQUAL.
- NEW 2'x4' LAY-IN CEILING GRID AND ACOUSTICAL TILES TO MATCH EXISTING.
- NEW GYPSUM BOARD CEILING/SOFFIT, TAPED, TEXTURED, AND PAINTED. REFER TO CEILING DETAILS.

GENERAL NOTES:

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- [C] ALL CONSTRUCTION SHALL BE IN COMPLIANCE WITH INTERNATIONAL BUILDING CODE AND ALL OTHER APPLICABLE MODEL CODES, LOCAL CODES, LAWS AND ORDINANCES.
- [D] DO NOT SCALE DRAWINGS.
- [E] EXISTING LAY-IN CEILING TILES AND GRID TO REMAIN REMAIN UNLESS NOTED OTHERWISE. CONTRACTOR TO PROVIDE 10% NEW TILES TO MATCH EXISTING TO REPLACE AS NEEDED.
- [F] ALL LAY-IN LIGHT FIXTURES ARE TO BE REPLACED WITH NEW LED FIXTURES. REFER TO ELECTRICAL.
- [G] REPLACE DAMAGED CEILING TILE AS NECESSARY WHERE MODULAR WALLS ARE SCHEDULED TO BE REMOVED.

KEYED NOTES:

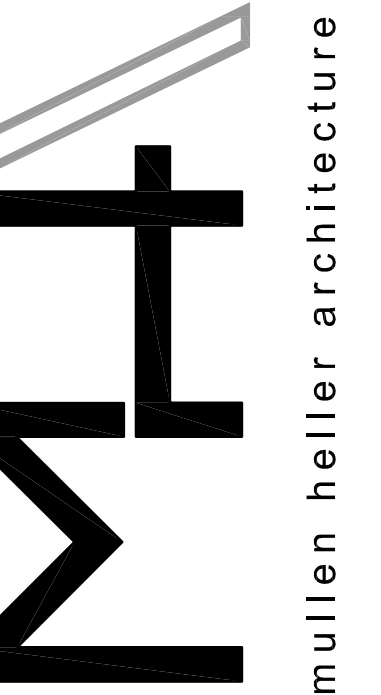
- [1] EXISTING CEILING SYSTEM GRID AND TILE TO REMAIN.
- [2] EXISTING HEADER/SOFFIT TO REMAIN.
- [3] EXISTING LAY-IN GRID SYSTEM WITH NEW WOOD TILES.
- [4] NEW LAY-IN CEILING SYSTEM TO MATCH EXISTING. REFER TO LEGEND.
- [5] NEW LAY-IN WOOD CEILING SYSTEM. REFER TO LEGEND.
- [6] NEW GYP BOARD SOFFIT AT 8'-0" AFF UNLESS NOTED OTHERWISE.
- [7] NEW LAY-IN CEILING SYSTEM TO MATCH EXISTING AT THIS POINT. MATCH GRID SPACING AND HEIGHT.
- [8] NEW WOOD CLAD SOFFIT.
- [9] NEW HEADER AT 8'-0" AFF UNLESS NOTED OTHERWISE.
- [10] REPLACE EXISTING CEILING TILES THIS AREA WITH ____ GRID TO REMAIN. LIGHTING TO BE REPLACED "IN KIND".



First Floor Reflected Ceiling Plan

Scale: 1/8"=1'-0'

REV	DATE	BY	DESCRIPTION
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DB NUMBER	22-19
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PROJECT MGR	JDH
DATE	7/10/23
PHASE	SD

NMI MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

First Floor Reflected Ceiling Plan

ET

A201

PARTITION LEGEND:

	EXISTING WALL/INTERIOR PARTITION TO REMAIN
	NEW METAL STUD INTERIOR PARTITION TO DECK 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO DECK.
	NEW METAL STUD INTERIOR PARTITION 3 5/8" METAL STUDS 20 GA. @ 16" O.C. WITH 1 LAYER OF 5/8" GYP. BOARD EACH SIDE AND SOUND ATTENUATION BATTS TO 6" ABOVE CEILING U.N.O. BRACE TO STRUCTURE @ 48" O.C. MIN.

CEILING LEGEND:

	EXISTING 2'x4' LAY-IN CEILING GRID AND ACOUSTICAL TILES.		NEW GYPSUM BOARD CEILING/SOFTT, TAPED, TEXTURED, AND PAINTED. REFER TO CEILING DETAILS.
	NEW 2'x4' LAY-IN CEILING GRID AND ACOUSTICAL TILES TO MATCH EXISTING.		NEW WOOD PLANK FINISH. STAIN TO MATCH LAY-IN WOOD GRILLE.
	NEW 4'x4' LAY-IN CEILING GRID AND ACOUSTICAL TILES.		
	NEW 2'x8' LAY-IN WOOD GRILLE CEILING SYSTEM. INSTALL DIAGONALLY WHERE SHOWN. REFER TO PLAN FOR INSTALLATION. SARMSTROM "LYRA PB" OR EQUAL.		

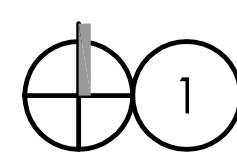
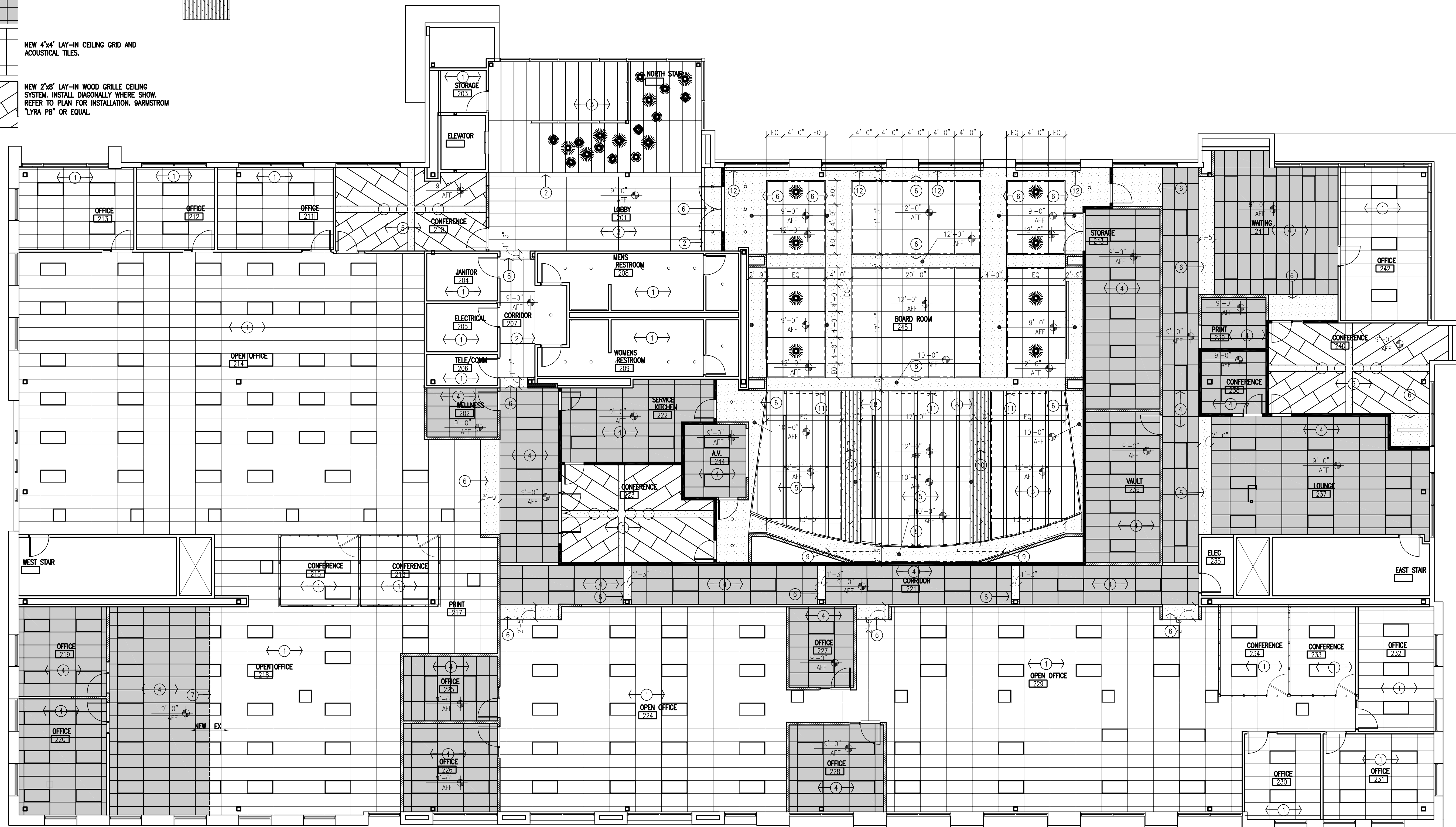
GENERAL NOTES:

- [A] ALL DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD, UNLESS OTHERWISE NOTED.
THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND CONDITIONS IN THE FIELD. IF DIMENSIONAL ERROR, VARIANCES, AND/OR CONFLICTS EXIST, AS DESCRIBED WITHIN THE CONSTRUCTION DOCUMENTS, OR CONDITIONS ARE ENCOUNTERED THAT ARE NOT COVERED IN THE DRAWINGS, THE CONTRACTOR SHALL NOTIFY THE ARCHITECT BEFORE COMMENCING THAT PORTION OF THE WORK.
- [C] ALL CONSTRUCTION SHALL BE IN COMPLIANCE WITH INTERNATIONAL BUILDING CODE AND ALL OTHER APPLICABLE MODEL CODES, LOCAL CODES, LAWS AND ORDINANCES.
- [D] DO NOT SCALE DRAWINGS.
- [E] EXISTING LAY-IN CEILING TILES AND GRID TO REMAIN REMAIN UNLESS NOTED OTHERWISE. CONTRACTOR TO PROVIDE 10% NEW TILES TO MATCH EXISTING TO REPLACE AS NEEDED.
- [F] ALL LAY-IN LIGHT FIXTURES ARE TO BE REPLACED WITH NEW LED FIXTURES. REFER TO ELECTRICAL.
- [G] REPLACE DAMAGED CEILING TILE AS NECESSARY WHERE MODULAR WALLS ARE SCHEDULED TO BE REMOVED.

KEYED NOTES:

- [1] EXISTING CEILING SYSTEM GRID AND TILE TO REMAIN.
- [2] EXISTING HEADER/SOFTT TO REMAIN.
- [3] EXISTING LAY-IN GRID SYSTEM WITH NEW WOOD TILES.
- [4] NEW LAY-IN CEILING SYSTEM TO MATCH EXISTING. REFER TO LEGEND.
- [5] NEW LAY-IN WOOD CEILING SYSTEM. REFER TO LEGEND.
- [6] NEW GYP BOARD SOFTT AT 8'-0" AFF UNLESS NOTED OTHERWISE. TIE INTO EXISTING HEADERS WHERE POSSIBLE.
- [7] NEW LAY-IN CEILING SYSTEM TO MATCH EXISTING AT THIS POINT. MATCH GRID SPACING AND HEIGHT.
- [8] NEW WOOD CLAD SOFTT.
- [9] NEW RECESSED, MOTORIZED PROJECTOR SCREEN. REFER TO ELECTRICAL.
- [10] NEW CEILING-MOUNT PROJECTOR. REFER TO ELECTRICAL.
- [11] NEW WALL-MOUNT TV. REFER TO ELECTRICAL.

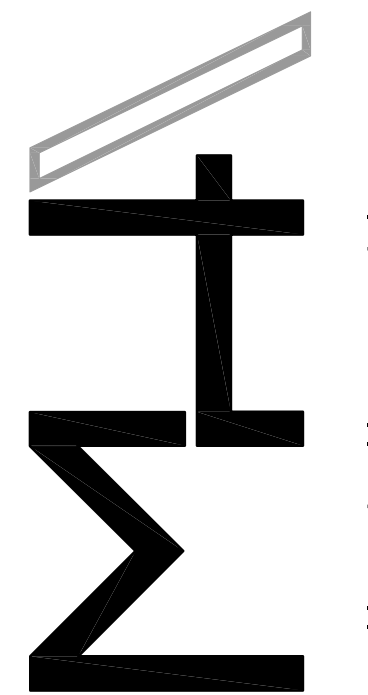
[12] NEW RECESSED AUTOMATIC ROLLER SHADE IN SOFTT.



