

CROPPER ROWE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

NEVADA RURAL HOUSING AUTHORITY
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023
(Including Auditors' Report Thereon)

NEVADA RURAL HOUSING AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Business-type Fund Financial Statements:	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Financial Statements	16
Required Supplementary Information:	
Schedule of the Authority's Proportionate Share of Net Pension Liability	39
Schedule of the Authority's Pension Plan Contributions	40
Other Supplementary Information:	
Combining Statements of Net Position	42
Combining Statements of Revenues, Expenses, and Changes in Net Position	43
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards	45
Audited Financial Data Schedule	46
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	52
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	54
Status of Prior Audit Findings	57
Schedule of Findings and Questioned Costs	58

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Nevada Rural Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Nevada Rural Housing Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Nevada Rural 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 and the aggregate discretely presented component units of the Nevada Rural Housing Authority, as of June 30, 2023, 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 Nevada Rural 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 Nevada Rural Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 Nevada Rural 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 Nevada Rural 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, schedule of the Authority's proportionate share of net pension liability, and schedule of the Authority's pension plan contributions on pages 5-10, 39, and 40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information 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 financial statements that collectively comprise the Nevada Rural Housing Authority's basic financial statements. The accompanying combining financial statements, financial data schedule, and 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*, are

presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards 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 October 9, 2023, on our consideration of the Nevada Rural Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Nevada Rural Housing Authority's 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 Nevada Rural Housing Authority's internal control over financial reporting and compliance.



CROPPER ROWE, LLP
Walnut Creek, California
October 9, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Nevada Rural Housing Authority, we offer readers of the Authority's financial statements this narrative, overview and analysis of the financial activities of Nevada Rural Housing Authority for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with Nevada Rural Housing Authority's financial statements as presented in this report.

The Nevada Rural Housing Authority (the Authority) is a Public Housing Authority as defined in Section 8 of the United States Housing Act of 1937, as amended and a public body corporate and politic established pursuant to the Nevada Revised Statute 616. The Authority was organized in 1973 under the laws of the State of Nevada to primarily provide housing assistance to low and moderate-income families and individuals.

The Nevada Rural Housing Authority predominantly provides rental housing assistance to homeless, as well as low-income families and individuals. The Authority also facilitates single family mortgage financing with down payment assistance and administers a Mortgage Credit Certificate program funded through Private Activity Bond Cap. In addition, the Authority acquires, develops and owns low-income multifamily housing in rural areas of Nevada to promote, provide and preserve affordable housing across the State. Primary funding is as follows:

- Acquisition, development and rehabilitation of multifamily housing units has been funded mostly through federal tax credit partnerships that the Authority participates in
- Governmental grants received from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA) Rural Development
- Developer and management fees
- Fees generated through its mortgage programs
- Rent collections from its owned or administered multifamily housing units
- Other programs supporting Nevada's rural low-income housing needs through Weatherization grant services and Continuum of Care program

The following management discussion and analysis (MD&A) will discuss the results of the Authority's operations. Key financial information for the current fiscal year will be compared with those of the prior year.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources, resulting in a Net Position of \$22,471,719 at the close of fiscal year 2023 as opposed to \$20,333,210 for fiscal year 2022.
- Total assets at June 30, 2023 were \$28,566,954. Of this, \$7,206,193 represents current assets, and \$21,360,761 represents non-current assets. Total assets at June 30, 2022, increased by \$1,210,312 from the June 30, 2022 balance of \$27,356,642.

- Net capital assets for the fiscal year 2023 increased by \$2,330,536 from \$9,187,529 at June 30, 2022, to \$11,518,065 at June 30, 2023 primarily due to the addition of a vacant land parcel of \$4.5 million minus a decrease in construction in progress totaling \$1.4 million. Capital assets are reflected at cost, less accumulated depreciation for all capital assets.
- At June 30, 2023 there was \$3,792,785 of deferred outflows of resources compared to \$2,840,357 at June 30, 2022. See detail discussed in Note 7 of the financial statements.
- Total liabilities at June 30, 2023 were \$9,862,817. Of this, \$1,056,809 represents current liabilities, and \$8,806,008 represents non-current liabilities. Total liabilities at June 30, 2023, increased by \$2,850,048 from the June 30, 2022 balance of \$7,012,769. This is primarily due to increased PERS liability
- At June 30, 2023, there was \$25,203 of deferred inflows of resources compared to \$2,851,020 at June 30, 2022. As discussed in Note 7 of the financial statements, differences between projected and actual investments earnings and expected and actual experience accounted for the variance.
- As of June 30, 2023, the Authority's Unrestricted Net Position was \$11,215,162, its Restricted Net Position was \$645,539, and its Net Investment in Capital Assets was \$10,611,018. This represents a total Net Position at June 30, 2023 of \$22,471,719 compared to a total Net Position at June 30, 2022, of \$20,333,210.
- The primary source of revenues for the Authority for the fiscal year ended June 30, 2023, were grants from federal agencies. Grant revenues for the fiscal year 2023 were \$19,937,819 versus \$15,901,971 for fiscal year 2022. The large increase was due to \$4.5 million received through ARPA funds for land acquisition.
- Operating revenues for the Authority for the 2023 fiscal year were \$23,214,913 and operating expenses were \$21,234,621. Operating revenues and expenses for the fiscal year 2022 were \$22,226,195 and \$22,128,872, respectively.
- The major program expenditure, as reflected on the Statement of Revenues, Expenses, and Changes in Net Position, was for Section 8 housing assistance payments. There was \$11,056,247 of housing assistance payment expenses for fiscal year 2023. This represents an increase of \$1,236,361 of the amount for fiscal year 2022 of \$9,819,886.
- Tenant Services expenses were \$767,352 in the fiscal year 2023 versus \$3,040,289 in the prior year. This decrease is due to federal funding for the ERAP program.
- Expenditures of Federal Awards amounted to \$15,281,837 for 2023 for a decrease of \$903,957 from the prior fiscal year's expenditures of \$16,185,794.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Financial Statements.

Government-Wide Financial Statements

The *Statement of Net Position* presents information on the 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 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.

The *Statement of Cash Flows* presents the change in the Authority's cash and cash equivalents during the most recent fiscal year.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some programs are required to be established by the United States Department of Housing and Urban Development (HUD). However, the Authority also administers other programs to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other moneys. All of the funds of the Authority are classified as an enterprise housing fund as a result of *Government Accounting Standards Board* No. 34.

Enterprise funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The focus of enterprise funds is on income measurement, which together with the maintenance of equity, is an important financial indication.

Notes to the Basic Financial Statements

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Supplementary Information

The Schedule of the Authority's Proportionate Share of Net Pension Liability, the Schedule of the Authority's Pension Plan Contributions, the Schedule of Expenditures of Federal Awards and the Financial Data Schedule are presented for purposes of additional analysis as required by the title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*, the Governmental Accounting Standards Board Statements (GASB), and the U.S. Department of Housing and Urban Development. These schedules can be found in the supplementary information sections of this report.

Financial Analysis

As we noted earlier, the Authority uses funds to help it control and manage money for particular purposes. A portion of the Authority's net assets reflect the investment in capital assets (e.g. land, buildings and improvements, furniture, equipment and machinery). The Authority uses these capital assets to provide services to clients; consequently, these assets are not available for future spending.

Economic Factors

The Authority is primarily dependent upon HUD for the funding of operations. Therefore, the Authority is affected more by the federal budget than by state or local economic conditions. Changes in HUD grants affect the number of households that can be assisted under these federally funded programs on an ongoing basis.

Budgetary Highlights

An agency-wide budget was prepared for the fiscal year ended June 30, 2023. The budget was primarily used as a management tool. Budgets are prepared in accordance with the accounting procedures prescribed by the applicable funding agency and revised during the year as appropriate.

Comparative Statement of Net Position

The following table reflects the Statement of Net Position at June 30, 2023, compared to prior year. The Authority is engaged only in Business-Type Activities:

Comparative Statement of Net Position				
June 30, 2023				
	2023	2022	Increase/ (Decrease)	Percentage Change
Assets and Deferred Outflows				
Current Assets	\$ 7,206,193	\$ 9,321,009	\$ (2,114,816)	-22.69%
Loan receivable	8,959,404	8,425,974	533,430	6.33%
Interest receivable	552,664	422,130	130,534	30.92%
Assets held for resale	330,628	-	330,628	-
Capital Assets, net	11,518,065	9,187,529	2,330,536	25.37%
Deferred outflows	3,792,785	2,840,357	952,428	33.53%
Total Assets and Deferred Outflows	32,359,739	30,196,999	2,162,740	7.16%
Liabilities and Deferred Inflows				
Current liabilities	1,056,809	2,467,889	(1,411,080)	-57.18%
Non-current liabilities	8,806,008	4,544,880	4,261,128	93.76%
Deferred inflows	25,203	2,851,020	(2,825,817)	-99.12%
Total liabilities and Deferred Inflows	9,888,020	9,863,789	24,231	0.25%
Net Position				
Net investment in Capital Assets	10,611,018	8,227,749	2,383,269	28.97%
Restricted	645,540	826,200	(180,660)	-21.87%
Unrestricted	11,215,161	11,279,261	(64,100)	-0.57%
Total Net Position	\$ 22,471,719	\$ 20,333,210	\$ 2,138,509	10.52%

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

The table below presents the Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2023 compared to prior year.

Comparative Statement of Revenues, Expenses, and Changes in Net Position Year Ended June 30, 2022				
	2023	2022	Increase/ (Decrease)	Percentage Change
Operating Revenues				
Grants	\$ 19,937,819	\$ 15,901,971	\$ 4,035,848	25.38%
Rents	274,278	259,767	14,511	5.59%
Mortgage and Developer Fees	1,112,333	4,321,357	(3,209,024)	-74.26%
Other	1,890,483	1,743,100	147,383	8.46%
Total operating Revenues	<u>23,214,913</u>	<u>22,226,195</u>	<u>988,718</u>	4.45%
Operating Expenses				
Administration	7,028,195	7,490,673	(462,478)	-6.17%
Utilities	68,214	92,224	(24,010)	-26.03%
Maintenance	1,471,841	1,141,040	330,801	28.99%
Tenant services	482,992	188,997	293,995	155.56%
General	767,352	3,040,289	(2,272,937)	-74.76%
Housing Assistance Payments	11,056,247	9,819,886	1,236,361	12.59%
Depreciation	359,780	355,763	4,017	1.13%
Total Operating Expenses	<u>21,234,621</u>	<u>22,128,872</u>	<u>(894,251)</u>	-4.04%
Operating Income (Loss)	<u>1,980,292</u>	<u>97,323</u>	<u>1,882,969</u>	1934.76%
Non-Operating Revenues (Expenses)				
Interest Income	363,650	358,248	5,402	1.51%
Interest Expense	(15,301)	(10,781)	(4,520)	41.93%
Gain (loss) on sale of fixed assets	<u>(190,132)</u>	<u>(36,222)</u>	<u>(153,910)</u>	424.91%
Net Non-Operating Revenue (Loss)	<u>158,217</u>	<u>311,245</u>	<u>(153,028)</u>	-49.17%
Change in Net Position	2,138,509	408,568	1,729,941	423.42%
Beginning Net Position	<u>20,333,210</u>	<u>19,924,642</u>	<u>408,568</u>	2.05%
Net Position, end of year	<u>\$ 22,471,719</u>	<u>\$ 20,333,210</u>	<u>\$ 2,138,509</u>	10.52%

Analysis of the Authority's Overall Financial Position and Results of Operations:

As indicated in the above comparative statements the Authority's net position at June 30, 2023, increased by \$2,138,509.

