

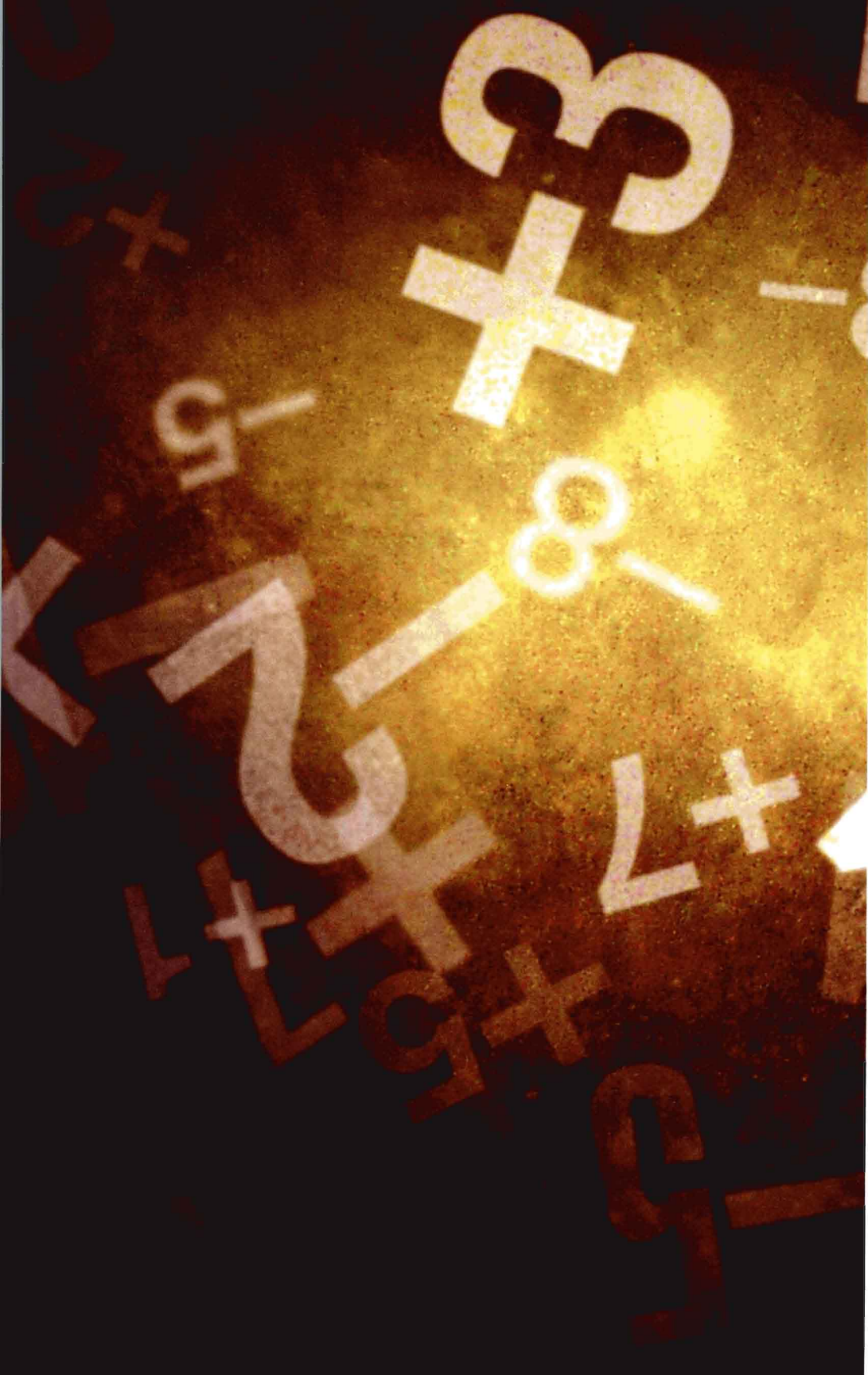


Certified Public Accountants

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING
AUTHORITY**

FINANCIAL STATEMENTS

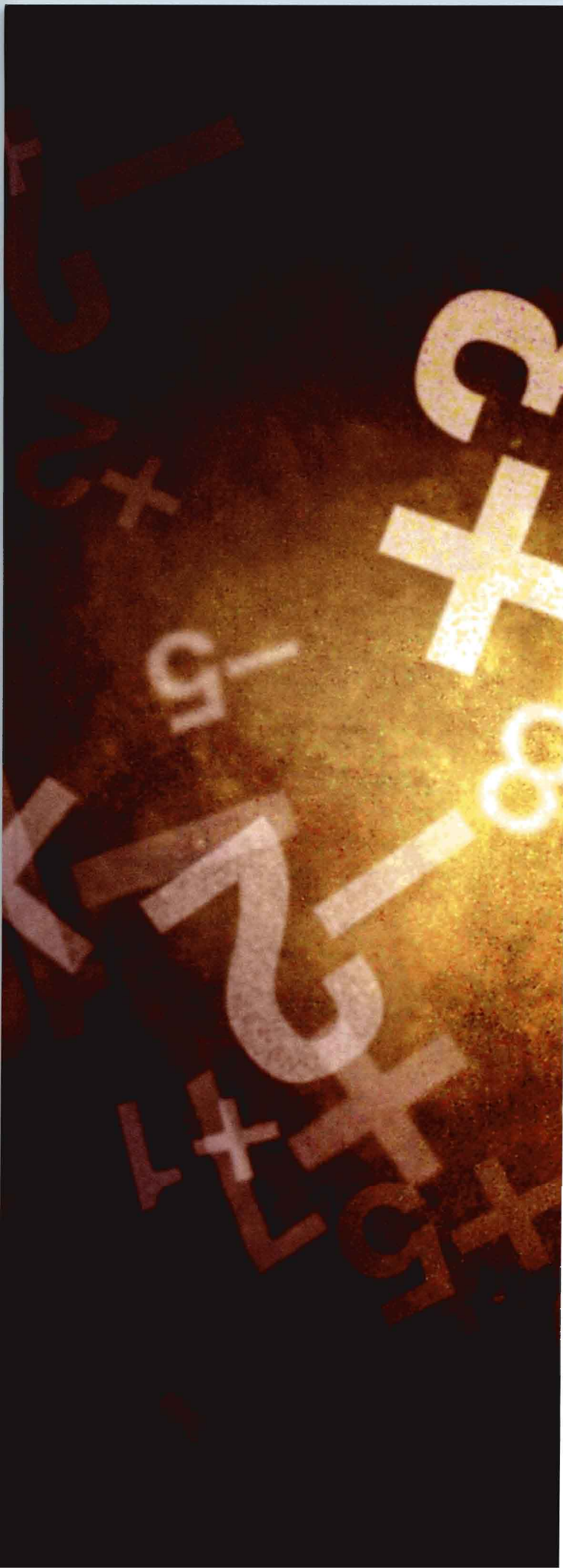
JUNE 30, 2009





**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY**

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**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY**

Official Roster

Board of Directors

Michael Gonzales	Chairperson
Gerald Gonzales	Co-Chairperson
John Wheeler	Board Member
Virginia Soto	Board Member
Lawrence Elmer Longacre	Board Member

Management

Ed Romero	Executive Director
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Independent Auditors' Report

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, including the budgetary comparisons, and the aggregate remaining fund information of the Santa Fe Civic Housing Authority (the Authority), a component unit of the City of Santa Fe, as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in financial position of each major fund and of the Authority. They do not purport to, and do not, present fairly the financial position of the entire City of Santa Fe, New Mexico as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 each major fund of the Authority as of June 30, 2009, and the respective changes in financial position and cash flows thereof, and the budgetary comparison for each major governmental fund's activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor enterprise fund of the Authority and the respective changes in financial position and cash flows thereof, and the budgetary comparison statements referred to above present fairly, in all material respects, the budgetary comparisons for the funds of the Authority for the year then ended in conformity with the budgetary basis approved by the US Department of Housing and Urban Development, and more fully described in Note 2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.



Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2009, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons that collectively comprise the Authority's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. The combined schedule of deposits and investments, schedule of pledged collateral market value, and the financial data schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ricci & Company, LLC

Albuquerque, New Mexico
November 19, 2009

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

This section of the Santa Fe Civic Housing Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net assets of the Authority decreased \$364,958 to \$ 11,743,165 as of June 30, 2009 primarily due to the effect of depreciation of \$1,193,705.
- Operating revenues of the Authority's enterprise units increased by \$164,237 primarily due the timing of receipts of subsidy during this fiscal year. Facility rentals decreased due to economy (driving our average tenant income down) and the closure of 104 units at Villa Alegre for this 12 month period. Other income increased as there was more grant activity during this fiscal year.
- The Authority's net capital assets decreased by \$793,314, largely through the effect of depreciation expense of \$1,193,705.

Overview of the Financial Statements

The financial statements consist of three parts - management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are Government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.
- The remaining statements are fund financial statements of the Authority's six distinct programs which all follow an accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains some of the information in the Authority-wide and fund financial statements and provides more detailed data.

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

The Authority-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the Authority's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type and are reported in its proprietary funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has one fund type:

- Proprietary Fund - The Authority's activities are in its proprietary funds, which activities are accounted for in a manner similar to businesses operating in the public sector. Funding has primarily arisen through the issuances of bonds, both tax-exempt and taxable, the proceeds of which are primarily used to make various types of loans to finance low and moderate-income housing. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes.

Financial Analysis of the Authority as a Whole

Net Assets. The combined net assets of the Authority decreased by \$364,958 (3%) from the June 30, 2008 amount. The decrease is primarily related to slight increases to all operating expenses. The following table shows a summary of changes from prior year amounts.

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009

	Proprietary		Increase (Decrease)	
	2009	2008	Amt	%
Cash and investments	\$ 4,278,395	\$ 4,525,681	(247,286)	-5%
Accounts receivable	52,372	42,318	10,054	24%
Federal grants receivable	28,951	86,320	(57,369)	-66%
Other receivables	1,055,365	1,200	1,054,165	878%
Prepaid expenses	100,842	73,762	27,080	37%
Inventory	13,456	13,456	-	0%
Total current assets	5,529,381	4,742,737	786,644	17%
Fixed assets (net)	10,612,543	11,405,857	(793,314)	-7%
Total assets	16,141,924	16,148,594	(6,670)	-.04%
Accounts payable	91,614	147,906	(56,292)	-38%
Compensated absences payable	163,271	125,813	37,458	30%
Tenant security deposits	64,268	74,092	(9,824)	-13%
Bonds and notes payable	948,624	149,500	799,124	535%
Escrows and deposits	96,100	47,740	48,360	101%
Deferred revenue	47,742	-	47,742	100%
Accrued interest	55,625	34,275	21,350	62%
Total current liabilities	1,467,244	579,326	887,918	153%
Notes payable, long-term	1,121,515	1,506,145	(384,630)	26%
Bonds payable, long-term	1,810,000	1,955,000	(145,000)	-7%
Total liabilities	4,398,759	4,040,471	(358,288)	-9%
Net assets	\$ 11,743,165	\$ 12,108,123	364,958	3%

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009

Cash and investments decreased \$247,286 primarily due to an increase in other current assets of \$1,055,365 which primarily represents pre-development costs of the Villa Alegre development.

Combining Statement of Revenues, Expenses and Changes in Net Assets. This Statement shows the sources of the Authority's changes in net assets as they arise from the nine programs and functions. The decrease in net assets occurred primarily from depreciation of \$1,193,705. All programs demonstrated positive cash flow activities prior to depreciation.

A condensed Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2009 and 2008 is shown in the table below.