Second Floor Reflected Ceiling Plan

Scale: 1/8"=1'-0"

REV	BY	DATE	DESCRIPTION
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PRELIMINARY
NOT FOR
CONSTRUCTION

MULLEN HELLER ARCHITECTURE
1718 CENTRAL AVE SW | STE. D
ALBUQUERQUE, NM | 87109
P | 505.268.4144
F | 505.268.4244
www.mullenheller.com

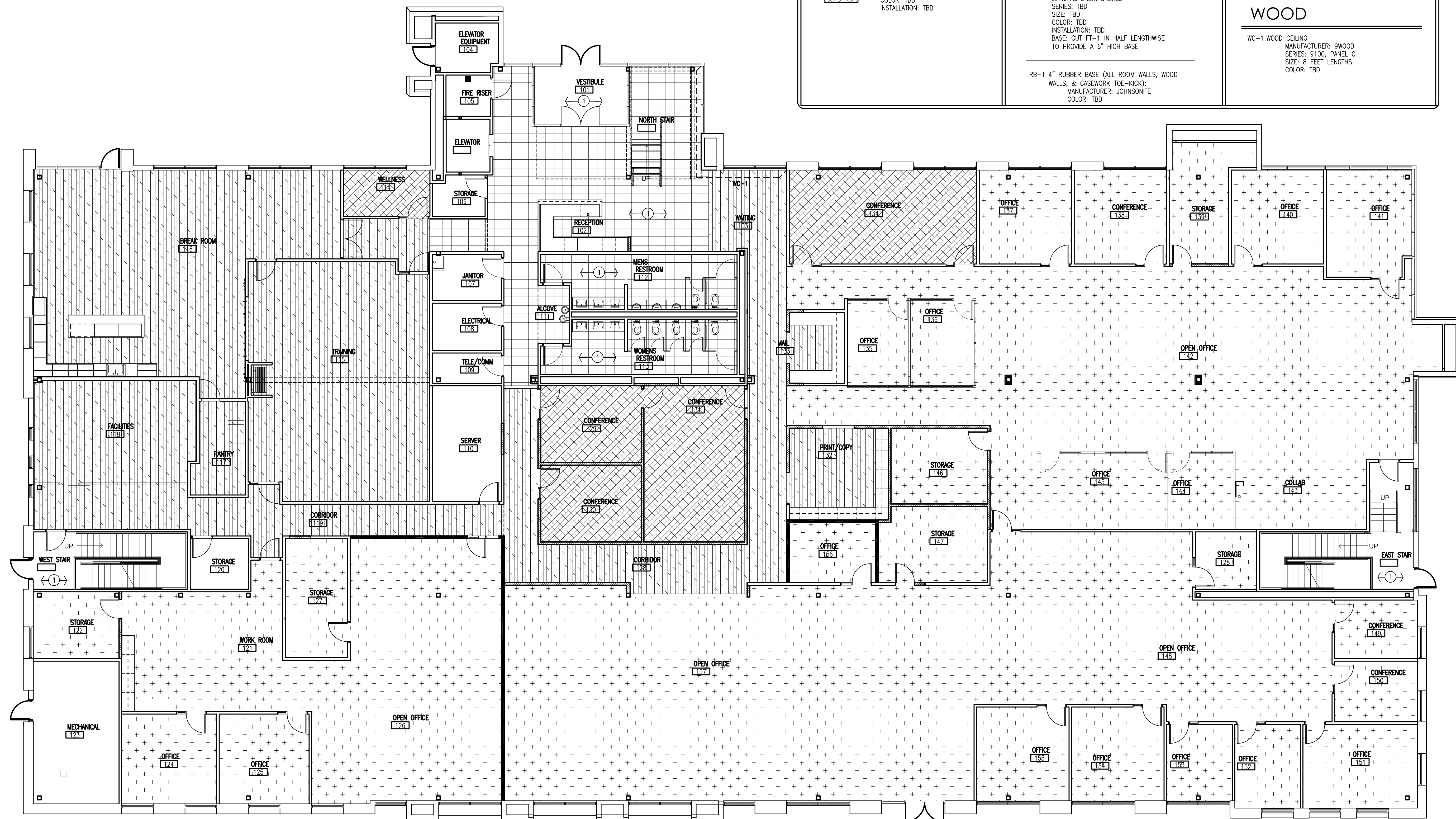
JOB NUMBER 22-19
DRAWN BY MW/LF
PROJECT MGR JDH
DATE 7/10/23
PHASE SD

PROJECT
NM MFA Office Renovation
7425 JEFFERSON ST. NE
ALBUQUERQUE, NM 87109

TITLE
Second Floor Reflected Ceiling Plan

SHEET

A202



WC-1 WOOD CEILING
MANUFACTURER: 9WOOD
SERIES: 9100, PANEL C
SIZE: 8 FEET LENGTHS
COLOR: TBD

F101

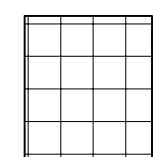
GENERAL NOTES:

- [A] ALL DIMENSIONS ARE FROM FACE OF STUD TO FACE OF STUD, UNLESS OTHERWISE NOTED.
- [B] THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS AND CONDITIONS IN THE FIELD. IF DIMENSIONAL ERROR, VARIANCES, AND/OR CONFLICTS EXIST, AS DESCRIBED WITHIN THE CONSTRUCTION DOCUMENTS, OR CONDITIONS ARE ENCOUNTERED THAT ARE NOT COVERED IN THE DRAWINGS, THE CONTRACTOR SHALL NOTIFY THE ARCHITECT BEFORE COMMENCING THAT PORTION OF THE WORK.
- [C] CONTRACTOR TO VERIFY SIZES OF ALL OWNER PROVIDED EQUIPMENT PRIOR TO INSTALLATION.
- [D] ALL CONSTRUCTION SHALL BE IN COMPLIANCE WITH INTERNATIONAL BUILDING CODE AND ALL OTHER APPLICABLE MODEL CODES, LOCAL CODES, LAWS AND ORDINANCES.
- [E] PROVIDE WOOD BLOCKING IN PARTITIONS TO SUPPORT ALL WALL ITEMS INCLUDING WALL HUNG CABINETS, DOOR STOPS ETC.
- [F] ALL FURNITURE SHOWN IS OWNER PROVIDED, OWNER INSTALLED.
- [G] DO NOT SCALE DRAWINGS.

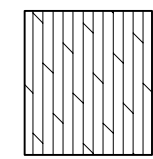
KEYED NOTES:

- [A] EXISTING FLOORING AND BASE TO REMAIN.

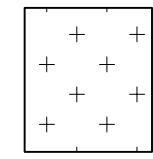
FLOOR



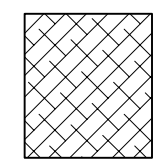
EX EXISTING PORCELAIN TILE TO REMAIN



LVP-1 LUXURY VINYL PLANK:
MANUFACTURER: SHAW
SERIES: TBD
SIZE: TBD
COLOR: TBD
INSTALLATION: TBD



CPT-1 CARPET TILE:
MANUFACTURER: SHAW
SERIES: TBD
SIZE: TBD
COLOR: TBD
INSTALLATION: TBD



CPT-2 CARPET TILE:
MANUFACTURER: SHAW
SERIES: TBD
SIZE: TBD
COLOR: TBD
INSTALLATION: TBD

PAINT

P-F FIELD PAINT: (ALL WALLS, SOFFITS, AND CEILINGS UNLESS NOTED OTHERWISE)
SHERWIN WILLIAMS
DOVER WHITE SW6385

P-1 ACCENT PAINT:
SHERWIN WILLIAMS
TBD

P-2 ACCENT PAINT:
SHERWIN WILLIAMS
TBD

WALLS

WC-1 WALL COVERING:
WOLF GORDON
SERIES: TBD
COLOR: TBD
INSTALLATION: TBD

WT-1 PORCELAIN WALL TILE:
MANUFACTURER: DALTILE
SERIES: TBD
SIZE: TBD
COLOR: TBD
INSTALLATION: TBD
BASE: CUT FT-1 IN HALF LENGTHWISE TO PROVIDE A 6" HIGH BASE

RB-1 4" RUBBER BASE (ALL ROOM WALLS, WOOD WALLS, & CASEWORK TOE-KICK):
MANUFACTURER: JOHNSONITE
COLOR: TBD

MILLWORK

REFER TO INTERIOR ELEVATIONS

MWG-1 QUARTZ COUNTERTOP:
MANUFACTURER: SILESTONE
COLOR: TBD

MWG-2 PLASTIC LAMINATE COUNTERTOP WITH PLASTIC LAMINATE CABINETS:
PLASTIC LAMINATE COUNTERTOP
MANUFACTURER: FORMICA
COLOR: TBD

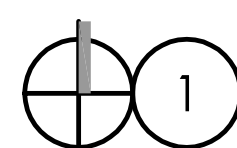
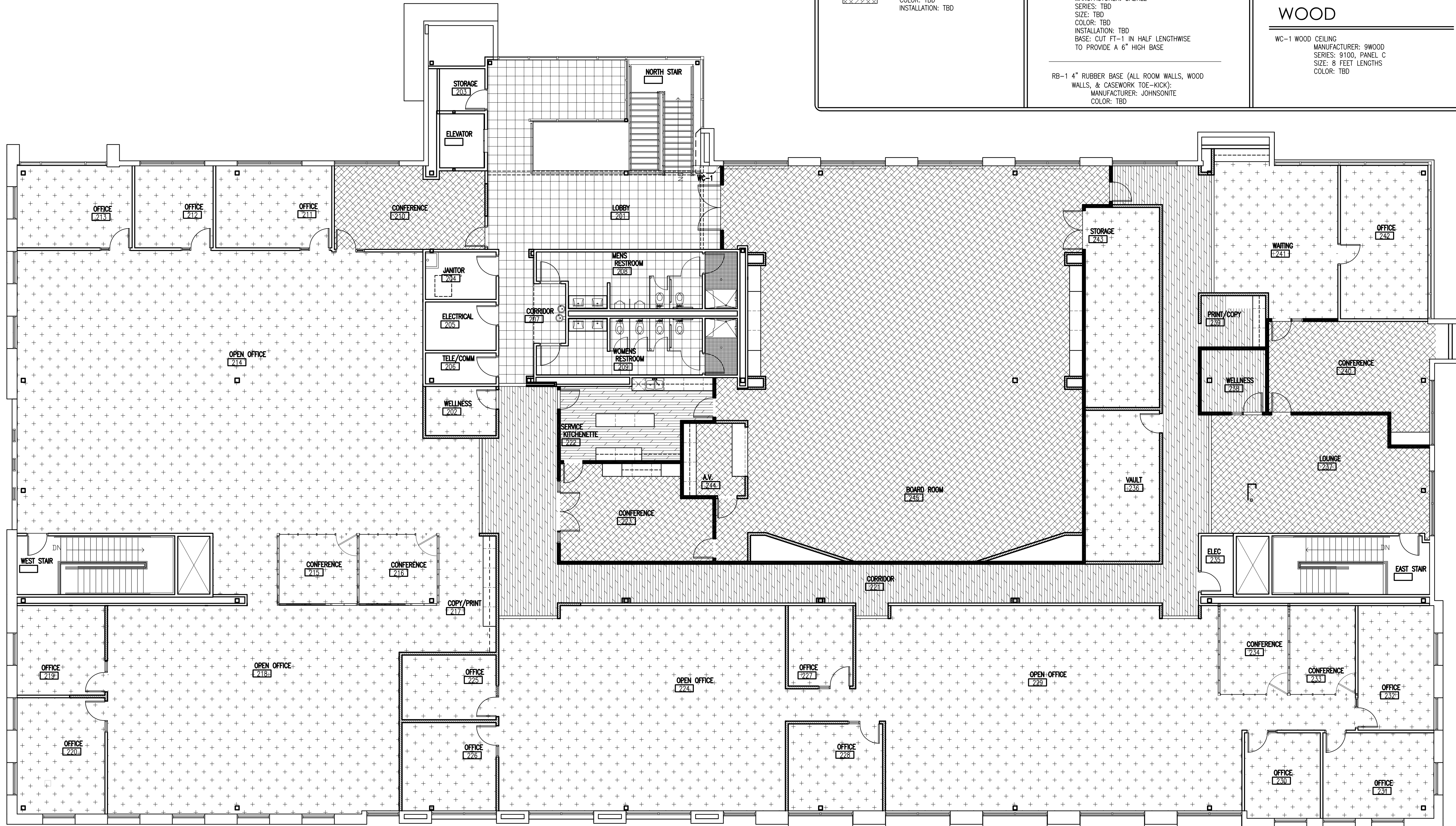
PLASTIC LAMINATE CABINETS
MANUFACTURER: FORMICA
COLOR: TBD

MWG-3 PLASTIC LAMINATE COUNTERTOP WITH PLASTIC LAMINATE CABINETS:
PLASTIC LAMINATE COUNTERTOP
MANUFACTURER: FORMICA
COLOR: TBD

PLASTIC LAMINATE CABINETS
MANUFACTURER: FORMICA
COLOR: TBD

WOOD

WC-1 WOOD CEILING
MANUFACTURER: 9WOOD
SERIES: 9100, PANEL C
SIZE: 8 FEET LENGTHS
COLOR: TBD



Second Floor Finish Plan

Scale: 1/8"=1'-0"