Changes in Capital Assets

Capital assets (net of accumulated depreciation) are presented below illustrating changes from prior year:

Changes in Capital Assets (Net of Accumulated Depreciation)				
	2023	2022	Increase/ (Decrease)	Percentage Change
Land	\$ 7,646,086	\$ 3,608,592	\$ 4,037,494	111.89%
Building and Improvements	3,491,766	5,157,872	(1,666,106)	-32.30%
Equipment	338,383	329,040	9,343	2.84%
Intangible lease asset	41,830	92,025	(50,195)	-54.54%
Net Position, end of year	<u>\$ 11,518,065</u>	<u>\$ 9,187,529</u>	<u>\$ 2,330,536</u>	25.37%

The Authority's capital assets as of June 30, 2023 were \$11,518,065 (net of accumulated depreciation). During the fiscal year 2023 the Authority's net capital assets increased \$2,330,536 or 25.37%. Land increased due to ARPA fund awarded to the Authority for the purchase of land. Buildings, Improvements and Equipment decreased due to reduced predevelopment costs as a project moved to the construction phase. Additional information pertaining to the Authority's capital assets as of June 30, 2022, is presented in Note 4 to the Financial Statements.

Changes in Mortgage Debt

Mortgage debt is presented below to illustrate changes from the prior year:

	2023	2022	Increase/ (Decrease)	Percentage Change
Notes Payable	\$ 907,047	\$ 959,780	\$ (52,733)	-5.49%
Net Position, end of year	<u>\$ 907,047</u>	<u>\$ 959,780</u>	<u>\$ (52,733)</u>	-5.49%

At June 30, 2023, the Authority had long-term debt outstanding of \$907,047. During the fiscal year, long-term debt decreased by \$52,733 or 5.49% primarily due to payments made on notes payable. Additional information pertaining to the Authority's long-term debt as of June 30, 2023 is presented in Note 5 in the "Notes to the Financial Statements".

Requests for information

This financial report is designed to provide citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Director of Finance at 3695 Desatoya Drive, Carson City, Nevada 89701.

BASIC FINANCIAL STATEMENTS

NEVADA RURAL HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2023

	Nevada Rural Housing Authority	Blue Bird Property, LLC	Total Combined
<u>ASSETS</u>			
Current Assets:			
Cash and investments (Note 2)	\$ 1,944,947	\$ 70,571	\$ 2,015,518
Restricted Cash (Note 2)	705,995	-	705,995
Due from other agencies	386,184	-	386,184
Accounts receivable	3,484,276	40,704	3,524,980
Prepaid expenses	55,235	-	55,235
Investments in Other Entities (Note 2)	629,556	-	629,556
Total current assets	<u>7,206,193</u>	<u>111,275</u>	<u>7,317,468</u>
Noncurrent assets:			
Loan receivables (Note 3)	8,959,404	-	8,959,404
Interest receivable	552,664	-	552,664
Assets held for resale (Note 4)	330,628	-	330,628
Capital assets, net (Note 4)	11,518,065	21,576	11,539,641
Total noncurrent assets	<u>21,360,761</u>	<u>21,576</u>	<u>21,382,337</u>
Total Assets	<u>28,566,954</u>	<u>132,851</u>	<u>28,699,805</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan (Note 7)	3,792,785	-	3,792,785
Total deferred outflows	<u>3,792,785</u>	<u>-</u>	<u>3,792,785</u>
Total assets and deferred outflows of resources	<u>32,359,739</u>	<u>132,851</u>	<u>32,492,590</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	339,770	67,283	407,053
Tenant security deposits	17,912	-	17,912
Accrued liabilities	473,322	40,234	513,556
Compensated absences (Note 6)	20,204	-	20,204
Deferred revenues	108,131	-	108,131
Lease payable, current (Note 5)	44,990	-	44,990
Notes payable (Note 5)	52,480	-	52,480
Total current liabilities	<u>1,056,809</u>	<u>107,517</u>	<u>1,164,326</u>
Noncurrent liabilities:			
Compensated absences (Note 6)	181,835	-	181,835
Notes payable (Note 5)	854,567	1,056,123	1,910,690
Pension liability (Note 7)	7,769,606	-	7,769,606
Total noncurrent liabilities	<u>8,806,008</u>	<u>1,056,123</u>	<u>9,862,131</u>
Total liabilities	<u>9,862,817</u>	<u>1,163,640</u>	<u>11,026,457</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan (Note 7)	25,203	-	25,203
Total liabilities and deferred inflows of resources	<u>9,888,020</u>	<u>1,163,640</u>	<u>11,051,660</u>
<u>NET POSITION</u>			
Net investment in capital assets	10,611,018	21,576	10,632,594
Restricted	645,539	-	645,539
Unrestricted	11,215,162	(1,052,365)	10,162,797
Total Net Position	<u>\$ 22,471,719</u>	<u>\$ (1,030,789)</u>	<u>\$ 21,440,930</u>

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

NEVADA RURAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Nevada Rural Housing Authority	Blue Bird Property, LLC	Total Combined
<u>Operating Revenues</u>			
Grants	\$ 19,937,819	\$ -	\$ 19,937,819
Rents	274,278	-	274,278
Mortgage issuer and lender fees	315,055	-	315,055
Developer fees	1,112,333	-	1,112,333
Management fees	886,480	460,736	1,347,216
Other	688,815	-	688,815
Total operating revenues	<u>23,214,780</u>	<u>460,736</u>	<u>23,675,516</u>
<u>Operating Expenses</u>			
Administration	7,028,195	769,484	7,797,679
Utilities	68,214	-	68,214
Maintenance	1,471,841	8,952	1,480,793
General	482,992	15,243	498,235
Tenant services	767,352	-	767,352
Housing assistance payments	11,056,247	-	11,056,247
Depreciation	359,780	2,487	362,267
Total operating expenses	<u>21,234,621</u>	<u>796,166</u>	<u>22,030,787</u>
Operating income (loss)	<u>1,980,159</u>	<u>(335,430)</u>	<u>1,644,729</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest income - investments	167,742	-	167,742
Interest income - mortgage loans	195,908	-	195,908
Contributed capital	-	1	1
Gain (loss) on sale of capital asset	(189,999)	-	(189,999)
Interest expense	(15,301)	(25,964)	(41,265)
Net non-operating revenue	<u>158,350</u>	<u>(25,963)</u>	<u>132,387</u>
Change in net position	2,138,509	(361,393)	1,777,116
Total beginning net position	<u>20,333,210</u>	<u>(669,396)</u>	<u>19,663,814</u>
Total ending net position	<u>\$ 22,471,719</u>	<u>\$ (1,030,789)</u>	<u>\$ 21,440,930</u>

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

NEVADA RURAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Nevada Rural Housing Authority	Blue Bird Property, LLC	Total Combined
<u>Cash flows from operating activities:</u>			
Grants received	\$ 18,425,862	\$ -	\$ 18,425,862
Cash received from rents	274,278	460,736	735,014
Development and mortgage fees	527,770	16,714	544,484
Other cash receipts	1,890,350	-	1,890,350
Cash payments to suppliers and landlords	(11,321,269)	(848,562)	(12,169,831)
Cash payments to employees	(8,859,533)	-	(8,859,533)
Net cash provided (used) in operating activities	<u>937,458</u>	<u>(371,112)</u>	<u>566,346</u>
<u>Cash flows from capital and related financing activities:</u>			
Interest paid on long-term debt	(15,302)	(25,964)	(41,266)
Disposal (purchase) of fixed assets	(2,880,315)	-	(2,880,315)
Principal paid	(52,733)	440,774	388,041
Rent and lease payments	(46,783)	-	(46,783)
Interest received from mortgage loans	65,374	-	65,374
Net cash provided (used) in capital and related financing activities	<u>(2,929,759)</u>	<u>414,810</u>	<u>(2,514,949)</u>
<u>Cash flows from investing activities:</u>			
Increase in principal during the year	(533,430)	-	(533,430)
Purchase of investment	(209)	1	(208)
Purchase of assets held for resale	(330,628)	-	(330,628)
Interest received from investments	167,742	-	167,742
Net cash provided (used) in investing activities	<u>(696,525)</u>	<u>1</u>	<u>(696,524)</u>
Net increase (decrease) in cash	(2,688,826)	43,699	(2,645,127)
Cash at beginning of year	5,339,768	26,872	5,366,640
Cash at end of year	<u>\$ 2,650,942</u>	<u>\$ 70,571</u>	<u>\$ 2,721,513</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ 1,980,159	\$ (335,430)	\$ 1,644,729
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	359,780	2,487	362,267
Lease amortization	(3,632)	-	(3,632)
(Increase)/decrease in assets:			
Accounts receivable	(584,563)	16,714	(567,849)
Amounts due from other agencies	29,020	-	29,020
Prepaid expenses	(18,258)	1,047	(17,211)
Increase/(decrease) in liabilities:			
Accounts payable	(100,022)	(61,834)	(161,856)
Tenant security deposits	(791)	-	(791)
Accrued liabilities	230,233	5,904	236,137
Deferred revenues	(1,540,977)	-	(1,540,977)
Accrued compensated absences	15,849	-	15,849
Net pension liability	4,348,905	-	4,348,905
Deferred inflows and outflows	(3,778,245)	-	(3,778,245)
Net cash provided (used) in operating activities	<u>\$ 937,458</u>	<u>\$ (371,112)</u>	<u>\$ 566,346</u>

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

NOTES TO THE FINANCIAL STATEMENTS

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Nevada Rural Housing Authority (the Authority) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the more significant policies.