Santa Fe Civic Housing Authority's
Statement of Revenues, Expenses
and Changes in Net Assets

	2009	2008	Increase (Decrease) Amount	%
Facility rentals	\$ 1,977,471	2,137,112	(159,641)	-7%
HUD grant and subsidy	7,192,607	7,032,526	160,081	2%
Other revenue	363,038	298,695	64,343	22%
Total operating revenue	9,533,116	9,468,333	64,783	1%
Program expenses	9,898,074	9,253,968	644,106	7%
Change in net assets	(364,958)	214,365	(579,323)	-270%
Capital contributions – initial set up	-	72,733	(72,733)	-100%
Total change in net assets	\$ (364,958)	287,098	(652,056)	-227%

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009

Facility rental income decreased by \$159,641 due to the demo/disposition of Villa Alegre which resulted in a decrease in rental income in the Housing Authority by \$196,398 during these two years. All other programs remained stable. Other revenue increases were the result of one-time grant programs with corresponding increases in operating expenses while core recurring programs remained stable with the exception of Housing Assistance Payments (HAP) within the Voucher program. The revenues remained stable but expenditures increased by approximately \$644,000. This resulted in a smaller increase in HAP equity during this fiscal year.

Operating expenses increased \$634,849. The Voucher program HAP program accounted for most of this amount.

The Capital Contributions variance resulted from the booking of capital assets in the Region II and Mora programs which were assimilated on June 1, 2009 into the Section 8 Voucher program.

Budgetary Highlights

There were three budget adjustments occurring during this fiscal year in Housing Authority, SF Development and the Capital Projects funds. In all the funds, except for the SF Development Fund and the Cielo Azul Fund, budgeted expenditures exceeded actual expenditures. The primary reason why the SF Development Fund is over budget is related to depreciation. The primary reason the Cielo Azul is over budget is related to insurance and interest expense. The timing differences in receipt of subsidy and one-time grants and legislature appropriations account for the variance in HUD and other operating revenues for all funds during this fiscal period over prior years.

Net Asset Analysis

Program	Increase (Decrease)
Housing Authority	\$ (480,532)
SF Housing Development	(135,852)
Section 8	213,273
Cielo Azul	39,824
Non-Major Funds	(1,671)
Region II	<u> -</u>
Total operational decrease	<u>\$ (364,958)</u>

There was no significant fluctuation in fund balances. For the past few years the effect of depreciation, a noncash expenditure, has been the factor in decreases in fund balances in Housing Authority and SF Housing Development funds. The operational revenues and expenditures remain stable, with the exception of Section 8 expenditures.

The increase in Section 8 Voucher was the result of no recapture of excess HAP funds occurred during this cycle. As such, the Authority recognizes that most of the fund balance in the Voucher programs could be affected by HUD recapturing such balances in future years.

**SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2009**

Mainstream Voucher and Mora County net assets were transferred into the Section 8 Voucher program effective June 1, 2009 in the amount of \$54,246.

Capital Asset and Debt Administration

- Capital assets decreased by approximately \$793,000 primarily from the effect of depreciation.
- The detailed note on capital asset activity suggests what appears to be significant capital asset activity in public housing fund additions. These are merely the transfer of capital fund expenditures which are capitalized then depreciated. On a yearly basis the capital fund receives approximately \$600,000 of which about \$400,000 become capital assets yearly. The \$675,042 represents one year of capital fund expenditures in this cycle.

Bonds payable at the end of the current fiscal year for the Authority consists of \$1,955,000, including \$1,810,000 long-term and \$145,000 currently payable. These bonds were issued in 1993 with a maturity date of February 1, 2018. In addition, the Cielo Azul property has notes payable at year end of \$1,232,198 including \$650,026 long-term and \$582,172 currently payable. The 582,172 note to the Church of the Holy Faith was reclassified as current and paid of on October 26, 2009.

Cielo Azul

In October 2004, the Cielo Azul property was purchased from the Church of the Holy Faith. The purchase of this property included three debt instruments: a \$500,000 five year balloon note at 3% interest from the Church; a \$500,000 inter-fund loan from the SF Housing Development Corporation at 0% interest; and a 30-year \$700,000 6% mortgage from Los Alamos National Bank. This purchase provided five years of "rental protection" to current residents whose average rent payment was about \$250 per month and were predominately elderly low income. It is estimated that the market value of the property is about \$2,400,000. The Authority plans to use this property after obligations to current residents are met as an affordable housing community servicing those at or below 80% of median income.