DESCRIPTION

BY

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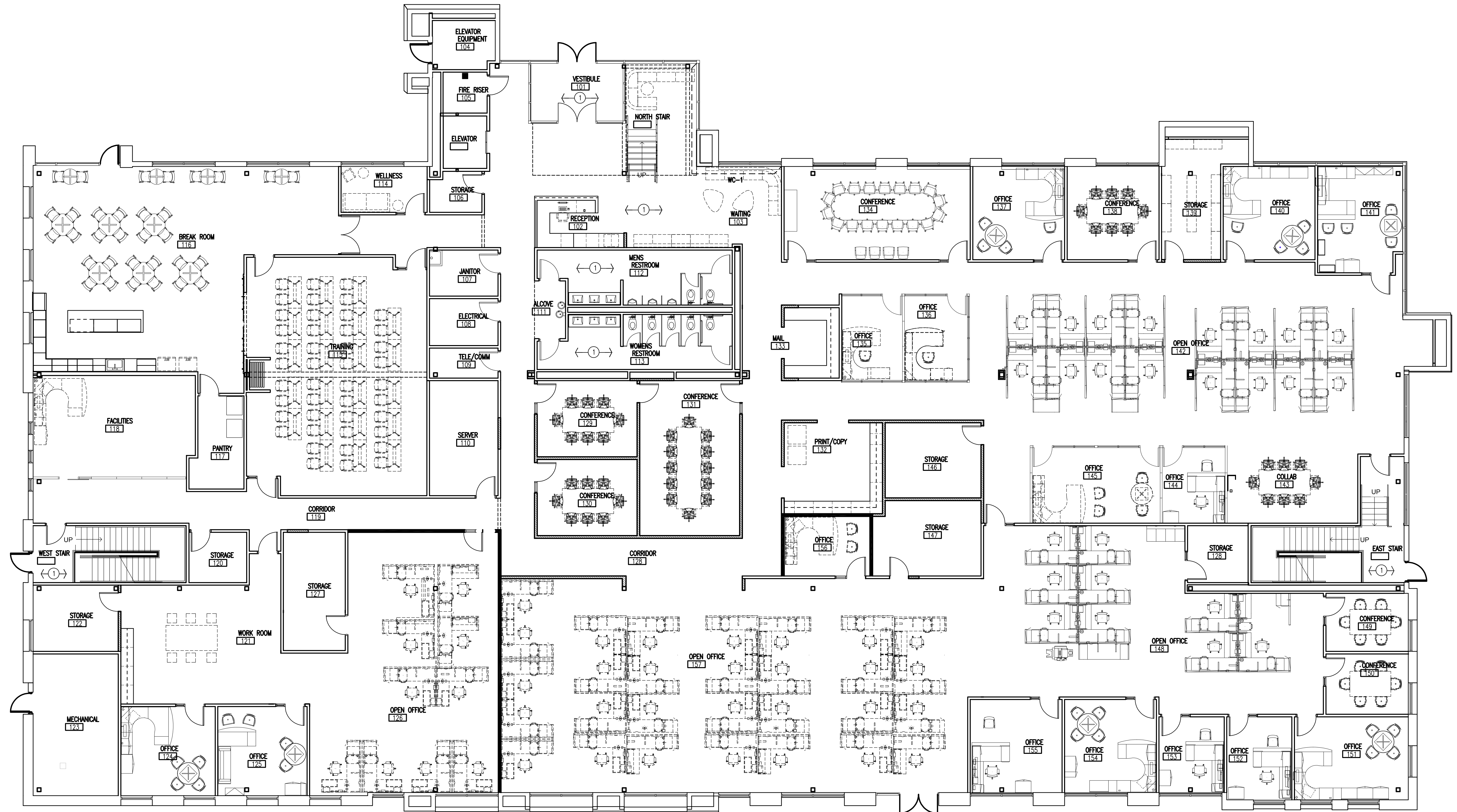
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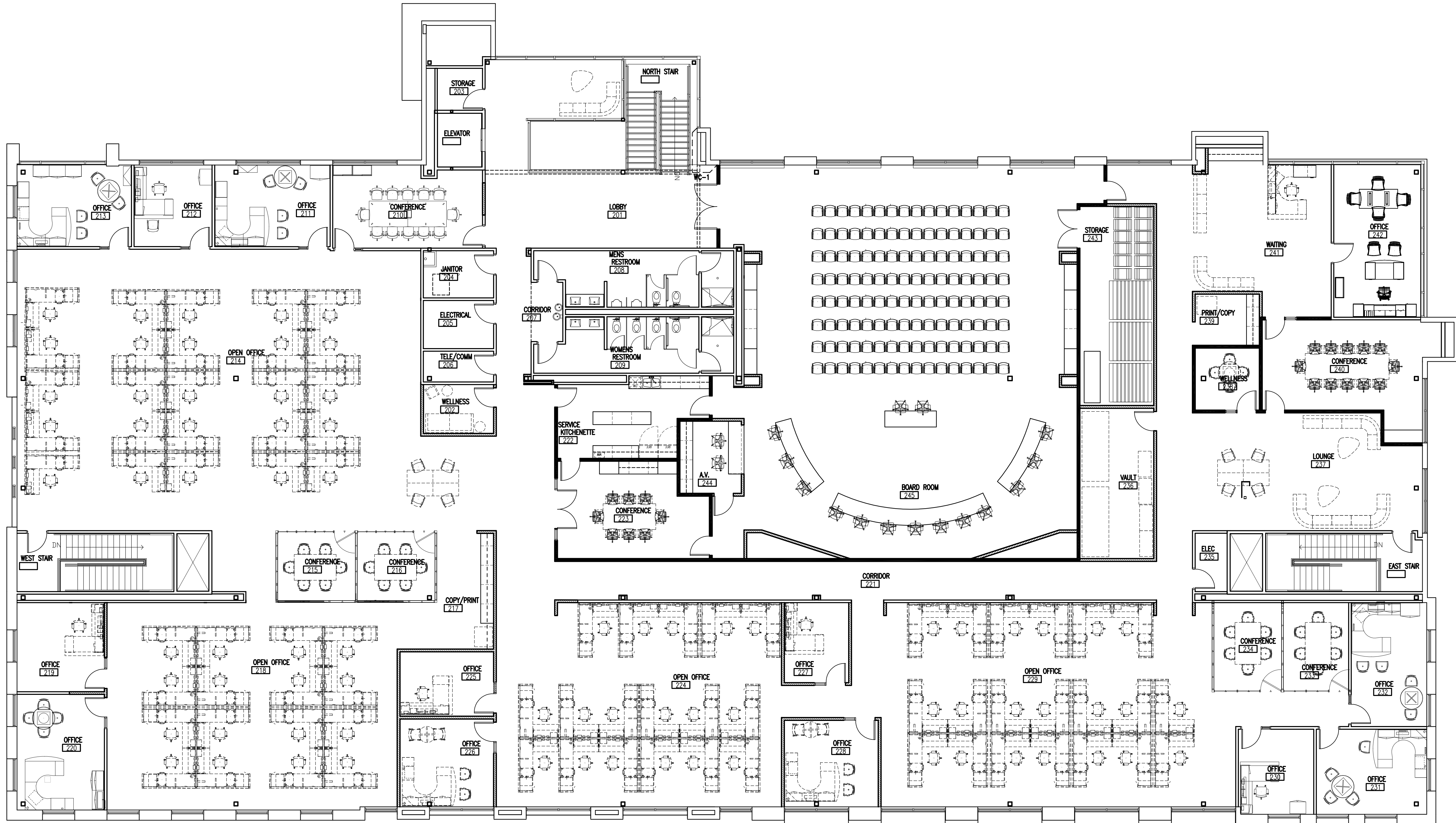
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 **First Floor Furniture Plan**
Scale: 1/8"=1'-0"



 **Second Floor Furniture Plan**
Scale: 1/8"=1'-0"

**New Mexico Mortgage Finance Authority
Request for Proposals
To Provide Re-Roof Construction Services**

Part I: Background & General Information

Introduction

The New Mexico Mortgage Finance Authority (“MFA” and/or “Owner”) is a governmental instrumentality, separate and apart from the state, created by the Mortgage Finance Authority Act, NMSA Sections 58-18-1 to 27 for the purpose of financing affordable housing for low- and moderate-income New Mexico residents.

Purpose

The purpose of this Request for Proposals (RFP) is to solicit proposals, in accordance with the New Mexico Mortgage Finance Authority Procurement Policy, from qualified general contractors that by reason of their skill, knowledge, and experience are able to furnish Re-Roof Construction Services to MFA (“Offerors”) to install a new roof on MFA’s new headquarters located at 7425 Jefferson St. NE, 87109.

Project Description

This project is the re-roof of the existing 2-story, ±44,978 square feet REDW Building at 7425 Jefferson Street NE. The roof is approximately ±23,000 square feet with existing solar panels which need to be removed, stored and re-installed. The Offeror will be required to coordinate new roof penetrations with the Owner’s General Contractor who will be renovating the interior of the Building and with tenant to maintain the Project Schedule.

RFP and Construction Documents Made Available to Potential Offerors

Proposal Documents (RFP, construction drawings, & specifications) may be obtained from the Design Professional of Record as follows:

Design Professional of Record: Mullen Heller Architecture, P.C.
Douglas Heller, AIA

Address: 1718 Central Avenue SW, Suite D
Albuquerque, NM 87104

Telephone: (505)268-4144

Email: doug@mullenheller.com

A drop box link containing an electronic Bid Form, Construction Drawings and a Project Manual will be provided to each Offeror.

Questions and Answers

Questions pertaining to this RFP and application, including those regarding the selection process and those regarding technical construction issues, must be submitted to the Design Professional of Record's offices via email (doug@mullenheller.com). All questions must be submitted prior to the deadline listed in the "Sequence of Selection Process Events" chart below. The design professional will respond to all questions submitted by addenda by the release of last addendum date listed in the "Sequence of Selection Process Events" chart below.

Proposal Submission

The original and three (3) copies of a proposal must be received by MFA at its office, located at 344 Fourth Street S.W., Albuquerque, NM 87102, by no later than **Thursday, August 10, 2023, at 2:00 p.m., Mountain Time**. Proposals shall be in sealed envelopes marked "Response to RFP to Provide Re-Roof Construction Services."

Bid Proposals are to be submitted on the forms provided with the Bid Proposal documents (Bid Form, Construction Drawings, and Project Manual) (see "Part V: Proposal Format and Instructions to Offeror"). Fill in all required blanks legibly, in ink or by typewriter. Any alteration must be initialed by the individual signing the Bid Proposal. Sums shall be expressed in both words and figures. In the event of a discrepancy between the two, the words will govern. Bid Proposals shall be signed with the name and title/position of the person or persons authorized to bind the Offeror to a contract.

Bid Proposals in which acceptance is in some manner restricted or conditioned by the Offeror will be reviewed by the Owner. If the limitations imposed are not in the best interest of Owner or are prejudicial to other Offerors, the Bid Proposal will be rejected.

Bid Proposals received after the time and date established will not be accepted and shall be returned unopened.

Mandatory Pre-Bid Conference

Attendance at a Pre-Bid Conference is mandatory. The pre-proposal meeting will be conducted at MFA' new headquarters at 7425 Jefferson Steet NE (on the southwest corner of Jefferson and Masthead), 87109 on **Friday, July 25, 2023 at 9:00 AM local time**. Please check in with reception at the front desk and you will be directed to the meeting. All prime/general contractors who intend to submit a proposal for this project must attend this meeting. A tour of the project site will be conducted following the Pre-Bid Conference. This meeting provides potential Offerors an opportunity to request clarification about the procurement process and discuss the intent and the specifics of the project with MFA and the design professional.

Sequence of Selection Process Events

	Event	Responsible Party	Date	Location
1	RFP and Construction Documents Made Available to Potential Offerors	Contract Design professional	07-20-2023	By Email from Design Professional of Record
2	Advertisement of RFP	MFA Procurement	07-20-2023	Albuquerque Journal, MFA website
3	Mandatory Pre-proposal Conference	MFA & Design Professional	07-25-2023 9:00 AM	MFA New Headquarters 7425 Jefferson St. NE, 87109
4	Submission of Written Questions	Potential Offerors	08-04-2023	Send to Design Professional's office

			before 12:00 PM deadline	
5.	Release of Last Addendum Prior to Submission of Proposals	MFA and Design Professional	08-08-2023 5:00 PM deadline	Issued to All Potential Offerors
6.	Submission of Price Proposals and Qualifications	Offerors	08-10-2023 2:00 PM deadline	MFA Offices 344 4th Street SW, 87102
7.	Notice of Award	MFA Board of Directors	08-16-2023	MFA Offices
8.	Deadline for Protest	Unsuccessful Offerors	five (5) business days after the notice of award	MFA Offices 344 4th Street SW, Albuquerque

Proposal Tenure

All proposals shall include a statement that the proposal shall be valid until contract award, but no more than ninety (90) calendar days from the proposal due date.

RFP Revisions and Supplements

If it becomes necessary to revise any part of this RFP or if additional information is necessary to clarify any provision of this RFP, the revision or additional information will be posted on the MFA web site.

Incurred Expenses

MFA shall not be responsible for any expenses incurred by an Offeror in responding to this RFP. All costs incurred by Offerors in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Offerors.

Cancellation of Requests for Proposals or Rejection of Proposals

MFA may cancel this RFP at any time for any reason and may reject all proposals (or any proposal) which are/**are** not responsive. MFA reserves the right, in its sole discretion, to accept or reject any or all proposals and maintains no obligation to select any proposal.

Evaluation of Proposals, Selection and Negotiation

Proposals will be evaluated **by** an Internal Review Committee of MFA staff and the Design Professionals, and a final recommendation shall be made by the Property Committee of MFA staff and design professional to MFA's Board of Directors.

The MFA Board of Directors shall select the Offeror(s) whose proposal(s) is/are deemed to be most advantageous to MFA to enter into contract negotiations with MFA. If a final contract cannot be negotiated, then MFA will enter into negotiations with the other Offeror(s).

Interview

If selected as a finalist, Offerors agree to provide MFA the opportunity to interview proposed staff members identified by the Internal Review Committee and/or Property Committee. The Internal Review Committee and/or Property Committee may request a finalist to provide an oral presentation of the proposal as an opportunity for the Internal Review Committee and/or Property Committee to ask questions and seek clarifications. All requests for interviews and oral presentations shall be made in MFA's sole discretion.

Award Notice

MFA shall provide written notice of the award to all Offerors within ten (10) days of the date of the award. The award shall be contingent upon successful negotiations of a final contract between MFA and the Offeror(s) whose proposal(s) is/are accepted by MFA.

Proposal Confidentiality

Offerors or their representatives shall not communicate with MFA's Board of Directors or staff members regarding any proposal under consideration or that will be submitted for consideration, except in response to an inquiry initiated by the Internal Review Committee and/or Property Committee, or a request from the Board of Directors, or its Property Committee for a presentation and interview. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of the Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, including any period immediately following release of the RFP.

MFA will not disclose, discuss or otherwise make available the contents of any proposal to competing or potential Offerors prior to the expiration of the protest period, which in the event a protest is presented, shall not occur until after final determination by the Board of Directors.

Irregularities in Proposals

MFA may waive technical irregularities in the form of proposal of any Offeror selected for award which do not alter the price, quality or quantity of the services offered. Note especially that the date and time of proposal submission as indicated herein under "Part I Background and General Information" cannot be waived under any circumstances.

Responsibility of Offerors

If an Offeror who otherwise would have been awarded a contract is found not to be a Responsible Offeror, a determination that the Offeror is not a Responsible Offeror, setting forth the basis of the finding, shall be prepared and the Offeror shall be disqualified from receiving the award. A Responsible Offeror means an Offeror who submits a proposal that conforms in all material respects to the requirements of this RFP and who has furnished, when required, information and data to prove that his financial resources, facilities, personnel, reputation and experience are adequate to make satisfactory delivery of the services described in this RFP. The unreasonable failure of an Offeror to promptly supply information in connection with an inquiry with respect to responsibility is grounds for a determination that the Offeror is not a Responsible Offeror.

Protest

Any Offeror who is aggrieved in connection with this RFP or the award of a Contract pursuant to this RFP may protest to MFA. The protest must be written and addressed to:

Jeff Payne, Chief Lending Officer

New Mexico Mortgage Finance Authority
 344 Fourth Street S.W.
 Albuquerque, New Mexico 87102

Or:

jpayne@housingnm.org

The protest must be submitted to MFA within five (5) business days after the notice of award. Upon the timely filing of a protest, the Contact Person shall give notice of the protest to all Offerors who appear to have a substantial and reasonable prospect of being affected by the outcome of the protest. The Offerors receiving notice may file responses to the protest within five (5) business days of notice of protest. The protest process shall be:

- ◆ The protest will be reviewed by the Property Committee of MFA's Board of Directors, and that committee shall make a recommendation to the full Board of Directors regarding the disposition of the protest.
- ◆ The Board of Directors shall make a final determination regarding the disposition of the protest, which determination shall not be subject to appeal.