A. Definition of Reporting Entity

The Nevada Rural Housing Authority (the Authority) was established during 1973 by Nevada Revised Statute 616 and updated by Nevada Revised Statute 315. The Authority is governed by a five-member Board of Commissioners appointed to four-year terms. The Authority was organized to promote the health and safety of the residents of the State of Nevada and to develop more desirable neighborhoods and alleviate poverty in the counties, cities, and towns of the state by making provisions for decent, safe and sanitary low-rent housing facilities for persons of low and moderate income. Since being established, the Authority has not only administered a Section 8 (Housing Choice Voucher) program and other grants, but also introduced single family bond programs and acted as sponsor and developer to several affordable multifamily housing projects across rural Nevada.

The Authority has implemented the provisions of the Governmental Accounting Standards Board, codified in GASB section 2100, "Defining the Government Reporting". For financial reporting purposes, the Authority's financial statements include all funds over and other organizations over which Authority officials exercise oversight responsibility. Oversight responsibility includes such duties as appointment of governing body members, budget review, approval of tax levies, responsibility for outstanding debt secured by the Authority's full faith and credit, or revenues, and the responsibility for funding deficits.

Blended Presented Component Unit

Nevada Rural Housing Inc. (NRHI) is a non-profit 501(c)3 that fills a role on behalf of the Authority when such a non-profit is needed. NRHI does not undertake business that is not in the interest of or which is not supported by the Authority. The Authority serves as the Developer for all Low Income Housing Tax Credit projects in which NRHI is the Managing Member of the tax credit entities' Managing Member. There is one board member in common between the two entities. The Authority is contracted by NRHI to provide administration and technical services necessary to handle its daily business affairs.

Discretely Presented Component Unit

Blue Bird Property, LLC (Blue Bird) is a limited liability property management company created by the Authority and NRHI in February 2021 with a 51%/49% shared interest. Blue Bird Property, LLC is responsible for the management of NRHA's affordable housing properties located throughout Nevada. This includes real estate operations, affordable housing finance and compliance, rental assistance/subsidy program administration, client services and community relations. There are two directors in common between the Authority and Blue Bird Property, LLC. The Authority provides guidance and oversight as needed to assist Blue Bird Property, LLC in meeting its mission. As of June 30, 2023, NRHA provided capital contributions totaling \$371,484 in the form of cash and services and NRHI provided \$69,325 in the form of cash for startup costs. Operations began June 1, 2021.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows) report the financial information of the Authority's operations as a whole.

For financial reporting purposes, the Authority reports all of its operations as a single business type activity in a single enterprise housing fund. Therefore, for the Authority the government-wide and fund financial statements are the same. These basic financial statements are presented in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements and the Schedule of Expenditures of Federal Awards are reported using the *economic resources measurement focus* and the *accrual basis* of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when related cash flows take place. Nonexchange transactions are those in which the Authority receives value without directly giving equal value in exchange. These transactions include revenues from federal, state, and local assistance programs. Revenues from these sources are recognized in the fiscal year in which all eligibility requirements have been met.

The Authority applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued before December 30, 1989 in accounting and reporting for its proprietary operations and it has implemented in fiscal year 2016 GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-December 30, 1989 FASB and AICPA Pronouncements for FASB Pronouncements after December 30, 1989.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* activities. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise housing fund are grants from federal funding agencies for housing assistance payments earned, fees generated through its mortgage programs, administrative and developer fees, and rental income from its owned housing units. Operating expenses include employee services and supplies, administrative expenses, management fees, utilities, housing assistance payments to landlords, and depreciation of its capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Net Position

1. Cash and Investments

Cash

For purposes of the accompanying statement of cash flows, the Authority considers all of their cash, including restricted cash, to be cash and equivalents. The Authority considers all of their investments to be highly liquid and, therefore, to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits, certificates of deposit, money market accounts, and savings accounts. All of the Authority's investments can be converted to cash in a relatively short amount of time and are therefore presented in the Statement of Cash Flows.

Investments

Investments are carried at fair value. Fair value is based on quoted market price, if applicable, otherwise the fair value hierarchy is as follows.

Level 1 – Values are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 – Inputs – other than quoted prices – included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Certain inputs are unobservable inputs (supported by little or no market activity), such as the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Additional cash and investment disclosures are presented in Note 2. All of the Authority's investments are considered Level 1.

2. Restricted Assets

Restricted cash, cash equivalents, and investments, represent deposits that are used for replacement reserves, security deposit payable amounts to tenants, amounts that are required by grants from HUD to be used only to provide housing assistance for individuals and families that meet various income, age, and employment standards.

3. Receivables

All receivables are reported at their gross value and are reduced by an allowance for doubtful accounts if such an amount is considered applicable.

4. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items the financial statements.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5. Capital Assets

Capital assets which include land, buildings, improvements, and furniture and equipment, are reported at historical cost. Contributed capital assets are recorded at fair value at the time received. Interest expense during any development periods is capitalized.

Maintenance, minor repairs and replacements are recorded as expenses; extraordinary replacements of property resulting in property betterments are charged to the property accounts.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of the related asset. The estimated useful lives of the various asset categories are as follows:

Buildings	19-40 years
Improvements	15 years
Furniture and Equipment	5 years

6. Compensated Absences

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred. A portion of unused sick leave is only payable to employees who have over 10 years of service upon termination of their employment.

7. Taxes

The Authority is exempt from federal income taxes. The Authority is also exempt from property taxes but makes payments in lieu of taxes on some of its owned housing units.

8. Net Position

Net position represents the differences between assets and liabilities. Net position consists of investment in capital assets, net of related debt; restricted net position; and unrestricted net position. Net position invested in capital assets, net of related debt, consists of capital assets, net of depreciation, reduced by the outstanding balances of borrowings used for the construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

9. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position includes separate sections for deferred outflows and inflows of resources. These separate sections represent a consumption or acquisition of net position that applies to future periods and will not be recognized as outflows (revenues) or inflows (expenses) until that time.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Pensions

For purposes of measuring the net pension liability (NPL) and deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) of the Authority's Public Employees' Retirement System (PERS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by Nevada PERS. 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.

11. Operating Revenues and Expenses

Operating revenues are those revenues that are generated from the primary operations of the Authority. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Authority. All other expenses are reported as nonoperating expenses.

E. Estimates

Management of the Authority has made certain estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses to prepare the financial statements. Actual results may differ from those estimates.

F. New GASB Pronouncements

Implemented New GASB Pronouncements

For the year ended June 30, 2023, the Authority implemented the following GASB pronouncements

GASB Statement No. 91, *Conduit Debt Obligations*. - The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. Implementation of this pronouncement did not have a significant impact on the Authority's financial statements.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. New GASB Pronouncements (continued)

Implemented New GASB Pronouncements (continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. - The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPP.

PPPs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or if applicable to earlier periods, the beginning of the earliest period restated). The Authority has determined that the implementation of this Pronouncement will not have a material impact on the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. New GASB Pronouncements (continued)

Implemented New GASB Pronouncements (continued)

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023), and all reporting periods thereafter. The Authority has determined that the implementation of this Pronouncement will not have a material impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022*. - The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Authority has determined that the implementation of this Pronouncement will not have a material impact on the financial statements.

Upcoming New GASB Pronouncements

GASB Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62*. - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

F. New GASB Pronouncements (continued)

Upcoming New GASB Pronouncements (continued)

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (fiscal year 2024). The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

GASB Statement No. 101, *Compensated Absences*. - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (fiscal year 2025), and all reporting periods thereafter. The Authority has not yet determined whether the implementation of this Pronouncement will have a material impact on the financial statements.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

G. Budgets and Budgetary Accounting

Each year the Authority's Board of Commissioners adopts an operating budget. This budget may be revised during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of the adoption of the annual budget.

H. Subsequent Events

Management evaluated all activity of the Authority through the date of the audit opinion, the date on which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Note 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

	<u>NRHA</u>	<u>Blue Bird</u>
Unrestricted cash and investments	\$ 1,944,947	\$ 70,571
Restricted cash	<u>705,995</u>	<u>-</u>
Total cash and investments	2,650,942	70,571
Investments in other entities	<u>629,556</u>	<u>-</u>
Total	<u>\$ 3,280,498</u>	<u>\$ 70,571</u>

Combined unrestricted and restricted cash and investments as of June 30, 2023, consist of the following:

	<u>NRHA</u>	<u>Blue Bird</u>
Checking and savings deposits with financial institutions	\$ 1,996,979	\$ 70,571
Guaranteed fixed annuity contracts	19,429	-
Money market accounts	634,334	-
Investment in Blue Bird	440,809	-
Other investments	188,747	-
Petty cash on hand	<u>200</u>	<u>-</u>
Total cash and investments	<u>\$ 3,280,498</u>	<u>\$ 70,571</u>

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 - CASH AND INVESTMENTS (continued)

Interest Rate Risk – Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from the rise in interest rates. To limit exposure to interest rate risk, the Nevada Revised Statutes limits banker’s acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturity. At June 30, 2023, the Authority was not invested in any of these investments.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. In accordance with the Nevada Revised Statutes, the Authority limits its investment instruments by their credit risk. The Authority’s investment in VALIC Guaranteed Fixed Deferred Annuity Contracts is rated by nationally recognized statistical rating organizations as “A”.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank or brokerage failure, the Authority’s deposits may not be returned. The Authority’s bank deposits are either covered by FDIC insurance or are collateralized. At June 30, 2023, \$2,699,825 of the Authority’s and none of Blue Bird’s cash and investments were over the FDIC insurance limit.

Note 3 - LOANS RECEIVABLE

The Authority has issued mortgage loans to assist in the construction of affordable housing. The loans are due at various times ranging from 2047 through 2071. Additionally, the Authority is due reimbursement for costs incurred on behalf of Blue Bird.