Economic Factors and Next Year's Budgets

Funding is determined at the federal level and 2010 budgets have been appropriated by HUD at the 82% level.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information would be addressed to the Executive Director, 664 Alta Vista, Santa Fe, NM 87501.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2009**

ASSETS

Current Assets

Cash, investments and equivalents	\$ 4,278,395
Tenant receivable, net	52,372
Other receivables	1,055,365
Federal grants receivable	28,951
Prepaid expenses	100,842
Inventory	13,456

Total current assets 5,529,381

Capital Assets

Land	865,152
Construction in progress	28,952
Buildings and improvements	28,740,522
Furniture and fixtures	243,761
Machinery, equipment and vehicles	236,391
Vehicles	240,331
Accumulated depreciation	(19,742,566)

Total capital assets (net of accumulated depreciation) 10,612,543

Total assets \$ 16,141,924

LIABILITIES

Current Liabilities

Accounts payable	\$ 91,614
Tenant security deposits	64,268
Compensated absences payable	163,271
Bonds payable	145,000
Notes payable	803,624
Escrows and deposits	96,100
Deferred revenue	47,742
Accrued interest	55,625

Total current liabilities 1,467,244

Noncurrent Liabilities

Bonds payable, less current portion	1,810,000
Notes payable, less current portion	1,121,515

Total liabilities \$ 4,398,759

NET ASSETS

Invested in capital assets, net of related debt	\$ 6,732,404
Unrestricted	5,010,761

Total net assets \$ 11,743,165

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2009**

Program expenses	
Housing	<u>\$ 9,898,074</u>
Program revenues	
Charges for services	1,977,471
Operating grants and contributions	<u>7,192,607</u>
Total program revenues	<u>9,170,078</u>
Net program expense	<u>(727,996)</u>
General revenues	
Interest income	60,428
Other revenues	<u>302,610</u>
Total general revenues	<u>363,038</u>
Change in net assets	(364,958)
Net assets, beginning	<u>12,108,123</u>
Net assets, ending	<u><u>\$ 11,743,165</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF CASH FLOWS
Year Ended June 30, 2009**

Cash Flows From Operating Activities	
Cash received from customers and grantors	\$ 9,523,871
Cash payments to suppliers for goods and services	(6,964,767)
Cash payments to employees for services	<u>(1,516,086)</u>
Net cash provided by operating activities	<u>1,043,018</u>
Cash Flows From Capital and Related Financing Activities	
Insurance reimbursements	-
Acquisition and construction of capital assets	<u>(476,887)</u>
Net cash used by capital and related financing activities	<u>(476,887)</u>
Cash Flows From Noncapital Financing Activities	
Cash transfers from other funds	76,500
Proceeds from long-term debt	390,000
Principal paid on debt maturities	(150,697)
Interest paid on debt	<u>(155,880)</u>
Net cash provided by noncapital financing activities	<u>159,923</u>
Cash Flows From Investing Activities	
Loans made to other entities	(1,033,768)
Interest and dividends on investments	<u>60,428</u>
Net cash used by investing activities	<u>(973,340)</u>
Net decrease in cash and cash equivalents	(247,286)
Cash investments and cash equivalents at beginning of year	<u>4,525,681</u>
Cash investments and cash equivalents at end of year	<u><u>\$ 4,278,395</u></u>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2009

Reconciliation of operating income to net cash provided by operating activities	
Operating loss	\$ (239,315)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,193,705
Change in assets and liabilities	
Accounts receivable	26,915
Prepaid expenses	(27,080)
Due from other funds	216,386
Other current assets	-
Accounts payable	(56,293)
Accrued interest	21,350
Escrow and deposits	48,360
Compensated absences payable	37,458
Deposits	(9,380)
Due to other funds	(216,387)
Due to HUD	-
Deferred revenues	47,299
Total adjustments	<u>1,282,333</u>
Net cash provided by operating activities	<u><u>\$ 1,043,018</u></u>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2009