Offerors or their representatives shall not communicate with members of MFA's Board of Directors or staff members regarding any proposal under consideration, except when specifically permitted to present testimony to the committee of the Board of Directors, until the protest period has expired, which if there is a protest shall not expire until final determination by the Board of Directors. A proposal will be deemed ineligible if the Offeror or any person or entity acting on behalf of Offeror attempts to influence members of the Board of Directors or staff during any portion of the RFP review process, which remains in effect until the expiration of the protest period, or does not follow the prescribed proposal and protest process.

Confidential Data/Public Inspection

After award, and after the expiration of the protest period, which shall include final determination of any protest by MFA's Board of Directors, all proposals will be open to the public for inspection and copying pursuant to MFA's Request to Inspect Documents Policy. Offerors must redact confidential and personal identifier information from documents if the information is not specifically required by MFA. Offeror agrees to indemnify MFA from any claims arising from or related to MFA's disclosure or nondisclosure of materials submitted to MFA related to the proposal.

Part II: Minimum Qualifications and Requirements

Only those Offerors who meet the following minimum criteria are eligible to submit a proposal pursuant to this RFP. Any proposal submitted by an Offeror that does not meet these minimum qualifications and requirements shall be rejected:

1. An Offeror must, at a minimum, hold a current State of New Mexico general contractor license designation of GB-98 and be licensed to do business in the State of New Mexico.
2. Ability to work around existing tenant and to comply with their security and professional requirements.
3. Offeror shall be willing and able to enter into a standard AIA contract with MFA. MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract. Materiality shall be determined in MFA's sole discretion.

4. Offeror shall provide evidence of its ability and willingness to provide MFA certificates of insurance acceptable to MFA prior to the commencement of any Work evidencing compliance with the insurance requirements in the AIA Document A101 Exhibit A, including but not limited to:
 - a. Commercial General Liability;
 - b. Automobile Liability;
 - c. Workers' Compensation;
 - d. Employers' Liability;
 - e. All Risks; and
 - f. Other insurance that may be identified by MFA
5. Offeror shall provide evidence of its ability and willingness to provide surety bonds, from a company or companies lawfully authorized to issue surety bonds in the jurisdiction where the Project is located, as follows:
 - i. Payment Bond in an amount equal to 100% of the contract between MFA and Offeror
 - ii. Performance Bond in an amount equal to 100% of the contract between MFA and Offeror

Selected Offerors must also meet the following requirements:

3. Offeror shall provide a written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
4. Offeror shall provide a written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
5. Offeror shall provide written certification, on the form attached as **Exhibit A**, that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct. Upon request by MFA, Offeror shall disclose information MFA may reasonably request relating to conflict or potential conflicts of interest.
6. Offeror shall provide a written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.

Part III: Services to be Performed

As requested by MFA, Re-Roof Construction Services required to be provided and to be incorporated into the contract to be awarded pursuant to this RFP include, the services detailed in the Project Description found in Part I of this RFP and as further detailed in the Bid Form, Construction Drawings, and Project Manual.

Part IV: Evaluation Criteria

MFA shall award the contract for Construction

Services to the Offeror whose proposal is most advantageous to MFA. Proposals that meet the Minimum Qualifications and Requirements shall be evaluated based on the below criteria. Proposals shall be scored on a scale of 1 to 100 (or 150 if interviews are held) based on the criteria listed below. Please note that a serious deficiency in any one criterion may be grounds for rejection regardless of overall score.

Criteria	Point Range	Maximum Points
1. Evidence of Offeror's Ability to Perform the Work: a. profiles of the technical competence and experience of: i. Offeror's principal(s); ii. Proposed Project manager and superintendent; and iii. any Subcontractor(s) identified in the response	0-5 0-3 0-2	10
Past performance in terms of cost control, quality of work, and compliance with performance schedules. 2.	0-30	30
3. Base Bid Proposal not including NMGR and capability to provide services in a timely manner.	0-35	35
4. Project Schedule and capability to provide services in a timely manner	0-20	20
5. New Mexico Resident Business: Offeror is licensed to do business in New Mexico and the majority of Offeror's employees who would perform the services to be performed in New Mexico reside in New Mexico	0-5	5
6. Interviews, if held	0-50	50
Maximum Points		100, or 150 if interviews are held

Part V: Proposal Format and Instructions to Offeror

Proposals submitted to MFA must, at a minimum, contain the following information and shall be organized as follows:

1. Letter of Transmittal – to include at least the following:
 - A. Name, address and telephone number of Offeror and name of contact person.
 - B. A signature of the Offeror or any partner, officer or employee who certifies that he or she has the authority to bind the Offeror.
 - C. Date of proposal.
 - D. A statement that the Offeror's proposal is valid for ninety (90) days after the deadline for submission of proposals.

- E. A narrative description and documents necessary to evidence Offeror's ability to perform the work including profiles of the technical competence and experience of: (i) Offeror's principal(s); and (ii) any subcontractor(s) identified in the response.
- F. A narrative description of past performance in terms of cost control, quality of work, and compliance with performance schedules. Please include five examples of past projects that demonstrate your capabilities noted above.
- G. A narrative description of the number of projects currently being managed by Offeror and a detailed narrative of Offeror's capacity to prioritize and manage this Project in accordance with the Project Schedule presented by Offeror.
- H. A statement that is willing and able to enter into a standard AIA contract with MFA and acknowledging that MFA shall be under no obligation to accept any material changes to the standard terms of the AIA contract which materiality shall be determined in MFA's sole discretion.
- I. A statement that Offeror is willing and able to provide the insurances listed in Part II: Minimum Qualifications and Requirements.
- J. A statement that Offeror is willing and able to provide the surety bonds listed in Part II: Minimum Qualifications and Requirements.

2. Price Proposal – Detailed requirements

- A. Price Proposals shall be presented in the form of a total Base Proposal under a Lump Sum Contract.
- B. A proposal must be submitted on all proposal items, allowances and alternates; segregated proposals will not be accepted. The proposal, bearing original signatures, must be typed or hand-written in ink on the Price Proposal Form.
- C. The Proposal price shall not include state gross receipts or local options taxes. Taxes will be included in the contracted amount at prevailing rates as a separate item to be paid by MFA.
- D. Before submitting a proposal, each Offeror shall carefully examine the RFP; shall visit the site of the work; shall fully inform themselves as to all existing conditions and limitations; and shall include in the proposal the cost of all items required by the RFP. If the Offeror observes that portions of the Re-Roof Construction Services to be performed are at variance with applicable laws, building codes, rules, regulations or contain obvious erroneous or uncoordinated information, the contractor shall promptly notify the Design Professional of Record specified in the RFP and the necessary changes shall be accomplished by addendum.
- E. Permits, Plan Checking Fees, Other Charges - Offerors shall include as part of the Price Proposal all costs incurred for permits relating to this scope of work, as charged by the City of Albuquerque (or any other applicable entity or agency with jurisdiction over the project) for checking Contract Documents prior to obtaining a building permit. Additionally, the Owner will not pay for business licenses, professional affiliations and similar costs of doing business which are the Offeror's obligation to secure and maintain. The cost of all bonding will be paid by the Offeror and will not be paid by the Owner. These costs are to be included in Offeror's Price Proposal.

3. Project Schedule

- A. A proposal shall include a detailed Project Schedule which, at a minimum, shall address:
 - i. Date Offeror is able to begin work on the Project; and
 - ii. Scheduling for the scope of work listed in the Project Description in Part I and in the Construction Documents.

4. Disclosure, Certifications and Licenses – Offeror shall provide:

- A. A written statement disclosing: (1) any political contribution or gift valued in excess of \$250.00 (singularly or in the aggregate) made by Offeror to any elected official of the State of New Mexico in the last three years, (2) any current or proposed business transaction between Offeror and any MFA member, officer, or employee, and (3) any other conflict or potential conflict which may give rise to a claim of conflict of interest.
- B. A written statement disclosing any pending investigation, litigation, recent settlements or regulatory sanctions in performing professional services during the past five years involving Offeror's firm or employees or individuals or organizations involved in any third-party agreements or joint venture agreements. Describe any circumstances under which Offeror's firm or any of Offeror's members or employees have been disciplined by any professional licensing, regulatory or ethics entity. Indicate whether Offeror's firm has been involved in any capacity in litigation, investigations or regulatory proceedings involving HUD, the State of New Mexico or any agency thereof.
- C. A written certification, on the form attached as **Exhibit A**, that Offeror has read and shall at all times conduct itself in a manner consistent with MFA's Third-Party Code of Conduct.
- D. A written certification that Offeror is eligible to participate in any and all federal- or state funded housing programs; is not currently facing disciplinary action by any federal, state or local entity; is not suspended, debarred or excluded from participation in any federal or state funded housing program; and is not listed as an excluded party (ies) on the System for Award Management's list of excluded parties accessed at www.sam.gov; and has not been debarred by MFA.
- E. Copies of licensing documentation showing that the Offeror is currently licensed by the State of New Mexico to perform general building Re-Roof Construction Services.
- F. A written certification that Offeror is an Equal Opportunity Employer and complies fully with all government regulations regarding nondiscriminatory employment practices.
- G. A statement indicating if Offeror has been free of any Labor Code violations during the entirety of the past 5 years (including repeated or willful violations of laws and/or regulations pertaining to the payment of prevailing wages or employment of apprentices of Public Works projects.)

5. References

- A. Offeror shall provide three to five references for references from customers to whom Offeror has provided services substantially similar in cost and scope to the Re-Roof Construction Services requested hereunder on the form attached hereto as **Exhibit B**.

6. New Mexico Resident Business

- A. Evidence that the Offeror is licensed to do business in New Mexico.
- B. Representation that the majority of Offeror's employees who would perform the services to be performed reside in New Mexico.

7. Other Documents Noted in Bid Form, Construction Drawings, and Project Manual

Part VI: Principal Contract Terms and Conditions

The Owner will enter into a standard AIA contract with the successful Offeror.

New Mexico Mortgage Finance Authority

Board Members

Chair Angel Reyes – President, Centinel Bank in Taos
 Vice Chair – Derek Valdo, Chief Executive Officer, AMERIND Risk
 Treasurer Rebecca Wurzbarger – Strategic Planning Consultant
 Member Raul Torrez – Attorney General, State of New Mexico
 Member Howie Morales – Lieutenant Governor, State of New Mexico
 Member Laura M. Montoya – Treasurer, State of New Mexico
 Member Patricia Sullivan, Associate Dean, New Mexico State University College of Engineering

Management

Isidoro Hernandez, Executive
 Director/CEO

Donna Maestas-De Vries, Chief Housing Officer
 Jeff Payne, Chief Lending Officer
 Lizzy Ratnaraj, Chief Financial Officer

EXHIBIT A

NEW MEXICO MORTGAGE FINANCE AUTHORITY THIRD-PARTY CODE OF CONDUCT

- A. Preamble. The New Mexico Mortgage Finance Authority ("MFA"), an instrumentality of the state government, exists to serve the citizens of the State of New Mexico. To maintain the respect, trust, and confidence of the public, and consistent with MFA's commitment to conduct its business in an ethical and legal manner, MFA requires that all Third Parties doing business with MFA comply with this Third-Party Code of Conduct and otherwise uphold the highest standards of ethics and behavior.
- B. Purpose. The purpose of this Code of Conduct is to provide general guidelines and a minimum standard of conduct for Third Parties doing business with MFA.
- C. Definitions. For the purpose of this Third-Party Code of Conduct, the following words and phrases shall have the following meanings:

"MFA Employee" means any person employed directly by MFA and any person employed through a staffing agency or by contract and for whom MFA has the right to direct and control the work performed.

"MFA Member" means a Member, and with respect to an ex-officio Member, his or her proxy, of the Board of Directors of the MFA.

"MFA Management" means the Executive Director/Chief Executive Officer, Chief Housing Officer, Chief Financial Officer, Chief Lending Officer and Director of Human Resources employed by the MFA.

"Transaction" means any transaction including, but not limited to any sale, purchase, or exchange of tangible or intangible property or services; any loan, loan commitment or loan guarantee; any sale, purchase, or exchange of mortgage loans, notes, or bonds; or any other business arrangement or contract therefor.

- D. Conflicts of Interest. Third Parties should avoid engaging in any activity that would conflict, interfere, or even create the appearance of a conflict with their business with MFA. Third Parties must disclose any potential conflicts to MFA in writing as soon as practicable upon discovery or recognition. Examples of potential conflicts include, but are not limited to:

- Engaging in a conflict-of-interest transaction prohibited by Section F of MFA's Code of Conduct, which can be found at:
https://housingnm.org/uploads/documents/Section_F_of_MFA_Code_of_Conduct.pdf
- Providing gifts and entertainment to any MFA Employee, MFA Management or MFA Member in an attempt to improperly influence MFA business decisions.

MFA shall not enter into any Transaction with a former MFA Member or former MFA Management for a period of one (1) year after such person ceases to be an MFA Member or MFA Management, except with prior approval of a disinterested majority of all current MFA Members.

To the extent applicable, Third-Party shall disclose conflicts of interest required pursuant to state or federal law, including but not limited to 2 CFR 200.112.