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Mortgage Notes Receivable	\$ 7,810,625	\$ 95,330	\$ (2,674)	\$ 7,903,281
Blue Bird Loan Receivable	<u>615,349</u>	<u>520,774</u>	<u>(80,000)</u>	<u>1,056,123</u>
TOTAL	<u>\$ 8,425,974</u>	<u>\$ 616,104</u>	<u>\$ (82,674)</u>	<u>\$ 8,959,404</u>

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NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 4 - CAPITAL ASSETS

The following is a summary of the Authority's changes in capital assets for the fiscal year ended June 30, 2023:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Land	\$ 3,608,592	\$ 4,558,122	\$ (520,628)	\$ 7,646,086
Buildings and improvements	7,455,026	203,881	(1,642,440)	6,016,467
Furniture and Equipment	718,445	91,381	-	809,826
Intangible lease asset	<u>150,586</u>	<u>-</u>	<u>-</u>	<u>150,586</u>
Total capital assets	<u>11,932,649</u>	<u>4,853,384</u>	<u>(2,163,068)</u>	<u>14,622,965</u>
Less Accumulated depreciation/amortization:				
Buildings and Improvements	(2,297,154)	(227,547)	-	(2,524,701)
Furniture and Equipment	(389,405)	(82,038)	-	(471,443)
Intangible lease asset	<u>(58,561)</u>	<u>(50,195)</u>	<u>-</u>	<u>(108,756)</u>
Total accumulated depreciation/amortization	<u>(2,745,120)</u>	<u>(359,780)</u>	<u>-</u>	<u>(3,104,900)</u>
Total capital assets, net	<u>\$ 9,187,529</u>	<u>\$ 4,493,604</u>	<u>\$ (2,163,068)</u>	<u>\$ 11,518,065</u>

The following is a summary of Blue Bird's changes in capital assets for the fiscal year ended June 30, 2023.

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Buildings	\$ 24,873	-	-	\$ 24,873
Total capital assets	<u>24,873</u>	<u>-</u>	<u>-</u>	<u>24,873</u>
Less Accumulated depreciation:				
Buildings	(810)	(2,487)	-	(3,297)
Total accumulated depreciation	<u>(810)</u>	<u>(2,487)</u>	<u>-</u>	<u>(3,297)</u>
Total capital assets, net	<u>\$ 24,063</u>	<u>\$ (2,487)</u>	<u>\$ -</u>	<u>\$ 21,576</u>

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 - LONG TERM DEBT

The following is a summary of changes in debt for the year ended June 30, 2023:

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>	<u>Current</u>
Mortgage notes	\$ 959,780	\$ -	\$ (52,733)	\$ 907,047	\$ 52,480
Lease payable	95,405	-	(50,415)	44,990	44,990
Compensated Absences (Note 6)	186,190	30,669	(14,820)	202,039	20,204
	<u>\$ 1,241,375</u>	<u>\$ 30,669</u>	<u>\$ (117,968)</u>	<u>\$ 1,154,076</u>	<u>\$ 117,674</u>

Mortgage Notes

A description of the debt recorded at June 30, 2023, for the housing authority is as follows:

	<u>Balance</u>
<u>Yerington Manor</u>	
Installment note due February 1, 2029, secured by a deed of trust on real property and security agreement which includes an assignment of rents, interest at 8.25% per annum, required monthly principal and interest payments are \$3,373.	\$ 180,594
Installment note due March 1, 2029, secured by a deed of trust on real property and security agreement which includes an assignment of rents, interest at 8.75% per annum, required monthly principal and interest payments are \$1,721.	91,996
Installment note due December 25, 2029, secured by a deed of trust on real property and security agreement which includes an assignment of rents, interest at 9.00% per annum, required monthly principal and interest payments are \$323.	17,146
Installment note due March 2, 2039, secured by a deed of trust on real property and security agreement which includes an assignment of rents, interest at 9.00% per annum, monthly principal and interest payments amount to \$4,416.	444,257
Installment note due March 2, 2039 secured by a deed of trust on real property and security agreement which includes an assignment of rents, interest at 9.5% per annum, monthly principal and interest payments amount to \$630.	61,524

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 - LONG TERM DEBT (continued)

NRHI -

Nevada Rural Housing Inc. (NRHI) entered into a deferred loan agreement due on April 12, 2027, in the amount of \$111,530 with an annual interest rate of 1.00%. The loan is being deferred for the period of affordability and repayment of the loan including principal and interest will be forgiven at the end of the period of affordability as long as the project meets all HUD HOME program requirements.

111,530

Total notes payable at June 30, 2023

\$ 907,047

A schedule of debt payment requirements to maturity for mortgage debt obligations other than compensated absences follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u> <u>Payments</u>
2024	\$ 52,480	\$ (7,150)	\$ 45,330
2025	62,160	(12,710)	49,450
2026	67,731	(18,281)	49,450
2027	73,802	(24,352)	49,450
2028	80,418	(30,968)	49,450
2029 – 2033	188,318	(81,448)	106,870
2034 – 2038	226,799	(142,678)	84,121
2039 – 2042	43,809	(31,193)	12,616
Total NRHA and YM	795,517	(348,780)	446,737
NRHI due in 2027	111,530	-	111,530
	<u>\$ 907,047</u>	<u>\$ (348,780)</u>	<u>\$ 558,267</u>

Lease Payable

The Authority entered into an office lease that expires in June 2024. The original cost of the office lease asset was \$150,586 and the accumulated amortization on the office lease asset is \$105,596 (see Note 4). The following is a schedule of future minimum principal and interest payments to be paid under the operating lease.

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u> <u>Payments</u>
2024	\$ 44,990	\$ 1,561	\$ 46,551
	<u>\$ 44,990</u>	<u>\$ 1,561</u>	<u>\$ 46,551</u>

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 - LONG TERM DEBT (continued)

Blue Bird Property

Blue Bird Property entered into a revolving loan agreement with a maximum credit amount of \$1,371,608 with the Authority. The Company has incurred start-up and administration costs which have been provided by the Authority. The loan account and loans are payable on demand. As of June 30, 2023, the Company's loan balance due to the Authority was \$1,056,123.

Note 6 - COMPENSATED ABSENCES

It is the Authority's policy to permit employees to accumulate earned but unused vacation leave. This leave will be used in future periods or paid to employees upon separation from the Authority. Employees also are entitled to receive unused sick leave at separation of service up to a maximum of \$8,000 based upon the number of years of service, after being with the Authority ten years or more. At June 30, 2023 accrued vacation and sick leave, \$202,039, has been valued by the Authority and has been recorded as a short-term liability of \$20,204 and a long-term liability of \$181,835.

Note 7 – EMPLOYEE RETIREMENT PLAN

A. General Information about the Pension Plan

Plan Descriptions – Public Employee Retirement System of Nevada (PERS) administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system. The system was established by the Nevada Legislature in 1947, effective July 1, 1948. The system is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earning capacities have been removed or substantially impaired by age or disability.

Additional information supporting the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

Benefits Provided – Benefits, as required by the Nevada Revised Statutes (NRS or Statute), are determined by the number of years accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and July 1, 2015, as determined below in plan provisions. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – EMPLOYEE RETIREMENT PLAN (continued)

Monthly benefit allowances for members are computed as 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on or after July 1, 2001, this factor is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% service time factor. For members entering the system on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Vesting – Regular members become fully vested as to benefits upon completion of five years of service. Members entering the system on or after July 1, 2015 are eligible for retirement at age 65 with five years of service, or at age 62 with ten years of service, or at age 55 with thirty years of service, or at any age with thirty-three and one third years of service. See the chart below for details regarding vesting prior to June 30, 2015.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit up to 90% of average compensation.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Prior to Jan 1, 2010	Jan 1, 2010 to June 30, 2015	On or after Jul 1, 2015
Retirement age based on years of service	60 after 10 years, 65 after 5 years, any after 30 years	62 after 10 years, 65 after 5 years, any after 30 years	55 after 30 years, 62 after 10 years, 65 after 5 years, any after 33 1/3 years

Contributions – The authority for establishing and amending the obligation to make employer and member contribution rates, is set by statute. New hires, in agencies, which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The system receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – EMPLOYEE RETIREMENT PLAN (continued)

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2022, the Regular Statutory Employer/employee matching rate was 15.50%. The Regular Employer-pay contribution (EPC) rate was 29.75%.

For the year ended June 30, 2023, the contributions recognized as part of pension expense were as follows:

Contributions – employer	\$ 649,759
Contributions – employee	\$ 314,527

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pension Liability - The following table shows the Plan's proportionate share of the regular risk pool collective net pension liability over the measurement period ended June 30, 2022:

	Proportionate Share of Net	Pool
	<u>Pension Liability</u>	<u>Percentage</u>
Balance at 6/30/21 – Measurement date	\$ 3,420,702	0.03751%
Balance at 6/30/22 – Measurement date	<u>7,769,606</u>	<u>0.04303%</u>
Total Net Change	<u>\$ 4,348,904</u>	<u>0.00552%</u>

The Authority's net pension liability (NPL) was measured as of June 30, 2022, and the total pension liability used to calculate the pension liability was determined by an actuarial valuation as of that date. The NPL of \$7,769,606 is measured as the proportionate share of the net pension liability of \$18,054,894,699 (or 0.04303%).

The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Each employer's proportion of the net pension liability is based on the employer contributions relative to the total combined employer contributions for all employers for the period ended June 30, 2022.

Pension expense – As of June 30, 2023, the Authority recognized actuarial pension expense of \$1,083,317.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – EMPLOYEE RETIREMENT PLAN (continued)

Deferred inflows/outflows - At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 649,759	\$ -
Differences between actual and expected experience	1,006,036	(5,550)
Changes in assumptions	998,060	-
Net differences between projected and actual earnings on pension plan investments	94,794	-
Adjustment due to differences between actual Contributions and proportionate share of contributions	<u>1,044,136</u>	<u>(19,653)</u>
Total	<u>\$ 3,792,785</u>	<u>\$ (25,203)</u>

\$649,759 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024 (measurement period ended June 30, 2023). Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/inflows of Resources
2024	\$ 321,117
2025	304,759
2026	272,099
2027	1,052,821
2028	142,543
Thereafter	-

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NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – EMPLOYEE RETIREMENT PLAN (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability – The System’s net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions:

Investment Rate of Return	7.25%
Inflation	2.50%
Productivity pay increase	0.50%
Projected Salary Increase	4.20% to 9.10% depends on service. Includes inflation and productivity increases

Other assumptions	Same as those used in the June 30, 2022 funding actuarial valuation
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Actuarial assumptions used in the June 30, 2022, valuation were based on the results of the experience study for the period July 1, 2016 through June 30, 2020.

Discount Rate – The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan’s current funding policy and cost-sharing mechanism between employers and members. For this purpose, all contributions that are intended to fund benefits for all plan members and their beneficiaries are included, except that projected contributions are intended to fund the service costs for future plan members and their beneficiaries are not included.

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments for 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 as of June 30, 2022.