	Housing Authority	SF Housing Development Corporation	Section 8 Voucher	Cielo Azul	Nonmajor Funds	Total
ASSETS						
Current Assets						
Cash, investments and equivalents	\$ 464,859	2,060,778	811,563	330,684	610,511	4,278,395
Tenant receivable	48,351	2,255	-	1,766	-	52,372
Federal grants receivable	28,951	-	-	-	-	28,951
Other receivable	709,094	-	324,671	21,600	-	1,055,365
Due from other funds	393,468	-	864,176	4,498	40,000	1,302,142
Prepaid expenses	80,344	12,417	-	4,280	3,801	100,842
Inventory	13,456	-	-	-	-	13,456
Total current assets	1,738,523	2,075,450	2,000,410	362,828	654,312	6,831,523
Capital Assets						
Land	22,200	268,652	-	300,000	274,300	865,152
Construction in progress	28,952	-	-	-	-	28,952
Buildings and improvements	22,108,741	3,708,510	-	1,300,000	1,623,271	28,740,522
Furniture and fixtures	43,183	200,578	-	-	-	243,761
Machinery and equipment	229,069	2,907	-	-	4,415	236,391
Vehicles	240,331	-	-	-	-	240,331
Accumulated depreciation	(16,622,981)	(2,625,502)	-	(216,665)	(277,418)	(19,742,566)
Total capital assets (net of depreciation)	6,049,495	1,555,145	-	1,383,335	1,624,568	10,612,543
Other Assets						
Due from other funds	-	500,000	-	-	-	500,000
Total assets	\$ 7,788,018	4,130,595	2,000,410	1,746,163	2,278,880	17,944,066
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 90,074	1,540	-	-	-	91,614
Tenant security deposits	42,948	15,640	-	-	5,680	64,268
Compensated absences payable	163,271	-	-	-	-	163,271
Bonds payable	-	145,000	-	-	-	145,000
Notes payable	-	215,356	-	582,172	6,096	803,624
Escrows and deposits	96,100	-	-	-	-	96,100
Due to other funds	40,000	634,759	144,230	-	483,153	1,302,142
Deferred revenue	-	-	47,742	-	-	47,742
Accrued interest	-	55,625	-	-	-	55,625
Total current liabilities	432,393	1,067,920	191,972	582,172	494,929	2,769,386
Noncurrent Liabilities						
Bonds payable	-	1,810,000	-	-	-	1,810,000
Notes payable	-	374,644	-	650,026	96,845	1,121,515
Due to other funds	-	-	-	500,000	-	500,000
Total noncurrent liabilities	-	2,184,644	-	1,150,026	96,845	3,431,515
Total liabilities	\$ 432,393	3,252,564	191,972	1,732,198	591,774	6,200,901
NET ASSETS						
Invested in capital assets, net of related debt	\$ 6,049,495	(989,855)	-	151,137	1,521,627	6,732,404
Unrestricted	1,306,130	1,867,886	1,808,438	(137,172)	165,479	5,010,761
Total net assets	\$ 7,355,625	878,031	1,808,438	13,965	1,687,106	11,743,165

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2009

	Housing Authority	SF Housing Development Corporation	Section 8 Voucher	Cielo Azul	Nonmajor Funds	Total
Operating Revenues						
Facilities rentals	\$ 950,796	717,404	-	173,463	135,808	1,977,471
HUD grant and subsidy	918,441	-	5,943,245	-	330,921	7,192,607
Other revenue	182,326	-	3,374	28,420	88,490	302,610
Total operating revenues	2,051,563	717,404	5,946,619	201,883	555,219	9,472,688
Operating Expenses						
Salaries, wages and benefits	737,289	244,497	528,911	1,139	63,058	1,574,894
Community welfare	125,729	-	5,118,389	-	-	5,244,118
Contractual services and utilities	311,352	104,098	-	8,833	37,748	462,031
Repairs and maintenance	583,662	111,474	-	8,699	89,443	793,278
Depreciation expense	806,225	272,006	-	43,333	72,141	1,193,705
Insurance	120,099	24,155	-	33,768	8,386	186,408
Other	114,814	15,386	102,544	1,927	22,898	257,569
Total operating expenses	2,799,170	771,616	5,749,844	97,699	293,674	9,712,003
Operating income (loss)	(747,607)	(54,212)	196,775	104,184	261,545	(239,315)
Nonoperating Revenues (Expenses)						
Interest on investments	12,654	28,488	10,172	5,767	3,347	60,428
Interest expense	-	(110,128)	-	(70,127)	(5,816)	(186,071)
Operating transfers in	330,921	-	6,326	-	76,500	413,747
Operating transfers out	(76,500)	-	-	-	(337,247)	(413,747)
Total nonoperating revenues (expenses)	267,075	(81,640)	16,498	(64,360)	(263,216)	(125,643)
Change in net assets	(480,532)	(135,852)	213,273	39,824	(1,671)	(364,958)
Net assets (deficit), beginning of year	7,836,157	1,013,883	1,595,165	(25,859)	1,688,777	12,108,123
Net assets, end of year	\$ 7,355,625	878,031	1,808,438	13,965	1,687,106	11,743,165