- E. Anti-Discrimination and Anti-Harassment Policy. MFA is committed to maintaining an employment

environment in which all individuals are treated with respect and dignity and expects the same from Third Parties doing business with MFA. MFA expects that Third Parties will maintain a workplace where employment-related decisions are based on performance, ability, or other legitimate, non-discriminatory bases and are never based on race, color, national origin, ancestry, citizenship status, religion, sex, sexual orientation, gender identity, age, physical or mental disability, serious medical condition, marital status, status with regard to public assistance, veteran status, or any other legally protected status. MFA also maintains and expects Third Parties to maintain a workplace that is free of unlawful harassment. This includes harassment based upon any of the above legally protected status (such as age, sex, religion, national origin, etc.) and which creates an intimidating, hostile, or offensive working environment. This also includes sexual harassment which is defined as unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature when submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment, submission to or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual; or such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidated, hostile, or offensive working environment. MFA will also not tolerate any form of unlawful discrimination or harassment of an MFA Employee by any Third-Party including by its employees, owners, managers, members, directors, agents, or representatives

- F. Confidential Information and Intellectual Property. Third Parties doing business with MFA must protect any confidential or proprietary information that belongs either to MFA or any other third-party with whom MFA does business, if such other third-party has provided MFA with confidential or proprietary information. Confidential or proprietary information includes, but is not limited to, any non-public financial information, business processes and systems, intellectual property, personally identifiable information of MFA's customers, and personally identifiable or private information about any MFA Employee, MFA Member, MFA Management, third-party, or customer, such as identity, medical, employment, or financial information. To the extent necessary for a Third-Party to share MFA's confidential or proprietary information with a sub-contractor, MFA expects the Third-Party to implement adequate controls at a level no less than those set forth in this Third-Party Code of Conduct with such sub-contractor. Third Parties must not infringe upon the intellectual property rights of other companies or organizations. Third Parties must return all confidential and proprietary information in their possession to MFA when the contractual relationship between MFA and the Third-Party has terminated, unless otherwise specified by contract. The obligation to protect MFA's confidential and proprietary information continues even after any business relationship between MFA and the Third-Party ends. MFA may require that Third Parties sign a separate confidentiality and non-disclosure agreement.
- G. Onsite Visitor Requirements. While on MFA's premises, Third Parties must comply with all MFA rules and procedures, including security measures and requests. These may include but are not limited to:
 - Registering with reception.
 - Accessing only authorized areas unless accompanied by an MFA Employee.
 - Promptly reporting known security violations and property loss or damage.
 - Complying with all MFA facility requirements, including maintaining a substance-free and violence-free workplace.
 - Any public health and safety policies in effect, including wearing a face mask.
- H. Compliance with Laws, Regulations, Policies and Procedures and Contracts. All Third Parties must comply with all applicable state and federal laws, codes, and regulations and MFA's policies and

procedures to the extent applicable to the Third-Party and must not violate any terms and conditions established by contract with MFA.

- I. Business Integrity. Any and all forms of illegal or inappropriate activity by a Third-Party doing business with MFA, including, but not limited to, corruption, misrepresentation, extortion, embezzlement, or bribery, are strictly prohibited and may result in termination of any or all agreements with MFA.

OFFEROR ACKNOWLEDGMENT

By: NAME

Date

Signature

EXHIBIT B**ORGANIZATIONAL REFERENCE QUESTIONNAIRE**

The New Mexico Mortgage Finance Authority, as part of the RFP process, requires Offerors to submit three-five references from customers to whom Offeror has provided services substantially similar in cost and scope to the Re-Roof Construction Services requested hereunder. The purpose of these references is to document Offeror's experience relevant to the scope of work in an effort to establish Offeror's responsibility. Offeror shall send the following reference form to each business reference listed in Offeror's proposal.

**RE-ROOF CONSTRUCTION SERVICES RFP
ORGANIZATIONAL REFERENCE**

OFFEROR

Reference No. 1	Name: Company: Address: Telephone: Email:
Reference No. 2	Name: Company: Address: Telephone: Email:
Reference No. 3	Name: Company: Address: Telephone: Email:
Reference No. 4	Name: Company: Address: Telephone: Email:
Reference No. 5	Name: Company: Address: Telephone: Email:



MEMO

TO: MFA Board of Directors

Through: Property Committee – July 12, 2023

FROM: Jeff Payne, Chief Lending Officer

DATE: July 19, 2023

SUBJECT: Contract Associates Office Systems Limited Source Procurement

Recommendation

Staff requests approval to move forward with negotiating a limited source procurement with Contract Associates to 1) supply modular furniture for the 7425 Jefferson St., NE Albuquerque, NM 87109 location, and 2) to move and reconfigure existing modular furniture. Once negotiated, staff will bring the recommended contract(s) before the MFA Board of Directors for approval.

Background

In May of 2023 MFA closed on the purchase of the building at 7425 Jefferson St. NE with the intent to renovate and occupy that location. MFA was able to negotiate for the seller to include systems office furniture in the sales price which reduced the need for MFA to purchase a significant amount of furniture, thus lowering the overall cost of relocation for MFA.

The existing furniture is modular and will need to be reconfigured to meet MFA's needs in the renovated floorplan. There are areas of the building both on the ground floor and the second story that are currently unfinished and which will require additional workstations to be purchased. It will be important to purchase the same brand and type of systems furniture to match the existing furniture to ensure MFA is able to most effectively and efficiently utilize all existing furniture. There may also be instances where the existing workstations will need to be reconfigured and may require additional matching parts to be purchased.

Discussion

Contract Associates has been identified as the vendor that provided the furniture when the seller originally occupied the building. They are the only vendor in NM that carries this line of furniture. Contract Associates is on the State of New Mexico procurement list.

The furniture manufacturer is Haworth and the system is called Compose. While it is common for furniture systems to be discontinued over time, Contract Associates indicates that they are still able to obtain workstations that would match the existing workstations. According to the plan, 12 new workstations are needed on the first floor and 41 on the second floor for a total of 53 additional workstations.

On page 53 (Section 3.1 B 4) of the MFA Policies and Procedures Manual, Limited Source Procurement is defined:

“Limited source procurement is procurement for items or services that are only available from one source or when there are such a limited number of qualified sources for the procurement, as determined under the facts and circumstances of the procurement, that a competitive sealed proposal procedure would be impracticable and therefore competition is determined inadequate. In such conditions MFA may conduct negotiations to obtain the price and terms most advantageous to MFA, with any vendor or vendors that MFA determines to be most capable of delivering the procurement. Limited source procurements may also be utilized in federally funded programs if the federal awarding agency expressly authorizes noncompetitive proposals.”

Staff believes that this procurement meets the definition of a limited source procurement as stated above. Contract Associates is the only vendor in New Mexico for this brand of office systems furniture. They were the vendor when the furniture was originally purchased for REDW, the previous occupant of 7425 Jefferson. Prior to purchasing the building, staff estimated the cost of additional furniture. At the time, it was unknown exactly how many extra workstations would be needed. Staff obtained an approximate cost per station. Using that information, we would now have a better estimate of the cost of additional workstations. This provides staff a cost to compare to the actual proposal when received from the vendor.

Staff points out that this limited source procurement is for the purchase of the modular systems furniture that will work with the existing furniture and workstation systems in the building. Purchase of other required furnishings to include conference room, training room and lobby furniture will be administered as their own procurements and will be approved separately according to procurement policy.

Summary

Staff requests approval to move forward with negotiating a limited source procurement contract with Contract Associates to provide modular furniture for the 7425 Jefferson, NE Albuquerque, NM 87109 location. This will allow MFA to reconfigure existing modular furniture and add needed workstations. Once negotiated, staff will bring the contract before the MFA Board of Directors for approval.

**Staff Actions Requiring Notice to Board
During the Period of June 2023**

Department and Program	Project	Action Taken	Comments / Date Approved
Compliance and Initiatives	United Methodist Committee on Relief	Approved \$30,000 from the Emergency Housing Needs Pilot Program for the United Methodist Committee on Relief (serving Mora and San Miguel County residents impacted by the wildfires) for home infrastructure and land repairs not otherwise covered by FEMA assistance but are emergency in nature.	Approved by Policy Committee on May 30, 2023
Servicing	NPL Write Off	Servicing approved write off under NPL write off policy for the balance of \$73,595.41 equaling 11 DPA loans: First down: 9 loans totaling \$64,891.52. Mortgage Booster: 2 loans totaling \$8,703.89.	Approved by Teresa Lloyd on June 29, 2023
Servicing	Write Off	Servicing approved write off 5 loans after foreclosure sale reconciliation totaling \$22,821.42. Mortgage Booster -Loan # 89058 \$2676.42 First down 4 loans totaling \$20,145.00.	Approved by Teresa Lloyd on June 29, 2023
Community Development – Youth Homelessness Demonstration Program (YHDP)	2023-2024 YHDP Award	Approval to award \$413,000 in State of New Mexico funding, designated will be used as match funding for the Youth Homelessness Demonstration Project (YHDP). The state has allowed 10% (\$41,300) of the award to be used for administrative costs. The administrative award will be split equally between MFA and the service providers. The remaining \$371,700 will be awarded to the HUD approved service providers.	Approved by Policy Committee on June 6, 2023
Community Development – Linkages	2023-2024 Linkages Award	Approval to award linkages Housing Administrators a total of \$3,944,848.86, under Limited Source Procurement for the program year 2023-2024.	Approved by Policy Committee on June 6, 2023
Housing Development	San Roque Apartments	Approval of four (4) HOME units to be designated at 60% AMI from 50% AMI as	Approved by Jeff Payne on June 1, 2023

Department and Program	Project	Action Taken	Comments / Date Approved
		determined by MFA's subsidy analysis. Also, MFA adjusted the lien position of the HOME mortgage to the 3rd lien position due to the permanent loan structure of the project, consisting of a swap agreement between two banks.	



MEMO

TO: MFA Board of Directors
FROM: Lizzy Ratnaraj and James Schneider
DATE: July 19th, 2023
SUBJECT: Single Family Mortgage Bonds 2023 Series B – Pricing Summary

2023 Series B

The 2023 Series B transaction is a new money bond issue which priced on April 29th, 2023, and closed on May 25th, 2023. The following is a summary of the bond sale:

Structure: The bond issue is an \$80.0 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class ("PAC") bond.

Marketing: To enhance the marketing of bonds to retail investors, our selling group members participated in the underwriting syndicate, namely, Baird, D.A. Davidson & Co., Fidelity Capital Markets, Drexel Hamilton, Inc., and UBS Financial Services Inc. New Mexico retail investors had first priority followed by national retail investors. The underwriting syndicate submitted \$25.475 million in orders and was allotted \$11.110 million of bonds. In addition, a total of \$31.2 million in retail orders were received, of which \$1.4 million was from New Mexico retail investors. Compared to the 2023 Series A issuance, which priced in January 2023, retail orders increased 13.5%, though New Mexico retail orders decreased 80%.

Total orders for the bond issue were \$134.2 million for both retail and institutional investors, which is a significant decrease of 57% in total orders compared to the 2023 Series A issuance. This is mainly due to a high supply of single family tax-exempt bonds as five other HFA's were pricing bonds during the same week as MFA. In addition, municipal bond to treasury ratios fell very low in preceding weeks, which caused investors to require higher municipal bond yields to negate the low ratios.

Use of Bond Proceeds: The \$80.0 million is being used to originate new mortgage loans and to roll forward a subsidy generated from prior bond issues which helped maintain competitive mortgage rates. The weighted average mortgage rates are as follows:

<u>Program</u>	<u>Government</u>	<u>Conventional <80% AMI</u>	<u>Conventional >80% AMI</u>
FIRST HOME	5.610%	5.965%	5.965%

Spread: The spread on the transaction is 1.122%. Spread is the difference between the mortgage yield and the bond yield. The maximum spread permitted by federal tax law is 1.125%. The net present value benefit of the transaction is \$2.9 million or approximately 3.6% of the bonds issued.

Investment of Bond Proceeds: Funds from the bond issue are invested in Federal Government Obligations Fund Institutional Shares through Zions Bank, the General Indenture Trustee.

The attached Exhibit 1 contains a table summarizing more detailed information about the 2023 Series B bond issue as well as bond issue characteristics from other recent single-family issuances for comparative purposes.

The attached Exhibit 2 is a comprehensive in-depth “Post-Sale Analysis” for 2023 Series B, prepared by MFA’s Financial Advisor, CSG Advisors.

EXHIBIT 1

New Mexico Mortgage Finance Authority
Summary of Recent Bond Issue Characteristics

	For Info Only	For Info Only	For Info Only	For Info Only	
	2022C	2022D	2022E	2023A	2023B
Type of Structure	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt	New Money Tax-Exempt
	Traditional	Traditional	Traditional	Traditional	Traditional
	1 Tax Exempt Bonds	\$90,000,000	\$99,000,000	\$74,990,000	\$60,000,000
	Taxable Bonds	n/a	n/a	n/a	n/a
	Tax-Exempt Refunding Bonds	n/a	n/a	n/a	n/a
	Taxable Refunding Bonds	n/a	n/a	n/a	n/a
Total Amount of Bonds Issued	\$90,000,000	\$99,000,000	\$74,990,000	\$60,000,000	\$80,000,000
2 Bond Issue(s) Refunded	n/a	n/a	n/a	n/a	n/a
3 MFA Subsidy*/Benefit-(New Available)/ Present Value Economic Benefit	\$2.7 million/\$2.0 million	\$3.7 million/\$4.7 million	\$2.2 million/\$0.28 million	\$2.1 million/\$3.2 million	\$2.9 million/\$3.3 million
4 Original Bond Ratings: Standard & Poor's Moody's	None Aaa	None Aaa	None Aaa	None Aaa	None Aaa
5 Pricing Date(s)	4/12/2022	7/12/2022	11/8/2022	1/25/2023	4/20/2023
6 Bond Closing Date	5/24/2022	8/18/2022	12/15/2022	2/23/2023	5/25/2023
7 Serial Bond Maturities					
AMT	None	None	None	None	None
Non-AMT	3/1/23-9/1/33	9/1/23-9/1/34	9/1/23-9/1/34	3/1/24-9/1/35	3/1/24-9/1/33
Taxable	None	None	None	None	None
8 Term Bond Maturities	9/1/37,9/1/42 9/1/47,9/1/52	9/1/37,9/1/42 9/1/47,9/1/52	9/1/37,9/1/42 9/1/47,9/1/52	9/1/31,9/1/38 9/1/43,9/1/48 9/1/53	9/1/35,9/1/38 9/1/43,9/1/48 9/1/53
9 Premium PAC Maturity	3/1/53	3/1/53	9/1/53	3/1/54	3/1/54
10 Split Between FIRST HOME Government and Conventional Loans					
Government	85%	80%	80%	80%	80%
Conventional	15%	20%	20%	20%	20%
11 Weighted Average Loan Rates+					
FIRST HOME - Government	4.650%	5.199%	5.761%	5.445%	5.610%
FIRST HOME - Conventional <80%	4.674%	5.496%	6.009%	5.770%	5.965%
FIRST HOME - Conventional >80%	5.051%	5.927%	6.487%	5.770%	5.965%
12 10-Year Treasury Rate at Pricing	2.72%	2.98%	4.14%	3.46%	3.54%
13 GIC Rates**					
Acquisition Fund Rate	n/a	n/a	n/a	n/a	n/a
Float Fund Rate	n/a	n/a	n/a	n/a	n/a
14 MFA Contribution at Closing					
Cost of Issuance (COI)	\$800,000	\$870,000	\$715,000	\$600,000	\$750,000
COI as a % of Bonds Issued	0.89%	0.88%	0.95%	1.00%	0.94%
Negative Arbitrage Deposit	\$1,000,000	\$1,000,000	\$750,000	\$600,000	\$850,000
15 Yield Spread	n/a	n/a	n/a	n/a	n/a
16 Administrative Fee (to MFA)	0.180%	0.180%	0.180%	0.180%	0.180%
17 Bond Allocation System Followed***	Yes	Yes	Yes	Yes	Yes

*Subsidy was generated by a prior bond issue.