The following was the Pension Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. Stocks	42.0%	5.50%
International Stocks	18.0%	5.50%
U.S. Bonds	28.0%	0.75%
Private Markets	12.0%	6.65%
Total	100.0%	

*As of June 30, 2022, PERS’s long-term inflation assumption was 2.50%.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 7 – EMPLOYEE RETIREMENT PLAN (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority’s proportionate share of the net pension liability, calculated using the discount rate of 7.25 percent, as well as what the 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%) or 1-percentage point higher (8.25%) than the current discount rate:

	Discount Rate - 1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate +1% (8.25%)
Plan’s Net Pension Liability	\$ 11,928,887	\$ 7,769,606	\$ 4,337,575

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued PERS’ Comprehensive Annual Financial Report, available on the PERS website at www.nvpers.org.

Note 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Authority has established a Retiree Healthcare Plan (HC Plan), Nevada Rural Housing Authority Employee Health Benefit Plan (NVRHAEHBP), and administers a single-employer defined benefit retiree healthcare plan. Additionally, the Authority contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees’ Benefits Plan (PEBP). Each plan provides medical, vision, dental, and life insurance benefits to eligible retired Authority employees and beneficiaries. Benefit provisions for the NRHAEHBP are established pursuant to NRS 287.023 and amended through negotiations between the Authority and the respective associations. NRS 288.150 assigns the authority to establish benefit provisions to the Board of Commissioners. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the Authority’s group health insurance plan, which covers both active and retired members. The Authority implemented GASB No. 75 beginning with the fiscal year ending June 30, 2018.

Under NRS 287.023, eligible retirees are able to participate in the plan at the same premium rates as active employees. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2020, two retirees were using this plan. The NVRHAEHBP does not issue a publicly available financial report.

Authority employees who met the eligibility requirements effective September 1, 2008 for retirement within the Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for Authority employees who retired after December 29, 2008. Local governments are required to pay the same portion of cost of coverage for those persons joining PEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the plan.

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

While PEBP is generally closed to Authority retirees after September 1, 2008, former employees covered by PEBP at the time of their retirement (through a subsequent employer) may join the plan and the Authority is assessed a portion of their cost.

The Authority's annual cost for the two retirees is projected to be less than \$1,000 in the fiscal year ending June 30, 2023, with an immaterial estimated long-term liability. This OPEB liability has not been recognized in these financial statements.

Note 9 – CONTINGENT LIABILITIES

Federal Grants

The Authority has received funds from various federal, state, and local grant programs. It is possible that at some future date it may be determined that the Authority was not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority does not expect such disallowed amounts, if any, to materially affect the financial statements.

Contingent Liability

For the following partnerships, the Nevada Rural Housing Authority (the Authority) has guaranteed performance regarding delivery of low-income housing tax credits, funding of operating deficits, and maintaining compliance with applicable provisions of Internal Revenue Code Section 42.

West Minor Street Associates, LLC	West Minor Street Associates II, LLC
Sunridge Fallon Associates, LLC	Southwood Associates, LLC
Desert Properties, LLC	Belmont Associates, LLC
Bristlecone Apartments Associates, LLC	Shadows Associates, LLC
Pinion Apartments, LLC	Jeanell Drive Associates, LLC
Mountain View Village, LLC	Winnemucca Village, LLC
Carson Southgate Enterprise, LLC	Hafen Village I LLC

In addition, the Authority has guaranteed performance regarding repayment of permanent loans and payment of development fees for Southwood Associates, LLC under provisions of the same code. Failure to maintain compliance or to correct noncompliance within a specified time period could result in a default and create financial costs to the Authority. There are no outstanding faults that are probable in which the loss is estimable, which would be required to be accrued in these financial statements.

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NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – INVESTMENT IN TAX CREDIT PROPERTIES

	<u>West Minor Street Associates, LLC</u>	<u>West Minor Street Associates II, LLC</u>	<u>Sunridge Fallon Associates, LLC</u>	<u>Southwood Associates, LLC</u>	<u>Desert Properties, LLC</u>
<u>BALANCE SHEETS</u>					
<u>ASSETS</u>					
Current assets	\$ 38,495	\$ 86,077	\$ 94,032	\$ 15,780	\$ 64,619
Capital assets	3,428,983	4,031,333	4,726,806	3,038,427	7,768,877
Restricted deposits and funded reserves	164,155	120,049	351,683	149,559	627,111
Other assets	23,206	30,683	26,475	25,520	36,397
Total Assets	<u>\$ 3,654,839</u>	<u>\$ 4,268,142</u>	<u>\$ 5,198,996</u>	<u>\$ 3,229,286</u>	<u>\$ 8,497,004</u>
<u>LIABILITIES, DEFERRED INFLOWS, AND MEMBERS' EQUITY</u>					
Current liabilities	\$ 42,848	\$ 25,900	\$ 64,592	\$ 107,142	\$ 547,598
Noncurrent liabilities	2,134,635	1,082,061	1,479,193	1,407,137	7,012,722
Other liabilities	7,110	7,700	18,444	-	-
Members' equity	1,470,246	3,152,481	3,636,767	1,715,007	926,684
Total Liabilities and Members' Equity	<u>\$ 3,654,839</u>	<u>\$ 4,268,142</u>	<u>\$ 5,198,996</u>	<u>\$ 3,229,286</u>	<u>\$ 8,487,004</u>
<u>STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN MEMBERS' EQUITY</u>					
Operating revenue	\$ 248,416	\$ 270,015	\$ 401,127	\$ 216,511	\$ 393,879
Operating expenses	(269,081)	(212,190)	(399,642)	(241,159)	(293,596)
Depreciation and amortization	(234,571)	(143,543)	(177,485)	(164,855)	(304,845)
Operating results	<u>(255,236)</u>	<u>(85,718)</u>	<u>(176,000)</u>	<u>(189,503)</u>	<u>(204,562)</u>
Nonoperating revenues (expenses)	-	-	198	(2,000)	(225,398)
Contributions (Distributions)	-	-	(16,423)	-	-
	<u>-</u>	<u>-</u>	<u>(16,225)</u>	<u>(2,000)</u>	<u>(225,398)</u>
Net change in members' equity	(255,236)	(85,718)	(192,225)	(191,503)	(429,960)
Members' equity, January 1, 2022	1,725,482	3,238,199	3,828,992	1,906,510	1,356,644
Members' equity, December 31, 2022	<u>\$ 1,470,246</u>	<u>\$ 3,152,481</u>	<u>\$ 3,636,767</u>	<u>\$ 1,715,007</u>	<u>\$ 926,684</u>
Annual allocation of net change in members' equity	0.01%	0.01%	0.01%	0.01%	0.01%
Portion of member equity attributable to NRHA as managing member	<u>\$ (203)</u>	<u>\$ (27,276)</u>	<u>\$ 88,655</u>	<u>\$ (50)</u>	<u>\$ (66)</u>
<u>STATEMENTS OF CASH FLOWS</u>					
Net cash provided by (used in):					
Operating activities	\$ 35,958	\$ 49,231	\$ 447	\$ (24,772)	\$ 19,073
Investing activities	(4,111)	(4,111)	(28,119)	-	(20,261)
Financing activities	(15,925)	(10,217)	(42,690)	(17,282)	(37,535)
Net change in cash	<u>15,922</u>	<u>34,903</u>	<u>(70,362)</u>	<u>(42,054)</u>	<u>(38,723)</u>
Cash and cash equivalents, beginning of year	183,534	165,160	513,684	206,149	720,385
Cash and cash equivalents, end of year	<u>\$ 199,456</u>	<u>\$ 200,063</u>	<u>\$ 443,322</u>	<u>\$ 164,095</u>	<u>\$ 681,662</u>

NEVADA RURAL HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 – INVESTMENT IN TAX CREDIT PROPERTIES (continued)

<u>Belmont Associates, LLC</u>	<u>Bristlecone Apartments Associates, LLC</u>	<u>Shadows Associates, LLC</u>	<u>Pinion Apartments, LLC</u>	<u>Jeanell Drive Associates, LLC</u>	<u>Mountain View Village, LLC</u>	<u>Winnemucca Village, LLC</u>	<u>Carson Southgate Enterprise, LLC</u>	<u>Total Tax Credit Properties</u>
\$ 35,661	\$ 183,824	\$ 66,260	\$ 92,382	\$ 192,022	\$ 506,519	\$ 79,508	\$ 221,920	\$ 1,677,099
4,208,838	8,847,698	6,790,940	6,749,681	6,721,643	9,082,716	3,810,474	7,885,090	77,091,506
201,991	405,527	329,898	200,761	198,543	10,937	138,177	654,667	3,553,058
45,516	78,647	58,902	58,785	-	73,059	-	4,876	462,066
<u>\$ 4,492,006</u>	<u>\$ 9,515,696</u>	<u>\$ 7,246,000</u>	<u>\$ 7,101,609</u>	<u>\$ 7,112,208</u>	<u>\$ 9,673,231</u>	<u>\$ 4,028,159</u>	<u>\$ 8,766,553</u>	<u>\$ 82,783,729</u>
\$ 53,006	\$ 105,804	\$ 264,118	\$ 262,823	\$ 41,898	\$ 8,392,727	\$ 2,680,785	\$ 290,214	\$ 12,879,455
1,019,004	2,649,382	2,713,607	2,561,989	1,701,387	894,036	1,246,325	8,064,494	33,965,972
2,100	-	-	-	-	-	-	-	35,354
3,417,896	6,760,510	4,268,275	4,276,797	5,368,923	386,468	101,049	411,845	35,892,948
<u>\$ 4,492,006</u>	<u>\$ 9,515,696</u>	<u>\$ 7,246,000</u>	<u>\$ 7,101,609</u>	<u>\$ 7,112,208</u>	<u>\$ 9,673,231</u>	<u>\$ 4,028,159</u>	<u>\$ 8,766,553</u>	<u>\$ 82,773,729</u>
\$ 171,373	\$ 455,117	\$ 212,586	\$ 242,964	\$ 426,535	\$ 256,369	\$ 151,974	\$ 1,337,650	\$ 4,784,516
(196,346)	(366,867)	(186,831)	(214,181)	(292,105)	(204,443)	(83,131)	(893,774)	(3,853,346)
(149,509)	(297,111)	(249,797)	(246,503)	(257,242)	(138,623)	(18,741)	(655,675)	(3,038,500)
<u>(174,482)</u>	<u>(208,861)</u>	<u>(224,042)</u>	<u>(217,720)</u>	<u>(122,812)</u>	<u>(86,697)</u>	<u>50,102</u>	<u>(211,799)</u>	<u>(2,107,330)</u>
97	(62,619)	(190,409)	(168,680)	(101,997)	(109,795)	(15,433)	(472,754)	(1,348,790)
-	-	4,656,095	4,618,877	-	100	100	-	9,258,749
97	(62,619)	4,465,686	4,450,197	(101,997)	(109,695)	(15,333)	(472,754)	7,909,959
(174,385)	(271,480)	4,241,644	4,232,477	(224,809)	(196,392)	34,769	(684,553)	5,802,629
3,592,281	7,031,990	26,631	44,320	5,593,732	582,860	66,280	1,096,398	30,090,319
<u>\$ 3,417,896</u>	<u>\$ 6,760,510</u>	<u>\$ 4,268,275</u>	<u>\$ 4,276,797</u>	<u>\$ 5,368,923</u>	<u>\$ 386,468</u>	<u>\$ 101,049</u>	<u>\$ 411,845</u>	<u>\$ 35,892,948</u>
0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.005%	N/A
<u>\$ 21</u>	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 11</u>	<u>\$ (49)</u>	<u>\$ 82</u>	<u>\$ 103</u>	<u>\$ (396)</u>	<u>\$ 60,840</u>
\$ 14,233	\$ 51,832	\$ (102,732)	\$ (82,454)	\$ 42,999	\$ 54,413	\$ 94,780	\$ (24,096)	\$ 128,912
(15,779)	(18,467)	(46,738)	(128,916)	(4,709)	(4,007,397)	(2,031,265)	(13,902)	(6,323,775)
(1,980)	(67,402)	147,236	270,690	-	4,433,695	2,023,368	64,590	6,746,548
(3,526)	(34,037)	(2,234)	59,320	38,290	480,711	86,883	26,592	551,685
240,035	580,800	392,613	229,382	303,883	27,533	126,650	188,132	3,877,940
<u>\$ 236,509</u>	<u>\$ 546,763</u>	<u>\$ 390,379</u>	<u>\$ 288,702</u>	<u>\$ 342,173</u>	<u>\$ 508,244</u>	<u>\$ 213,533</u>	<u>\$ 214,724</u>	<u>\$ 4,429,625</u>