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2009

	Housing Authority	SF Housing Development Corporation	Section 8 Voucher	Cielo Azul	Nonmajor Funds	Total
Cash Flows from Operating Activities						
Cash received from customers and grantors	\$ 2,178,586	636,018	5,994,361	181,637	533,269	9,523,871
Cash payments to suppliers for goods and services	(1,222,391)	(268,469)	(5,170,370)	(62,005)	(241,532)	(6,964,767)
Cash payments to employees for services	(699,831)	(223,147)	(528,911)	(1,139)	(63,058)	(1,516,086)
Net cash provided by operating activities	256,364	144,402	295,080	118,493	228,679	1,043,018
Cash Flows from Capital Financing Activities						
Insurance reimbursement	-	-	-	-	-	-
Acquisition and construction of capital assets	(417,094)	-	-	-	(59,793)	(476,887)
Net cash used by capital financing activities	(417,094)	-	-	-	(59,793)	(476,887)
Cash Flows from Noncapital Financing Activities						
Cash transfers (to) from other funds	330,921	-	6,326	-	(260,747)	76,500
Proceeds from long-term debt	-	390,000	-	-	-	390,000
Principal paid on debt maturities	-	(135,000)	-	(10,425)	(5,272)	(150,697)
Interest paid on debt	-	(110,128)	-	(39,936)	(5,816)	(155,880)
Net cash used by noncapital financing activities	330,921	144,872	6,326	(50,361)	(271,835)	159,923
Cash Flows from Investing Activities						
Loans made to other entities	(709,097)	-	(324,671)	-	-	(1,033,768)
Interest and dividends on investments	12,654	28,488	10,172	5,767	3,347	60,428
Net cash provided by investing activities	(696,443)	28,488	(314,499)	5,767	3,347	(973,340)
Net increase (decrease) in cash and cash equivalents	(526,252)	317,762	(13,093)	73,899	(99,602)	(247,286)
Cash investments and cash equivalents at beginning of year	991,111	1,743,016	824,656	256,785	710,113	4,525,681
Cash investments and cash equivalents at end of year	\$ 464,859	2,060,778	811,563	330,684	610,511	4,278,395
Reconciliation of operating income to net cash provided by operating activities						
Operating (loss) income	\$ (747,607)	(54,212)	196,775	104,184	261,545	(239,315)
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation/amortization	806,225	272,006	-	43,333	72,141	1,193,705
Change in assets and liabilities						
Accounts receivable	47,129	32	-	(20,246)	-	26,915
Prepaid expenses	(23,838)	(689)	-	(1,497)	(1,056)	(27,080)
Due from other funds	95,712	-	123,546	(2,872)	-	216,386
Other current assets	-	-	-	-	-	-
Accounts payable	(38,609)	(12,667)	-	(987)	(4,030)	(56,293)
Accrued interest	-	21,350	-	-	-	21,350
Escrow and deposits	48,360	-	-	-	-	48,360
Compensated absences payable	37,458	-	-	-	-	37,458
Deposits	(8,466)	(914)	-	-	-	(9,380)
Due to other funds	40,000	(80,504)	(72,983)	(3,422)	(99,478)	(216,387)
Due to HUD	-	-	-	-	-	-
Deferred revenues	-	-	47,742	-	(443)	47,299
Total adjustments	1,003,971	198,614	98,305	14,309	(32,866)	1,282,333
Net cash provided by operating activities	\$ 256,364	144,402	295,080	118,493	228,679	1,043,018