+Weighted average rate of loans in the pipeline.

**The Guaranteed Investment Contract is competitively bid.

***The bond allocation system that is followed is common in the investment banking industry and is as follows:

The lead manager keeps track of when the orders are received which is referred to as an order flow tracking system.

The bond allocation system also dictates that Bonds are awarded to managers prior to any selling group members

even though group members may have entered orders first. In-state retail orders receive first priority,

followed by orders for the benefit of the group which are allocated by management fee percentage;

next are net designated orders placed through the senior manager where the buyer designates the sales credit

to specific managers, and finally, member orders receive the lowest priority.

Exhibit 2

\$80,000,000
New Mexico Mortgage Finance Authority
Single Family Mortgage Program Class I Bonds
2023 Series B (Tax-Exempt) (Non-AMT)

POST-SALE ANALYSIS

KEY RESULTS FOR MFA

Purpose. This transaction is a traditional single-family bond issue with semi-annual interest and principal, though bonds can be redeemed quarterly from excess revenues. Its purpose, like similar prior new money transactions is to:

1. Finance new loan production at attractive interest rates for homebuyers,
2. Provide beneficial economics to MFA with as close to the maximum yield spread permitted by the IRS as possible,
3. Strategically use MFA's zero participation loans as needed, and
4. Keep negative arbitrage to a minimum.

Additionally, this transaction reallocates zero participation loans from prior series (2023 Series A) well within the required time of 18 months for which to reallocate loans.

Approach and Strategy. Over the past five years, MFA has used traditional bond structures to finance new production that did not need a refunding component in order to generate full spread economics. Since the beginning of 2018, MFA has issued multiple all new-money transactions that did not include a refunding component, providing MFA with a balance sheet solution for new production without a form of subsidy such as refundings. Zero participation loans will be used in this transaction to bring it to full spread.

From a strategic point of view, MFA has been:

1. Building a loan pipeline by reserving loans, while reviewing expected rates on a traditional bond structure,
2. Issuing bonds to begin financing mortgage-backed securities at bond closing through a 3 to 4 month origination period, and
3. Protecting itself against rates rising before bonds are sold by using zero participation interest subsidies it has earned from past transactions.

Primary Objectives. MFA therefore has three primary objectives:

1. Finance existing production at the lowest yield possible,
2. While keeping mortgage loan rates low, strategically use MFA's approximately \$19.4 million of zero participations (prior to issuing 2023B) to achieve full spread and preserve more zero participations for future production, and
3. Raise bond premium in order to generate proceeds to help fund the purchase of the MBS from the servicer at 101%, to fund cash flow lag, and to fund all of the costs of issuance of the transaction.

Structure. The 2023B bonds:

- Included bond proceeds sufficient to finance \$80.1 million of new pipeline production and provide sufficient proceeds to use and store zero participations,
- Were structured with serials bonds, term bonds and Planned Amortization Class (PAC) bonds,

NM MFA 2023 Series B
Post-Sale Analysis
Page 2 of 5

- Sold the PAC bonds with a total premium of \$2.47 million which provides additional funds to purchase \$80.1 million of MBS and fund all of the costs of issuance.
- Were priced slightly 5 weeks prior to closing, enabling MFA to lock in its borrowing cost sooner as well as finance more of its pipeline production prior to closing, thus reducing both interest rate risk and negative arbitrage,
- Allowed for either GNMA, Fannie Mae (FNMA), or Freddie Mac (FHLMC) MBS depending on MFA's loan pipeline,
- Provided MFA with an optional call in 9.0 years at par (the exception being the PAC bond) if it proves profitable to redeem the bonds in the future,
- Deposited \$0.85 million of Authority funds in a negative arbitrage account to provide necessary funds to cover non-origination stress test in rating agency cash flow runs. We expect most or all of such funds to be transferred back to MFA within 12 to 18 months, as it isn't expected to be needed once the MBS are purchased several months after closing as anticipated.

Results. The bond structure consisted of three major components: non-AMT serial bonds, term bonds and a premium PAC bond.

1. **Yields.** The bond yield (true interest cost) was 4.35% assuming 100% FHA prepayments (compared to 3.97% for the 2023A bonds sold three months prior in January).
2. **Use of Zero Participations.** In order to achieve full spread, 2023B is forecasted to create \$1.0 million in zeros on a nominal basis resulting in \$20.4 million in zeros for future bond issues (assuming participation with a future issue in 3 months). On a rate-adjusted basis, 2023B is projected to be above full spread.
3. **Net Economic Benefits.** The transaction's projected net present value was \$2.9 million at 150% PSA prepayment speed, or approximately 3.6% of the bonds issued. Including the impact of zeros created, the net present value was \$3.3 million.

Bond Results. Following are key highlights:

1. **Timing.** The bonds were priced on the morning of Thursday, April 20th with concurrent retail and institutional order periods.

Both Single family and general municipal bond issuance was heavy during the week of 2023B's pricing. In addition, with municipal bond to treasury ratios having fallen very low in recent weeks, investors began to require higher muni yields to negate the low ratios. Including MFA's sale, five other single family tax-exempt bond issues priced during the week of April 17th, including Minnesota, Oregon, West Virginia, Maine, and Ohio.

On the pricing date of April 20th, the 10-year Treasury was lower by 0.04% from the prior day to a 3.54% yield. The municipal market as measured by MMD rates was largely flat compared to the prior day. See "Market Details" below for a full description of the market leading up to the pricing date.

Retail Interest. A concurrent two hour retail and institutional order period was established with first priority to orders from New Mexico retail investors and second priority to national retail investors. This resulted in a total of \$31.2 million of retail orders (\$1.4 million of New Mexico retail). \$25.5 million of the 2023B retail orders were for term bonds, with \$5.7 million for the serials. Due to a large amount of unsold balances on the serial bonds, 10 of the serial bonds necessitated increases in yields by 0.05% while the 2034 and 2035 serials were termed-up into a 2035 term bond sold at a slight discount. The larger size of the 2035 term bond allowed it to be sold to an institutional investor.

2. **Institutional Interest.** In all, institutions put in orders totaling \$103 million (compared to \$281 million for the smaller, \$60MM 2023A). Investor interest for the \$32 million in PAC bonds was adequate, though not as strong as for 2023A's sale in January. The 2038 and 2043 term bonds had small unsold balances, with all other terms ending 1 to 2 times subscribed.
3. **Selling Group.** To enhance the order flow particularly with retail investors, five selling group members were included in the underwriting syndicate for 2023B. Selling group members included Baird, D.A. Davidson, Drexel Hamilton, Fidelity Capital Markets, and UBS. See below for orders and allotments from the selling group, of which UBS brought the most orders to the pricing:

TABLE 1: RETAIL ORDERS BY SELLING GROUP MEMBER (THOUSANDS):

Selling Group Member	Orders	Allotments
Fidelity Capital Markets	\$ 6,965	\$ 5,575
UBS	6,625	2,650
D.A. Davidson & Co	3,050	1,055
Baird	280	280
Drexel Hamilton	8,555	1,550
TOTAL	\$ 25,475	\$ 11,110

**Excludes unfilled stock orders.*

The selling group was useful to the issuance in terms of generating additional retail interest. Fidelity led the selling group in orders, followed by UBS.

4. **Comparable Transactions.** The 2023B bonds priced similarly to the West Virginia (Aaa/AAA) and Oregon (Aa2/-) transactions that priced the day prior, though slightly higher than the Minnesota deal the day prior. MFA's term bonds were priced within 5 bps of the issued priced the day prior. MFA's PAC bond priced at a spread of 1.46% over MMD (5.2 year average life), 0.07% and 0.08% higher than Oregon and Minnesota's PAC bonds, though 0.01% lower than the PAC sold by Ohio earlier in the week. In summary, MFA received adequate interest for its term bonds and PAC bonds, largely due to a heavy amount of general municipal bond and housing bond issuance the week of April 17th.

MARKET DETAILS

Key Dates: Retail and Institutional Order Period: Thursday, April 20, 2023
 Closing Date: Thursday, May 25, 2023

Economic Calendar. While economic news throughout 2022 was largely dominated by escalating inflation and concerns about the Federal Reserve's efforts to reduce inflation, the data releases throughout Q1 2023 leading up to this sale reflected slowing inflation. Core CPI, which excludes volatile items such as food and energy, rose 5.0% from a year earlier in March 2023, slowing from a 6.0% increase in February. It was the lowest reading since January 2022. During 2022, to combat inflation, the Federal Reserve increased the federal funds rate seven times for a total of 4.25%, including by 75 bps (the largest single-meeting hike in decades) in June, July, September, and November. Following 25-bp rate hikes at the Fed's February and March 2023 meetings, another 25-bp hike in May is still viewed as more likely than not. As important as these increases in the short-term federal funds rate are, the Fed's reduction of its balance sheet holdings of US Treasuries and MBS had caused additional upward pressure on long-term rates through much of 2022.

Treasury rates declined precipitously from November 2022 through the end of January 2023, rose through early March before falling since then.

Treasuries. As of market close on the day of pricing, the 10-year US Treasury yield was 3.54%, down 20 bps since the beginning of 2023 and down 71 bps since the 4.25% high in late October 2022. The yield curve remained inverted, with the 2-year Treasury 60 bps higher than the 10- year (albeit less severely than the 88-bp inversion in March). In fact, the 2-year Treasury rate has exceeded the 10-year rate since July of 2022. Such inversions have in the past been precursors to, and reflected investors' expectations of, future recession.

Municipals. Municipal fund outflows through 2022 totaled over \$121 billion, shattering previous year all-time outflow records. So far in 2023, while some outflows have continued out of muni bond funds, municipal ETFs have received inflows, and there's been a more favorable tone to investor demand in the muni market partly due to lower amount of new bond supply, as well as investor's need to reinvest recent bond redemptions. This has led to a favorable market for bond issuers as evidenced by declines in MMD ratios, though during the week of pricing 2023B, larger amounts of supply put pressure on MMD to treasury ratios.

When MFA priced its 2023A bonds in late January, the ratio of the 10-year MMD to Treasuries was at 63%; a very favorable ratio for tax-exempt issuers. By the time the 2023B bonds priced, the 10-year MMD to Treasury ratio was at 67%. Such ratios provide very attractive and low borrowing rates for issuers compared to the taxable alternatives.

TABLE 2: COMPARISON OF RATES IN RECENT TRANSACTIONS

Issue	Date	10 Year MMD	10 Year Treasury	MMD to Treasury Ratio	30 Year MMD	30 Year Treasury	MMD to Treasury Ratio
2021 A	4/13/21	1.01%	1.64%	62%	1.62%	2.32%	70%
2021 C	7/8/21	0.81%	1.30%	62%	1.33%	1.93%	69%
2021 D	10/13/21	1.19%	1.54%	77%	1.69%	2.03%	83%
2022 A	1/13/22	1.18%	1.70%	69%	1.64%	2.04%	80%
2022 C	4/12/22	2.42%	2.72%	89%	2.77%	2.82%	98%
2022 D	7/12/22	2.44%	2.96%	82%	2.98%	3.13%	95%
2022 E	11/8/22	3.30%	4.14%	80%	4.06%	4.28%	95%
2023 A	1/25/23	2.19%	3.46%	63%	3.18%	3.62%	88%
2023 B	4/20/23	2.36%	3.54%	67%	3.40%	3.74%	91%
<i>Change from 2022E to 2023B</i>		+ 17 bps	+ 8 bps	+ 4%	+ 22 bps	+ 12 bps	+ 3%

UNDERWRITING

Underwriter. RBC Capital Markets served as senior managing underwriter and Raymond James as co-manager. As described above, there was also a five-firm selling group.

Underwriting Fees. The underwriter discount of \$6.59 per \$1,000 bonds is reasonable compared to other similarly sized issues in the market.

Performance. RBC Capital Markets as book-running senior manager and Raymond James as co-manager worked well together and achieved sufficient order flow in a more challenging pricing week as described above. Sufficient order flow was evidenced by the ability to generate \$120 million in total orders (excluding stock member orders), including sufficient subscription to maintain the yield on all of the term bonds and the PAC bonds without adjustment.

The five-firm selling group enhanced the sale of the bonds. We recommend that MFA use a selling group on the next traditional bond issuance as well.



MEMO

TO: MFA Board of Directors
Through: Policy Committee, June 27th, 2023
FROM: Lizzy Ratnaraj and James Schneider
DATE: July 19th, 2023
SUBJECT: Single Family Mortgage Bonds 2023 Series C – Upcoming Issuance

2023 Series C

The 2023 Series C transaction is a new money bond issue which is expected to price on July 13th, 2023, and close on August 17th, 2023. The bond issue is expected to be a \$100 million tax-exempt traditional bond issue which provides for non-AMT serial bonds, term bonds and a premium planned amortization class (“PAC”) bond. This bond issuance will be all new money and all proceeds will be used to fund single-family first-time homebuyer mortgages. The final maturity of the bonds will not extend past March 1st, 2054. The interest rates the bonds will carry will not be determined until the bonds are priced on July 13th, 2023.