REQUIRED SUPPLEMENTARY INFORMATION
(Other than the MD&A)

**NEVADA RURAL HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**Schedule of the Authority's Proportionate Share of the Net Pension Liability
Last 10 Years***

	Fiscal year ended June 30,								
Measurement date	2015 6/30/2014	2016 6/30/2015	2017 6/30/2016	2018 6/30/2017	2019 6/30/2018	2020 6/30/2019	2021 6/30/2020	2022 6/30/2021	2023 6/30/2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.02218%	0.02364%	0.02968%	0.03199%	0.03123%	0.03257%	0.03554%	0.03751%	0.04303%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 2,311,800	\$ 2,709,403	\$ 3,993,550	\$ 4,254,861	\$ 4,259,470	\$ 4,441,488	\$ 4,950,673	\$ 3,420,702	\$ 7,769,606
Plan's Covered-Employee Payroll	\$ 1,379,650	\$ 1,319,436	\$ 1,760,342	\$ 2,003,011	\$ 2,010,588	\$ 2,173,079	\$ 2,456,390	\$ 2,605,438	\$ 3,095,053
Plan's Proportionate Share of the Net Pension Liability/(asset) as a Percentage of its Covered-Employee Payroll	168%	205%	227%	212%	212%	204%	202%	131%	251%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	76.51%	75.13%	72.23%	74.40%	75.24%	76.46%	77.04%	86.51%	75.10%
Plan's Proportionate Share of Aggregate Fiduciary Net Position	\$ 7,446,953	\$ 8,181,974	\$ 10,388,602	\$ 12,376,433	\$ 12,940,341	\$ 14,424,210	\$ 16,611,480	\$ 21,928,122	\$ 23,459,146

* Fiscal year ending June 30, 2015 was the 1st year of implementation, therefore only nine years of information is shown

NEVADA RURAL HOUSING AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Schedule of the Authority's Pension Plan Contributions
Last 10 Years*

	Fiscal year ended June 30,								
Measurement date	2015 6/30/2014	2016 6/30/2015	2017 6/30/2016	2018 6/30/2017	2019 6/30/2018	2020 6/30/2019	2021 6/30/2020	2022 6/30/2021	2023 6/30/2022
Actuarially Determined Contributions	\$ 181,479	\$ 189,751	\$ 189,128	\$ 281,128	\$ 362,009	\$ 356,637	\$ 436,133	\$ 500,452	\$ 610,462
Contributions in Relation to the Actuarially Determined Contribution - Employer	(181,479)	(189,751)	(189,128)	(281,128)	(362,009)	(356,637)	(436,133)	(500,452)	(610,462)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,379,650	\$ 1,319,436	\$ 1,760,342	\$ 2,003,011	\$ 2,010,588	\$ 2,173,079	\$ 2,456,390	\$ 2,605,438	\$ 3,095,053
Contributions as a Percentage of Covered- Employee Payroll	13.15%	14.38%	10.74%	14.04%	18.01%	16.41%	17.76%	19.21%	19.72%

Notes to Schedule:

Valuation Date: June 30, 2022

Methods and assumptions used to determine contributions rates:

Actuarial Cost method	Entry Age Normal Actuarial Cost Method
Amortization Policy	Combined and re-amortized over a closed 20-year period
Asset Valuation Method	Market Value of Assets less unrecognized returns in each of the last five years
Inflation rate	2.50%
Productivity pay increase	0.5% Plus
Investment Rate of Return	7.25%
Projected salary increases	1.20% to 6.10%, depending on years of service
Retirement Age	Varies based on years of service
Mortality rates	See the PERS of Nevada Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022 for information on mortality rates.

* Fiscal year ending June 30, 2015 was the 1st year of implementation, therefore only nine years of information is shown

OTHER SUPPLEMENTARY INFORMATION

**NEVADA RURAL HOUSING AUTHORITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**Combining Statements of Net Position
June 30, 2023**

	Nevada Rural Housing Authority	Nevada Rural Housing Inc.	Total
<u>ASSETS</u>			
Current Assets:			
Cash and investments (Note 2)	\$ 1,715,504	\$ 229,443	\$ 1,944,947
Restricted Cash (Note 2)	705,995	-	705,995
Due from other agencies	386,184	-	386,184
Accounts receivable	3,325,876	158,400	3,484,276
Prepaid expenses	55,235	-	55,235
Investments in Other Entities (Note 2)	371,826	257,730	629,556
Total current assets	<u>6,560,620</u>	<u>645,573</u>	<u>7,206,193</u>
Noncurrent assets:			
Mortgage loan receivable (Note 3)	8,862,078	97,326	8,959,404
Mortgage interest receivable	552,167	497	552,664
Assets held for resale	330,628	-	330,628
Capital assets, net (Note 4)	11,412,016	106,049	11,518,065
Total noncurrent assets	<u>21,156,889</u>	<u>203,872</u>	<u>21,360,761</u>
Total Assets	<u>27,717,509</u>	<u>849,445</u>	<u>28,566,954</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension Plan (Note 7)	3,792,785	-	3,792,785
Total deferred outflows	<u>3,792,785</u>	<u>-</u>	<u>3,792,785</u>
Total assets and deferred outflows of resources	<u>31,510,294</u>	<u>849,445</u>	<u>32,359,739</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	319,420	20,350	339,770
Tenant security deposits	17,912	-	17,912
Accrued liabilities	473,322	-	473,322
Compensated absences (Note 6)	20,204	-	20,204
Deferred revenues	106,336	1,795	108,131
Lease payable, current	44,990	-	44,990
Notes payable (Note 5)	52,480	-	52,480
Total current liabilities	<u>1,034,664</u>	<u>22,145</u>	<u>1,056,809</u>
Noncurrent liabilities:			
Compensated absences (Note 6)	181,835	-	181,835
Notes payable (Note 5)	743,037	111,530	854,567
Pension liability (Note 7)	7,769,606	-	7,769,606
Total noncurrent liabilities	<u>8,694,478</u>	<u>111,530</u>	<u>8,806,008</u>
Total liabilities	<u>9,729,142</u>	<u>133,675</u>	<u>9,862,817</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension Plan (Note 7)	25,203	-	25,203
Total liabilities and deferred inflows of resources	<u>9,754,345</u>	<u>133,675</u>	<u>9,888,020</u>
<u>NET POSITION</u>			
Net investment in capital assets	10,616,499	(5,481)	10,611,018
Restricted	645,539	-	645,539
Unrestricted	10,493,911	721,251	11,215,162
Total Net Position	<u>\$ 21,755,949</u>	<u>\$ 715,770</u>	<u>\$ 22,471,719</u>

**NEVADA RURAL HOUSING AUTHORITY
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

**Combining Schedule of Revenue, Expenses, and Changes in Net Position
For the year ended June 30, 2023**

	Nevada Rural Housing Authority	Nevada Rural Housing Inc.	Total
<u>Operating Revenues</u>			
Grants	\$ 19,937,819	\$ -	\$ 19,937,819
Rents	258,335	15,943	274,278
Mortgage issuer and lender fees	315,055	-	315,055
Developer fees	1,112,333	-	1,112,333
Management fees	886,480	-	886,480
Other	494,993	193,822	688,815
Total operating revenues	<u>23,005,015</u>	<u>209,765</u>	<u>23,214,780</u>
<u>Operating Expenses</u>			
Administration	6,918,726	109,469	7,028,195
Utilities	67,174	1,040	68,214
Maintenance	1,470,910	931	1,471,841
General	477,585	5,407	482,992
Tenant services	767,352	-	767,352
Housing assistance payments	11,056,247	-	11,056,247
Depreciation and amortization	355,562	4,218	359,780
Total operating expenses	<u>21,113,556</u>	<u>121,065</u>	<u>21,234,621</u>
Operating income (loss)	<u>1,891,459</u>	<u>88,700</u>	<u>1,980,159</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest income - investments	166,035	1,707	167,742
Interest income - mortgage loans	195,908	-	195,908
Gain (loss) on disposition of capital asset	(189,999)	-	(189,999)
Interest expense	(15,301)	-	(15,301)
Net non-operating revenue	<u>156,643</u>	<u>1,707</u>	<u>158,350</u>
Change in net position	2,048,102	90,407	2,138,509
Total beginning net position	<u>19,707,847</u>	<u>625,363</u>	<u>20,333,210</u>
Total ending net position	<u><u>\$ 21,755,949</u></u>	<u><u>\$ 715,770</u></u>	<u><u>\$ 22,471,719</u></u>

**NEVADA RURAL HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Federal Grantor/ Pass Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Expenditures</u>
<u>Department of Housing and Urban Development (HUD):</u>			
Direct Programs:			
Rent Supplements – Rental Housing for			
Lower Income Families	14.149		\$ 104,067
Neighborhood Stabilization Program	14.256		36,550
Dollar Home Sales	14.313		9,275
Multifamily Housing Service Coordinators	14.191		79,360
Housing Voucher Cluster:			
Mainstream Vouchers	14.879		971,493
Emergency Housing Voucher	14.EHV		115,920
Section 8 Housing Choice Vouchers	14.871		<u>11,419,057</u>
Total U.S. Department of Housing and Urban Development			<u>12,753,722</u>
<u>U.S. Department of Agriculture (USDA):</u>			
Direct Programs:			
Rural Rental Assistance Programs	10.427		<u>1,170,789</u>
Total U.S. Department of Agriculture			<u>1,170,789</u>
<u>Department of Energy (DOE):</u>			
Passed through from State of Nevada Housing Division:			
Weatherization Assistance for Low-Income Persons	81.042	DOE/2016/02	<u>327,388</u>
Total Department of Energy			<u>327,388</u>
<u>Department of Health and Human Services (HH&S):</u>			
Passed through from State of Nevada Housing Division:			
Low Income Home Energy Assistance	93.568	LIHEA/2016/02	<u>546,024</u>
Total Department of Health and Human Services			<u>546,024</u>
<u>Department of the Treasury</u>			
Direct Programs:			
Emergency Rental Assistance (ERAP)	21.023		<u>456,861</u>
Total Department of the Treasury			<u>456,861</u>
Total Federal Expenditures			<u>\$ 15,236,784</u>

See Notes to the Schedule of Expenditures of Federal Awards

NEVADA RURAL HOUSING AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Nevada Rural Housing Authority (the “Authority”). The Authority’s reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2023. 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 Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the Authority’s basic financial statements.
4. The Authority did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2023.
5. Per compliance requirements, the \$1,265,918 of Rural Rental Assistance Program (CFDA #10.427) expenditures include the balance of the debt (\$795,517) outstanding at June 30, 2023.

NEVADA RURAL HOUSING AUTHORITY (NV905)

Carson City, Nevada

Entity Wide Balance Sheet Summary

Fiscal Year End: June 30, 2023

Submission Type: Audited/Single

	14.879 Mainstream Vouchers	14.149 Rent Supplements Housing for Lower Income Families	14.313 Dollar Home Sales	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	93.568 Low-Income Home Energy Assistance	81.042 Weatherization Assistance for Low-Income Persons	1 Business Activities
111 Cash - Unrestricted	\$ 9,139		\$ -	\$ 2,960	\$ -	\$ -	\$ 1,236,934
112 Cash - Restricted - Modernization and Development	-		-	-	-	-	-
113 Cash - Other Restricted	87		-	-	-	-	-
114 Cash - Tenant Security Deposits	-		-	4,935	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-		-	-	-	-	-
100 Total Cash	9,226	-	-	7,895	-	-	1,236,934
121 Accounts Receivable - PHA Projects	-		-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-		-	-	-	-	-
124 Accounts Receivable - Other Government	-		-	-	111,657	54,406	109,371
125 Accounts Receivable - Miscellaneous	-		100	-	-	-	3,284,859
126 Accounts Receivable - Tenants	-		-	200	-	-	-
126.1 Allowance for Doubtful Accounts - Tenants	-		-	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-		-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-		-	-	-	-	-
128 Fraud Recovery	758		-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	(758)		-	-	-	-	-
129 Accrued Interest Receivable	-		-	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	-	-	100	200	111,657	54,406	3,394,230
131 Investments - Unrestricted	-		-	-	-	-	-
132 Investments - Restricted	-		-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-		-	-	-	-	-
142 Prepaid Expenses and Other Assets	-		-	-	-	-	50,470
143 Inventories	-		-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-		-	-	-	-	-
144 Inter Program Due From	-		111,534	-	-	-	20,455,647
145 Assets Held for Sale	-		-	-	-	-	330,628
150 Total Current Assets	9,226	-	111,634	8,095	111,657	54,406	25,467,909
161 Land	-		19,800	226,260	-	-	6,152,552
162 Buildings	-		66,582	446,585	-	-	1,512,851
163 Furniture, Equipment & Machinery - Dwellings	11,849		14,946	-	-	-	754,948
164 Furniture, Equipment & Machinery - Administration	-		-	-	-	-	-
165 Leasehold Improvements	-		-	-	-	-	-
166 Accumulated Depreciation	(9,609)		(43,200)	(212,873)	-	-	(686,942)
167 Construction in Progress	-		-	-	-	-	-
168 Infrastructure	-		-	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	2,240	-	58,128	459,972	-	-	7,733,409
171 Notes, Loans and Mortgages Receivable - Non-Current	-		-	-	-	-	9,414,245
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-		-	-	-	-	-
173 Grants Receivable - Non Current	-		-	-	-	-	-
174 Other Assets	-		-	-	-	-	-
176 Investments in Joint Ventures	-		-	-	-	-	371,826
180 Total Non-Current Assets	2,240	-	58,128	459,972	-	-	17,519,480
200 Deferred Outflow of Resources	-		-	-	-	-	2,821,807
290 Total Assets and Deferred Outflow of Resources	11,466	-	169,762	468,067	111,657	54,406	45,809,196
311 Bank Overdraft	-		-	-	-	-	-
312 Accounts Payable <= 90 Days	9		-	762	23,871	1,160	267,784
313 Accounts Payable >90 Days Past Due	-		-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	3,196		-	-	-	-	142,975
322 Accrued Compensated Absences - Current Portion	402		-	-	-	-	15,095
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	-		-	3,550	-	-	-
342 Unearned Revenue	-		-	523	-	-	22,245
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-		-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-		-	-	-	-	-
345 Other Current Liabilities	109		-	-	30,493	-	49,149
346 Accrued Liabilities - Other	20		-	-	-	-	243,114
347 Inter Program - Due To	-		-	-	57,296	59,852	20,350,752
348 Loan Liability - Current	-		-	-	-	-	-
310 Total Current Liabilities	3,736	-	-	4,835	111,660	61,012	21,091,114
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	3,617		-	-	-	-	135,847
355 Loan Liability - Non Current	-		-	-	-	-	-
356 FASB 5 Liabilities	-		-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-		-	-	-	-	5,652,111
350 Total Non-Current Liabilities	3,617	-	-	-	-	-	5,787,958
300 Total Liabilities	7,353	-	-	4,835	111,660	61,012	26,879,072
400 Deferred Inflow of Resources	-		-	-	-	-	-
508.4 Net Investment in Capital Assets	2,240		58,128	459,972	-	-	7,733,408
511.4 Restricted Net Position	87		-	4,935	-	-	-
512.4 Unrestricted Net Position	1,786	-	111,634	(1,675)	(3)	(6,606)	11,196,716
513 Total Equity - Net Assets / Position	4,113	-	169,762	463,232	(3)	(6,606)	18,930,124
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	11,466	-	169,762	468,067	111,657	54,406	45,809,196

NEVADA RURAL HOUSING AUTHORITY (NV905)

Carson City, Nevada

Entity Wide Balance Sheet Summary

Fiscal Year End: June 30, 2023

Submission Type: Audited/Single

14.191 Multifamily Housing Service Coordinators	2 State/Local	21.023 Emergency Rental Assistance Program	6.1 Component Unit Discretely Presented	6.2 Component Unit Blended	10.427 Rural Rental Assistance Payments	14.871 Housing Choice Vouchers	14.EHV Emergency Housing Voucher	Subtotal	ELIM	Total
\$ -	\$ -	\$ 64,560	\$ 70,571	\$ 229,443	\$ 22,751	\$ 350,904	\$ 8,282	\$ 1,995,544		\$ 1,995,544
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	533,776	47,745	124,387	705,995	-	705,995
-	-	-	-	-	15,040	-	-	19,975	-	19,975
-	-	-	-	-	-	-	-	-	-	-
-	-	64,560	70,571	229,443	571,567	398,649	132,669	2,721,514	-	2,721,514
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
10,949	99,758	-	-	-	43	-	110	386,294	-	386,294
-	-	-	40,704	158,400	276	39,797	-	3,524,136	-	3,524,136
-	-	-	-	-	534	-	-	734	-	734
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	7,582	-	8,340	-	8,340
-	-	-	-	-	-	(7,582)	-	(8,340)	-	(8,340)
-	-	-	-	-	-	-	-	-	-	-
10,949	99,758	-	40,704	158,400	853	39,797	110	3,911,164	-	3,911,164
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,766	-	55,236	-	55,236
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	20,567,181	(20,567,181)	-
-	-	-	-	-	-	-	-	330,628	-	330,628
10,949	99,758	64,560	111,275	387,843	572,420	443,212	132,779	27,585,723	(20,567,181)	7,018,542
-	-	-	-	43,273	1,204,200	-	-	7,646,085	-	7,646,085
-	-	-	-	98,443	3,799,523	92,484	-	6,016,468	-	6,016,468
-	6,649	-	24,873	-	53,550	118,469	-	985,284	-	985,284
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	(6,649)	-	(3,297)	(35,668)	(2,013,889)	(96,070)	-	(3,108,197)	-	(3,108,197)
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	21,576	106,048	3,043,384	114,883	-	11,539,640	-	11,539,640
-	-	-	-	97,823	-	-	-	9,512,068	-	9,512,068
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	257,730	-	-	-	629,556	-	629,556
-	-	-	21,576	461,601	3,043,384	114,883	-	21,681,264	-	21,681,264
31,826	-	-	-	-	-	969,456	-	3,823,090	-	3,823,090
42,775	99,758	64,560	132,851	849,444	3,615,804	1,527,551	132,779	53,090,077	(20,567,181)	32,522,896
-	-	-	-	-	-	-	-	-	-	-
-	16,313	-	67,283	19,550	9,431	93	-	406,256	-	406,256
-	-	-	-	-	-	-	-	-	-	-
3,001	-	-	-	-	5,034	31,954	-	186,160	-	186,160
689	-	-	-	-	-	4,018	-	20,204	-	20,204
-	-	-	-	-	-	-	-	-	-	-
-	-	-	40,234	-	-	-	-	40,234	-	40,234
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	14,362	-	-	17,912	-	17,912
-	-	-	-	1,795	3,662	-	79,906	108,131	-	108,131
-	-	-	-	-	52,479	-	-	52,479	-	52,479
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	7,500	1,088	485	88,824	-	88,824
-	-	-	-	800	-	196	-	244,130	-	244,130
181	99,100	-	-	-	-	-	-	20,567,181	(20,567,181)	-
-	-	-	-	-	-	-	-	-	-	-
3,871	115,413	-	107,517	22,145	92,468	37,349	80,391	21,731,511	(20,567,181)	1,164,330
-	-	-	-	111,530	743,038	-	-	854,568	-	854,568
-	-	-	1,056,123	-	-	-	-	1,056,123	-	1,056,123
-	-	-	-	-	-	-	-	-	-	-
6,204	-	-	-	-	-	36,166	-	181,834	-	181,834
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	14,362	-	-	17,912	-	17,912
-	-	-	-	1,795	3,662	-	79,906	108,131	-	108,131
-	-	-	-	-	52,479	-	-	52,479	-	52,479
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	7,500	1,088	485	88,824	-	88,824
-	-	-	-	800	-	196	-	244,130	-	244,130
181	99,100	-	-	-	-	-	-	20,567,181	(20,567,181)	-
-	-	-	-	-	-	-	-	-	-	-
3,871	115,413	-	107,517	22,145	92,468	37,349	80,391	21,731,511	(20,567,181)	1,164,330
-	-	-	-	111,530	743,038	-	-	854,568	-	854,568
-	-	-	1,056,123	-	-	-	-	1,056,123	-	1,056,123
-	-	-	-	-	-	-	-	-	-	-
6,204	-	-	-	-	-	36,166	-	181,834	-	181,834
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
100,154	-	-	-	-	-	2,017,341	-	7,769,606	-	7,769,606
106,358	-	-	1,056,123	111,530	743,038	2,053,507	-	9,862,131	-	9,862,131
110,229	115,413	-	1,163,640	133,675	835,506	2,090,856	80,391	31,593,642	(20,567,181)	11,026,461
6,533	-	-	-	-	-	48,974	-	55,508	-	55,508
-	-	-	21,576	(5,482)	2,247,867	114,882	-	10,632,591	-	10,632,591
-	-	-	-	-	548,815	47,745	43,957	645,539	-	645,539
(73,987)	(15,655)	64,560	(1,052,365)	721,251	(16,384)	(774,906)	8,431	10,162,797	-	10,162,797
(73,987)	(15,655)	64,560	(1,030,789)	715,769	2,780,298	(612,279)	52,388	21,440,927	-	21,440,927
42,775	99,758	64,560	132,851	849,444	3,615,804	1,527,551	132,779	53,090,077	(20,567,181)	32,522,896