Market Update and Best Execution Discussion

Staff continues to monitor the Bond and To Be Announced (TBA) markets to determine the best method of funding MFA’s single-family first-time homebuyer programs. There is still significant volatility in both markets since our last bond issue, most accredited to the actions taken by the Federal Reserve in their ongoing fight against inflation and the debt-ceiling turmoil creating more challenges. Unrest in the banking sector lifted hopes that the central bank could limit its campaign to curb inflation sooner than originally expected. The Federal Open-Market Committee is expected to hold off on interest-rate increases for the first time in fifteen months. The federal funds rate sits at 5.08% as of June 1st, 2023, and the Consumer Price Index (Year-over-Year) for measuring inflation is 4.9% as of April 30th, 2023.

The Bond market continues to be more advantageous to MFA and its borrowers. As of June 22nd, 2023, MFA’s *FirstHome* Government mortgage rate is 5.875%. If the program was funded via the TBA market, the interest rate for the same product would have to be at least 7.375% to meet MFA’s benchmarks. Evidently, the bond market is heavily favored over the TBA market. MFA expects to be able to maintain these comparatively low rates with the 2023 Series C bond issuance while also creating \$4.3 million in net economic benefit for MFA.

New Mexico Mortgage Finance Authority

Combined Financial Statements
and Schedules

May 31, 2023

NEW MEXICO MORTGAGE FINANCE AUTHORITY
FINANCIAL REVIEW
For the eight-month period ended May 31, 2023

COMPARATIVE YEAR-TO-DATE FIGURES (Dollars in millions):		8 months <u>5/31/2023</u>	8 months <u>5/31/2022</u>	% Change <u>Year / Year</u>	Forecast <u>5/31/2023</u>	Actual to <u>Forecast</u>	Forecast/Target <u>9/30/23</u>
PRODUCTION							
1	Single family issues (new money):	\$215.0	\$289.9	-25.8%	\$215.0	0.0%	\$300.0
2	Single family loans sold (TBA):	\$0.0	\$72.7	-100.0%	\$0.0	0.0%	\$10.0
3	Total Single Family Production	\$215.0	\$362.6	-40.7%	\$215.0	0.0%	\$310.0
4	Single Family Bond MBS Payoffs:	\$34.0	\$109.7	-69.0%	\$31.9	6.6%	\$47.9
STATEMENT OF NET POSITION							
5	Avg. earning assets:	\$1,706.3	\$1,521.8	12.1%	\$1,721.9	-0.9%	\$1,721.9
6	General Fund Cash and Securities:	\$102.2	\$84.8	20.5%	\$87.8	16.4%	\$87.8
7	General Fund SIC FMV Adj.:	\$0.6	-\$3.0	119.2%	\$0.0	N/A	\$0.0
8	Total bonds outstanding:	\$1,481.2	\$1,280.8	15.6%	\$1,422.4	4.1%	\$1,422.4
STATEMENT OF REVENUES, EXPENSES AND NET POSITION							
9	General Fund expenses (excluding capitalized assets):	\$16.1	\$15.7	2.4%	\$18.5	-12.8%	\$27.3
10	General Fund revenues:	\$21.0	\$16.5	27.1%	\$19.5	7.8%	\$29.7
11	Combined net revenues (all funds):	\$8.9	-\$2.9	405.0%	\$6.7	34.0%	\$10.0
12	Combined net revenues excluding SIC FMV Adj. (all funds):	\$8.5	\$1.8	379.8%	\$6.7	27.8%	\$10.0
13	Combined net position:	\$294.5	\$282.5	4.3%	\$296.1	-0.5%	\$296.1
14	Combined return on avg. earning assets:	0.79%	-0.29%	372.0%	0.58%	35.4%	0.58%
15	Combined return on avg. earning assets excluding SIC FMV Adj. (all funds):	0.75%	0.18%	327.9%	0.58%	29.1%	0.58%
16	Net TBA profitability:	0.00%	0.61%	-100.0%	0.50%	0.0%	0.50%
17	Combined interest margin:	0.87%	0.52%	68.2%	0.79%	9.9%	0.79%
MOODY'S BENCHMARKS							
18	Net Asset to debt ratio (5-yr avg):	24.51%	26.76%	-8.4%	25.18%	-2.6%	25.18%
19	Net rev as a % of total rev (5-yr avg):	9.23%	9.59%	-3.7%	10.12%	-8.8%	10.12%
SERVICING							
20	Subserviced portfolio	\$2,023.7	\$1,840.6	10.0%	\$2,023.7	0.0%	\$2,085.1
21	Servicing Yield (subserviced portfolio)	0.41%	0.41%	0.0%	0.41%	0.0%	0.41%
22	Combined average delinquency rate (MFA serviced)	8.47%	8.21%	3.2%	9.50%	-10.8%	9.50%
23	DPA loan delinquency rate (all)	8.28%	7.93%	4.4%	N/A	N/A	N/A
24	Default rate (MFA serviced-annualized)	0.56%	0.74%	-24.5%	1.30%	-57.3%	1.30%
25	Subserviced portfolio delinquency rate (first mortgages)	10.58%	11.33%	-6.6%	N/A	N/A	N/A
26	Purchased Servicing Rights Valuation Change (as of 3/31/23)	\$9.9	\$8.1	22.1%	N/A	N/A	N/A

Legend:

Positive Trend	Caution	Negative Trend	Known Trend/Immaterial
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SUMMARY OF BOND ISSUES:

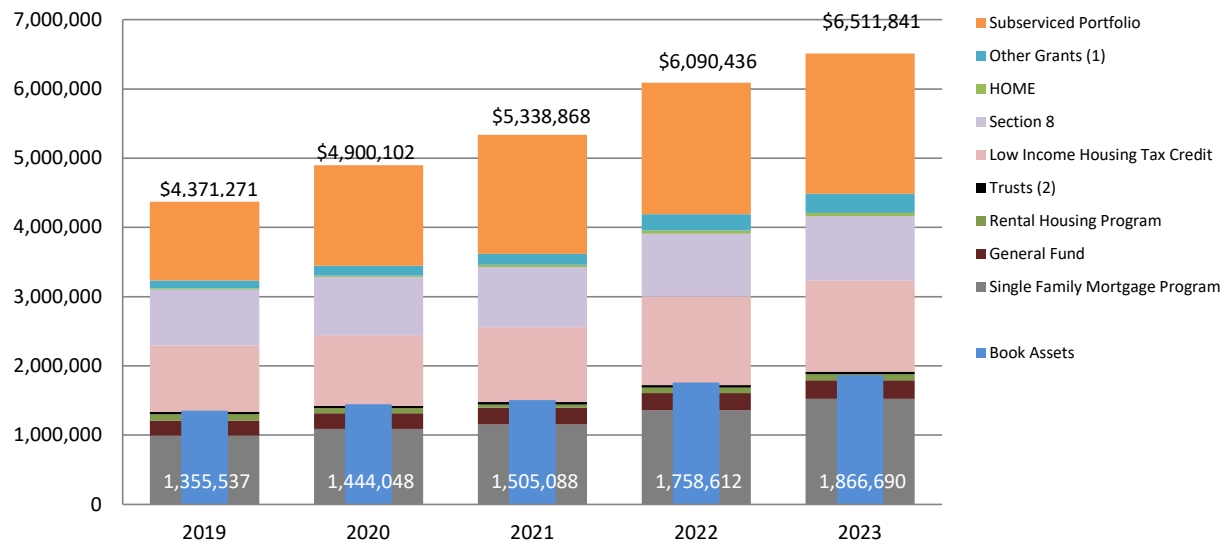
Single Family Issues:

\$74.99 mm Series 2022E (November)
\$60.00 mm Series 2023A (February)
\$80.00 mm Series 2023B (May)

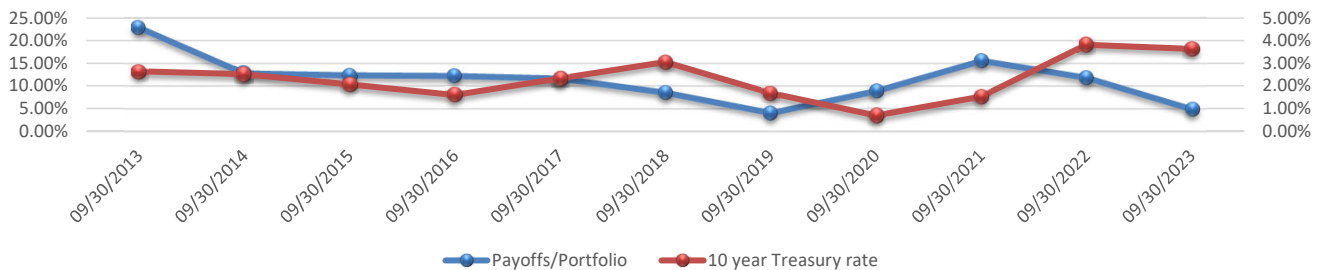
CURRENT YEAR FINANCIAL TRENDS & VARIANCES:

- The single-family production has decreased from last year due to headwinds from rising home prices, climbing mortgage rates, and high inflation. Due to changes in the economics of the mortgage program, we currently favor issuing tax-exempt bonds as the primary loan financing tool. We started to sell in April the Mortgage-Backed Securities (MBS) originated through our Home Forward mortgage program into the TBA market. The issuance of bonds is currently producing a lower mortgage rate for the First Home program than the sales of those loans to the TBA market. As a result, MFA is likely to lean more heavily toward bond financing and continue to use the TBA market where appropriate. MFA issued the 2022E Series for \$74.99 million in December, the 2023A Series for \$60.0 million in February and the 2023B Series for \$80.0 million in May. Payoffs slowed by 69% due to rising mortgage rates discouraging homeowners from refinancing their loans.
- In eight months of activities, the Return on Average earnings assets was 0.79%, which is better than last year as we rely heavily on bond financing, which led to growth in earning assets as new mortgage loans with higher interest rates are added to the balance sheet and earn interest revenue. Cash through bond proceeds and mortgage payments are invested in short-term funds earning higher interest revenue.
- The General Fund expenses increased by 2.4% due to increased compensation, and repurchased loan expenses, while the General Fund revenue increased by 27.1% due to interest from loan and investment, and loan servicing income recognized higher than budgeted. The rise in short-term rates is having a direct and immediate positive effect on MFA earnings.
- The combined interest margin of 0.87% increased from the FY22 year-end mark of 0.55% due to higher income from interest on loans and investments. The rising interest rates are positively impacting loan portfolio performance, bolstering MFA's investment income and discouraging homeowners from refinancing their loans.
- Based on Moody's issuer credit rating scorecard, MFA's 24.51% 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 %). The net revenue as a percent of total revenue measures performance and profitability. We take caution as MFA's 9.23% ratio (5-year average) is slightly below the optimal range (10-15%) because the percentage was negative in fiscal 2022 due to decreased FMV of SIC investments, lower TBA profitability resulting from market changes, and increased repurchased loan expenses and similar TBA market conditions persist in the fiscal year 2023 so far.
- Moody's Investor Services completed an updated credit opinion on MFA's Issuer Rating in June 2023. They assigned the Aa3/stable rating. Comments included a high asset-to-debt ratio, good profitability, and a low-risk profile due to a mortgage-backed security structure, a multifamily Risk Sharing Program, and no exposure to variable-rate debt. Additionally, Moody's reaffirmed the Aaa/stable rating on the single-family indenture in April 2021, noting a growing asset-to-debt ratio and stabilizing profitability.
- The Servicing Department monitors delinquencies and defaults to identify reduction strategies and refer borrowers to available loss mitigation programs. Sub-serviced Portfolio delinquency rate is 10.58%. The sub-serviced portfolio is approximately 85% FHA-insured loans. The Mortgage Bankers Association quarterly survey as of March 31, 2023, indicates that the delinquency rate for FHA loans nationally is 9.27%, and for New Mexico is 6.42%. In addition, FHA Single Family Loan Performance Trends for April 2023 showed 12.91% delinquency (for purchase loans only), which increased from 12.01% in March 2023.
- The fair market value for purchased servicing rights as of March 2023 is \$29.4 million, an increase of about \$9.9 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 \$19.5 million. Valuations are obtained every quarter.

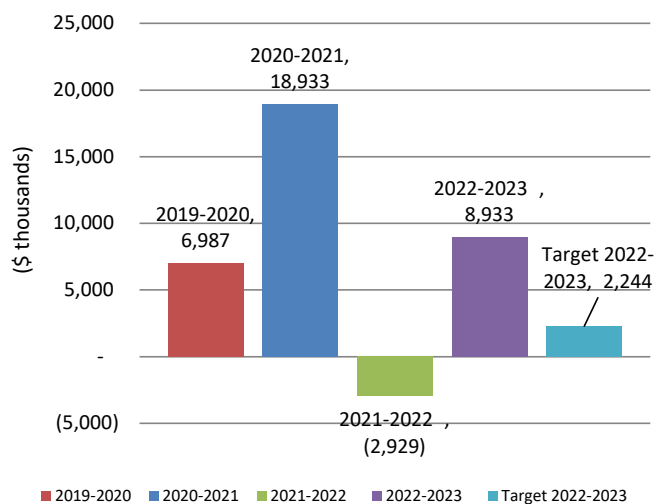
Assets Under Management as of 5/31/2023 (\$ in thousands)



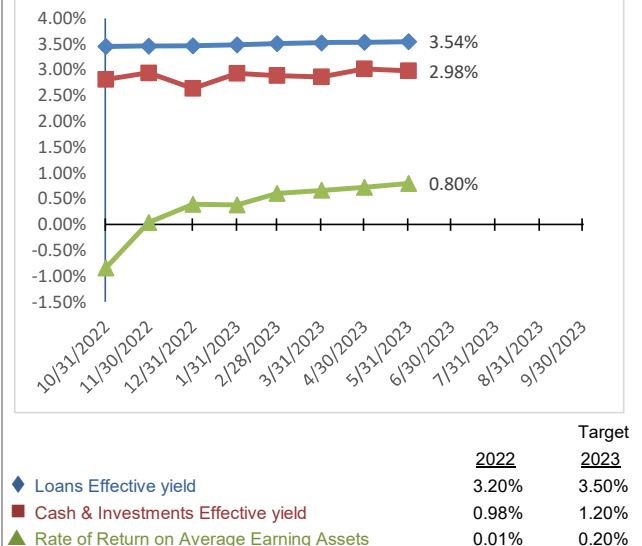
YTD Annualized Payoffs as a Percentage of Single Family Mortgage Portfolio as of 9/30/2023



YTD Excess Revenues over Expenses as of 5/31/2023



Yield Targets 9/30/2023



(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 2023
(THOUSANDS OF DOLLARS)

	<u>YTD 5/31/23</u>	<u>YTD 5/31/22</u>
<u>ASSETS:</u>		
<u>CURRENT ASSETS:</u>		
CASH & CASH EQUIVALENTS	\$59,382	\$35,577
RESTRICTED CASH HELD IN ESCROW	9,830	9,597
SHORT-TERM INVESTMENTS	-	(100)
ACCRUED INTEREST RECEIVABLE	5,237	4,121
OTHER CURRENT ASSETS	6,833	5,175
ADMINISTRATIVE FEES RECEIVABLE (PAYABLE)	-	9
INTER-FUND RECEIVABLE (PAYABLE)	0	(0)
TOTAL CURRENT ASSETS	<u>81,283</u>	<u>54,378</u>
CASH - RESTRICTED	152,645	161,055
LONG-TERM & RESTRICTED INVESTMENTS	56,046	65,111
INVESTMENTS IN RESERVE FUNDS	-	-
FNMA, GNMA, & FHLMC SECURITIZED MTG. LOANS	1,368,918	1,156,578
MORTGAGE LOANS RECEIVABLE	184,585	167,038
ALLOWANCE FOR LOAN LOSSES	(10,002)	(9,911)
NOTES RECEIVABLE	-	-
FIXED ASSETS, NET OF ACCUM. DEPN	11,648	1,788
OTHER REAL ESTATE OWNED, NET	1,754	2,643
OTHER NON-CURRENT ASSETS	11	-
INTANGIBLE ASSETS	19,639	18,792
TOTAL ASSETS	<u>1,866,526</u>	<u>1,617,471</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
REFUNDINGS OF DEBT	164	198
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>1,866,690</u>	<u>1,617,669</u>
<u>LIABILITIES AND NET POSITION:</u>		
<u>LIABILITIES:</u>		
<u>CURRENT LIABILITIES:</u>		
ACCRUED INTEREST PAYABLE	\$14,817	\$12,321
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	19,318	14,995
ESCROW DEPOSITS & RESERVES	9,737	9,342
TOTAL CURRENT LIABILITIES	<u>43,873</u>	<u>36,658</u>
BONDS PAYABLE, NET OF UNAMORTIZED DISCOUNT	1,481,160	1,280,847
MORTGAGE & NOTES PAYABLE	46,664	17,159
ACCRUED ARBITRAGE REBATE	-	-
OTHER LIABILITIES	195	225
TOTAL LIABILITIES	<u>1,571,892</u>	<u>1,334,889</u>
DEFERRED INFLOWS	257	295
TOTAL LIAB/DEFERRED INFLOWS	<u>1,572,149</u>	<u>1,335,184</u>
<u>NET POSITION:</u>		
NET INVESTED IN CAPITAL ASSETS	11,648	1,788
UNAPPROPRIATED NET POSITION (NOTE 1)	65,989	60,618
APPROPRIATED NET POSITION (NOTE 1)	216,904	220,079
TOTAL NET POSITION	<u>294,542</u>	<u>282,485</u>
TOTAL LIABILITIES & NET POSITION	<u>1,866,690</u>	<u>1,617,669</u>

NEW MEXICO MORTGAGE FINANCE AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE EIGHT MONTHS ENDED MAY 2023
(THOUSANDS OF DOLLARS)

	<u>YTD 5/31/23</u>	<u>YTD 5/31/22</u>
<u>OPERATING REVENUES:</u>		
INTEREST ON LOANS	\$35,241	\$27,428
INTEREST ON INVESTMENTS & SECURITIES	4,279	974
LOAN & COMMITMENT FEES	2,141	2,386
ADMINISTRATIVE FEE INCOME (EXP)	3,355	4,783
RTC, RISK SHARING & GUARANTY INCOME	32	151
HOUSING PROGRAM INCOME	740	949
LOAN SERVICING INCOME	6,593	5,484
OTHER OPERATING INCOME	-	-
SUBTOTAL OPERATING REVENUES	<u>52,381</u>	<u>42,155</u>
<u>NON-OPERATING REVENUES:</u>		
ARBITRAGE REBATE INCOME (EXPENSE)	-	-
GAIN(LOSS) ASSET SALES/DEBT EXTINGUISHMENT	405	(4,480)
OTHER NON-OPERATING INCOME	36	0
GRANT AWARD INCOME	64,345	39,862
SUBTOTAL NON-OPERATING REVENUES	<u>64,786</u>	<u>35,383</u>
TOTAL REVENUES	<u>117,168</u>	<u>77,537</u>
<u>OPERATING EXPENSES:</u>		
ADMINISTRATIVE EXPENSES	13,614	13,401
INTEREST EXPENSE	29,647	23,189
AMORTIZATION OF BOND/NOTE PREMIUM(DISCOUNT)	(2,317)	(2,088)
PROVISION FOR LOAN LOSSES	437	209
MORTGAGE LOAN & BOND INSURANCE	-	-
TRUSTEE FEES	105	98
AMORT. OF SERV. RIGHTS & DEPRECIATION	1,173	2,069
BOND COST OF ISSUANCE	1,984	2,764
SUBTOTAL OPERATING EXPENSES	<u>44,644</u>	<u>39,642</u>
<u>NON-OPERATING EXPENSES:</u>		
CAPACITY BUILDING COSTS	108	58
GRANT AWARD EXPENSE	63,482	40,787
OTHER NON-OPERATING EXPENSE	-	-
SUBTOTAL NON-OPERATING EXPENSES	<u>63,590</u>	<u>40,844</u>
TOTAL EXPENSES	<u>108,234</u>	<u>80,486</u>
NET REVENUES	8,933	(2,949)
OTHER FINANCING SOURCES (USES)	-	-
NET REVENUES AND OTHER FINANCING SOURCES(USES)	<u>8,933</u>	<u>(2,949)</u>
NET POSITION AT BEGINNING OF YEAR	<u>285,608</u>	<u>285,434</u>
NET POSITION AT 5/31/23	<u>294,541</u>	<u>282,485</u>

NOTES TO FINANCIAL STATEMENTS
(For Informational Purposes Only)
(in Thousands of Dollars)

(Note 1) MFA Net Position as of May 31, 2023:

UNAPPROPRIATED NET POSITION:

\$ 28,803	is held by Bond Program Trustees and is pledged to secure repayment of the Bonds.
\$ 36,284	is held in Trust for the NM Housing Trust Fund and the NM Land Title Trust Fund.
\$ 901	is held for New Mexico Affordable Housing Charitable Trust.
\$ 65,989	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:

\$ 117,129	for use in the Housing Opportunity Fund (\$105,472 in loans and grants plus \$11,657 unfunded, of which \$5,461 is committed).
\$ 55,513	for future use in Single Family & Multi-Family housing programs.
\$ 1,103	for loss exposure on Risk Sharing loans.
\$ 11,648	invested in capital assets, net of related debt.
\$ 19,543	invested in mortgage servicing rights.
\$ 3,312	for the future General Fund Budget year ending 09/30/23 (\$31,681 total budget less \$28,369 expended budget through 10/31/23.)
\$ 208,248	Subtotal - General Fund

APPROPRIATED NET POSITION: HOUSING

\$ 20,304	for use in the federal and state housing programs administered by MFA.
\$ 20,304	Subtotal - Housing Program
\$ 228,552	Total Appropriated Net Position
\$ 294,541	Total Combined Net Position at May 31, 2023

Total combined Net Position, or reserves, at May 31, 2023 was \$294.5 million, of which \$66 million was pledged to the bond programs, Affordable Housing Charitable Trust and fiduciary trusts. \$228.6 million of available reserves, with \$102.2 million primarily liquid in the General Fund and in the federal and state Housing programs and \$126.4 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 2022-2023 Budget
For the eight months ended 5/31/2023

	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	714,475	5,293,389	5,603,595	8,405,392	310,205	3,112,003	62.98%
Interest on Investments & Securities	241,684	1,583,858	878,837	1,318,256	(705,021)	(265,602)	120.15%
Loan & Commitment Fees	19,749	108,122	116,896	175,344	8,774	67,222	61.66%
Administrative Fee Income (Exp)	686,230	6,016,098	5,605,909	8,408,864	(410,189)	2,392,766	71.54%
Risk Sharing/Guaranty/RTC fees	500	30,408	309,153	463,730	278,745	433,322	6.56%
Housing Program Income	171,590	739,347	650,053	1,530,014	(89,294)	790,667	48.32%
Loan Servicing Income	732,490	6,593,416	6,289,829	9,434,743	(303,587)	2,841,327	69.88%
Other Operating Income			-	-	-	-	
Operating Revenues	2,566,718	20,364,639	19,454,273	29,736,343	(910,366)	9,371,705	68.48%
Gain (Loss) Asset Sale/Debt Ex	95,833	567,574	-	-	(567,574)	(567,574)	
Other Non-operating Income	36,312	36,362	67	100	(36,296)	(36,262)	36362.39%
Non-Operating Revenues	132,145	603,936	67	100	(603,869)	(603,836)	603936.17%
Revenue	2,698,863	20,968,575	19,454,339	29,736,443	(1,514,235)	8,767,869	70.51%
Salaries	580,522	4,743,661	5,507,870	7,978,035	764,209	3,234,374	59.46%
Overtime	4,915	29,788	26,020	37,585	(3,768)	7,797	79.26%
Incentives	7,700	314,497	467,413	677,169	152,916	362,673	46.44%
Payroll taxes, Employee Benefits	276,308	2,215,015	2,688,059	3,958,534	473,045	1,743,519	55.96%
Compensation	869,445	7,302,961	8,689,363	12,651,323	1,386,402	5,348,362	57.72%
Business Meals Expense	186	2,047	4,813	7,220	2,766	5,173	28.36%
Public Information	13,743	99,743	226,325	339,488	126,583	239,745	29.38%
In-State Travel	7,176	49,192	106,447	159,671	57,255	110,479	30.81%
Out-of-State Travel	11,063	79,897	178,697	268,046	98,801	188,149	29.81%
Travel & Public Information	32,168	230,879	516,283	774,425	285,404	543,546	29.81%
Utilities/Property Taxes	6,118	51,950	53,133	79,700	1,183	27,750	65.18%
Insurance, Property & Liability	20,657	164,763	151,085	226,628	(13,678)	61,865	72.70%
Repairs, Maintenance & Leases	102,455	952,824	1,100,301	1,643,951	147,477	691,127	57.96%
Supplies	3,643	26,810	23,800	35,700	(3,010)	8,890	75.10%
Postage/Express mail	8,067	91,783	27,200	40,800	(64,583)	(50,983)	224.96%
Telephone	1,155	10,600	15,134	22,701	4,534	12,101	46.69%
Janitorial	3,522	27,001	27,267	40,900	266	13,899	66.02%
Office Expenses	129,039	1,291,041	1,397,423	2,089,634	106,382	798,593	61.78%
Dues & Periodicals	10,925	47,999	41,849	62,773	(6,150)	14,774	76.46%
Education & Training	10,703	76,570	113,793	170,690	37,223	94,120	44.86%
Contractual Services	104,812	725,126	934,669	1,402,004	209,543	676,878	51.72%
Professional Services-Program	33,434	227,785	161,834	242,751	(65,951)	14,966	93.83%
Direct Servicing Expenses	453,759	3,406,800	3,257,045	4,885,567	(149,755)	1,478,767	69.73%
Program Expense-Other	13,454	160,367	120,299	180,448	(40,068)	20,081	88.87%
Rebate Analysis Fees			-	-	-	-	
Miscellaneous	-	196			(196)	(196)	

GENERAL FUND
Fiscal Year 2022-2023 Budget
For the eight months ended 5/31/2023

	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 %
Other Operating Expense	627,087	4,644,842	4,629,489	6,944,233	(15,354)	2,299,391	66.89%
Interest Expense	178,477	882,616	1,096,813	1,645,220	214,197	762,604	53.65%
Non-Cash Expenses	133,831	1,608,939	1,894,065	2,841,098	285,127	1,232,159	56.63%
Expensed Assets	3,401	13,745	53,233	79,850	39,488	66,105	17.21%
Operating Expenses	1,973,448	15,975,024	18,276,669	27,025,783	2,301,646	11,050,759	59.11%
Program Training & Tech Asst	9,271	43,372	101,267	151,900	57,894	108,528	28.55%
Program Development	10,299	64,829	74,617	111,925	9,788	47,096	57.92%
Capacity Building Costs	19,570	108,201	175,883	263,825	67,682	155,624	41.01%
Non-Operating Expenses	19,570	108,201	175,883	263,825	67,682	155,624	41.01%
Expenses	1,993,019	16,083,225	18,452,553	27,289,608	2,369,328	11,206,383	58.94%
Excess Revenue over Expenses	705,844	4,885,350	1,001,787	2,446,835	(3,883,563)	(2,438,514)	199.66%

GENERAL FUND CAPITAL BUDGET
Fiscal Year 2022-2023 Budget
For the eight months ended 5/31/2023

	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 %
2690 PURCHASED SERVICING RIGHTS	144,448	2,319,917	2,900,565	4,350,847	580,648	2,030,930	53.32%
2950 COMPUTER HARDWARE	-	-	26,883	40,324	26,883	40,324	0.00%
2960 SOFTWARE LICENSES	-	-	-	-	-	-	
2920 FURNITURE & EQUIPMENT-10 YR	-	-	-	-	-	-	
2930 FURNITURE & EQUIP, 5 YR.	-	-	-	-	-	-	
2860 BUILDING	9,860,468	9,966,018	-	-	(9,966,018)	(9,966,018)	
Capital Budget	10,004,916	12,285,935	2,927,447	4,391,171	(9,358,487)	(7,894,764)	279.79%