NEVADA RURAL HOUSING AUTHORITY (NV905)

Carson City, Nevada

Entity Wide Revenue and Expense Summary

Fiscal Year End: June 30, 2023

Submission Type: Audited/Single

	14.879 Mainstream Vouchers	14.149 Rent Supplements Housing for Lower Income Families	14.313 Dollar Home Sales	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	93.568 Low-Income Home Energy Assistance	81.042 Weatherization Assistance for Low-Income Persons	1 Business Activities
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 68,191	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	-	-	-	-	-	-	7,200
70500 Total Tenant Revenue	-	-	14,184	68,191	-	-	7,200
70600 HUD PHA Operating Grants	927,041	104,067	-	-	-	-	-
70610 Capital Grants	-	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	1,091,294
70700 Total Fee Revenue	927,041	104,067	-	-	-	-	1,091,294
70800 Other Government Grants	-	-	-	-	546,204	327,388	5,163,261
71100 Investment Income - Unrestricted	-	-	-	30	-	-	162,435
71200 Mortgage Interest Income	-	-	-	-	-	-	195,908
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	19	-	-	-	-	-	-
71500 Other Revenue	-	-	-	-	-	-	1,608,258
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	(189,999)
72000 Investment Income - Restricted	-	-	-	-	-	-	-
70000 Total Revenue	927,060	104,067	14,184	68,221	546,204	327,388	8,038,357
91100 Administrative Salaries	48,949	-	-	-	95,297	42,752	2,345,698
91200 Auditing Fees	2,514	2,117	67	419	-	-	5,743
91300 Management Fee	-	23,272	1,284	9,224	-	-	-
91310 Book-keeping Fee	-	-	-	-	-	-	-
91400 Advertising and Marketing	108	399	-	-	213	-	119,402
91500 Employee Benefit contributions - Administrative	37,317	-	-	-	32,664	17,375	1,268,809
91600 Office Expenses	7,740	7,043	-	192	25,322	12,311	198,140
91700 Legal Expense	-	-	-	-	-	-	26,341
91800 Travel	579	-	-	3	-	30,476	97,288
91810 Allocated Overhead	27,560	-	-	-	33,118	32,736	128,079
91900 Other	4,272	-	-	-	513	3,280	371,462
91000 Total Operating - Administrative	129,039	32,831	1,351	9,838	187,127	138,930	4,560,962
92000 Asset Management Fee	-	-	-	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-
92400 Tenant Services - Other	-	-	-	-	-	-	334,346
92500 Total Tenant Services	-	-	-	-	-	-	334,346
93100 Water	54	3,023	13	-	-	-	1,536
93200 Electricity	479	3,541	-	-	-	-	11,541
93300 Gas	116	1,297	-	-	336	96	2,993
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	39	3,233	-	2,519	-	-	1,000
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	51	5,565	-	-	-	-	1,223
93000 Total Utilities	739	16,659	13	2,519	336	96	18,293
94100 Ordinary Maintenance and Operations - Labor	-	-	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	884	7,777	-	-	658	88	(45,432)
94300 Ordinary Maintenance and Operations Contracts	538	38,277	604	3,707	354,607	181,898	132,533
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-	-	-	-	-
94000 Total Maintenance	1,422	46,054	604	3,707	355,265	181,986	87,101
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
95000 Total Protective Services	-	-	-	-	-	-	-
96110 Property Insurance	230	4,350	300	2,500	-	-	5,215
96120 Liability Insurance	229	1,235	10	100	-	4,855	39,519
96130 Workmen's Compensation	2,164	1,981	-	-	3,476	1,521	54,365
96140 All Other Insurance	-	-	-	-	-	-	-
96100 Total Insurance Premiums	2,623	7,566	310	2,600	3,476	6,376	99,099
96200 Other General Expenses	2,299	-	-	-	-	-	290,580
96210 Compensated Absences	-	-	-	-	-	-	-
96300 Payments in Lieu of Taxes	-	957	-	23	-	-	(115)
96400 Bad debt - Tenant Rents	-	-	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-
96000 Total Other General Expenses	2,299	957	-	23	-	-	290,465
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	18,584
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	-	-	-	-	18,584
96900 Total Operating Expenses	136,122	104,067	2,278	18,687	546,204	327,388	5,408,850
97000 Excess of Operating Revenue over Operating Expenses	790,938	-	11,906	49,534	-	-	2,629,507
97100 Extraordinary Maintenance	-	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-	-	-	-
97300 Housing Assistance Payments	831,491	-	1,344	-	-	-	106,443
97350 HAP Portability-In	-	-	-	-	-	-	-

Submission Type: Audited/Single49

NEVADA RURAL HOUSING AUTHORITY (NV905)

Carson City, Nevada

Entity Wide Revenue and Expense Summary

Fiscal Year End: June 30, 2023

Submission Type: Audited/Single

	14.879 Mainstream Vouchers	14.149 Rent Supplements Housing for Lower Income Families	14.313 Dollar Home Sales	14.256 Neighborhood Stabilization Program (Recovery Act Funded)	93.568 Low-Income Home Energy Assistance	81.042 Weatherization Assistance for Low-Income Persons	1 Business Activities
97400 Depreciation Expense							
97500 Fraud Losses	3,880	-	5,653	17,863	-	-	151,045
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
90000 Total Expenses	971,493	104,067	9,275	36,550	546,204	327,388	5,666,338
10010 Operating Transfer In	-	-	-	-	-	-	52,500
10020 Operating transfer Out	-	-	-	(52,500)	-	-	(220,506)
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)	-	-	-	(52,500)	-	-	52,500
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$ (44,433)	\$ -	\$ 4,909	\$ (73,329)	\$ -	\$ -	\$ 2,256,513
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11030 Beginning Equity	\$ 48,546	\$ -	\$ 164,853	\$ 484,061	\$ (3)	\$ (6,606)	\$ 16,726,112
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	1,800	360	12	60	-	-	-
11210 Number of Unit Months Leased	1,345	353	12	59	-	-	-
11270 Excess Cash	-	-	-	-	-	-	-
11610 Land Purchases	-	-	-	-	-	-	-
11620 Building Purchases	-	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	-	-	-	-	-	-	-

Submission Type: Audited/Single

51

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

To the Board of Commissioners
Nevada Rural Housing Authority

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 and the aggregate discretely presented component units of Nevada Rural Housing Authority, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nevada Rural Housing Authority's basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cropper Rowe, LLP

CROPPER ROWE, LLP
Walnut Creek, California
October 9, 2023

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

To the Board of Commissioners
Nevada Rural Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nevada Rural 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 Nevada Rural Housing Authority's major federal programs for the year ended June 30, 2023. Nevada Rural 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, Nevada Rural 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, 2023.

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 Nevada Rural 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 Nevada Rural 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 Nevada Rural Housing Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Nevada Rural 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 Nevada Rural 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 Nevada Rural 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 Nevada Rural 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 Nevada Rural 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over 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.


CROPPER ROWE, LLP
Walnut Creek, California
October 9, 2023

**NEVADA RURAL HOUSING AUTHORITY
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2023**

The Authority has followed generally accepted accounting principles related to the discretely presented component unit, Blue Bird Properties, LLC. This includes, but is not limited to, ensuring all costs of start-up activities, including organization costs, are expensed as incurred.

**NEVADA RURAL HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Reportable conditions identified not considered material weaknesses?	no
Noncompliance material to financial statements?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Reportable conditions identified not considered material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	no
Identification of major programs:	
Housing Voucher Cluster:	
Section 8 Housing Choice Vouchers	14.871
Mainstream Vouchers	14.879
Emergency Housing Voucher	14.EHV
Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low risk auditee?	no

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with Generally Accepted Government Auditing Standards

Our audit disclosed no findings related to the financial statements required to be reported in accordance with Generally Accepted Government Auditing Standards.

Section III - Federal Award Findings

Our audit disclosed no findings or questioned costs that related to federal awards.