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Santa Fe Civic Housing Authority (Authority) serves all the citizens of the City of Santa Fe (City) by providing safe and affordable housing. The City is financially accountable for the component unit since the mayor, with approval of the City Council, appoints a voting majority of the governing board and can impose will on the entity.

The financial statements present only the financial position, results of operations and cash flows of the Authority and are not intended to present fairly the City's financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America. The Housing Authority had no blended or discrete component units during the fiscal year ended June 30, 2009.

Government-Wide and Fund Financial Statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Housing Authority had no governmental-type activities.

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

When resources are available from both restricted and unrestricted sources, the Housing Authority spends restricted resources first.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Housing Authority had no fiduciary funds.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their entity-wide statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with propriety fund's principal ongoing operations.

The County reports the following major governmental funds:

The *Housing Authority* fund is the Authority's primary operating fund. It accounts for all the financial resources of the entity, except those required to be accounted for in another fund.

The *SF Housing Development Corporation* fund is used to account for the Section 8 property on Camino Consuelo Street.

The *Section 8 Voucher* fund is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Section 8 program.

The *Cielo Azul* fund is used to account for the activity of an affordable housing project purchased in October 2005. The primary function is to house residents whose income is less than or equal to 80% of the areas median income.

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

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets

Cash, Investments and Equivalents. For financial statement presentation, all demand deposits, money market accounts, petty cash funds, and short-term financial instruments with original maturities of three months or less are considered to be cash and cash equivalents.

Interfund Receivables and Payables. Short-term amounts owed between funds are classified as “due to/from other funds”. Interfund loans are classified as “advances to/from other funds” and are offset by a fund balance reserve account. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Accounts Receivable. All trade receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

Grant receivables are considered to be 100% collectible and an allowance was not created.

Inventories. The inventories held consist of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditure at the time of consumption. Inventories for the Authority are valued at cost. Inventories are included as part of current assets.

Prepaid Items. Prepaid balances are for payments made by the Authority in the current year to provide services that are applicable to future accounting periods.

Capital Assets. Property, plant and equipment owned by the Authority are recorded at cost or, if contributed property, at their fair market value at contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method, and included as a direct expense in the government wide statements. Estimated useful lives are as follows:

	Years
Structures and improvements	40
Furniture and fixtures	5-7
Vehicles	5-8
Machinery and equipment	5-7

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

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information. Annual budgets are adopted on a basis consistent with accounting principles approved by the US Department of Housing and Urban Development (HUD). This basis is similar to principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all of the Authority's funds.

Due to no activity, the Mainstream Vouchers and Mora County funds were not budgeted in the current year.

Prior to June 1, the Authority's Director submits to the Board of Directors and HUD a proposed operating budget for the subsequent fiscal year. The operating budget includes proposed expenditures and the budgeted revenues.

The Authority's Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Authority's Board of Directors.

Formal budgetary integration is employed as a management control device during the year for all funds. The Authority at the functional level performs this budgetary control. The legal level of budgetary control is at the fund level.

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and investments held by the Authority consist of cash on deposit with financial institutions and certificates of deposit. Deposits are secured by both federal depository insurance and collateral pledged in the Authority's name. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% (102% for overnight deposits) of the uninsured balance. Market values of all cash and deposits approximate the cost of those assets.

Depository Accounts	
Insured	\$ 996,512
Collateral held by pledging bank's trust department not in the Authority's name	1,396,539
Uninsured and uncollateralized	<u>-</u>
Total deposits	<u>\$ 2,393,051</u>

Interest Rate Risk. The Authority's investment policy requires investment maturities to be scheduled to meet projected cash flow.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2009, \$1,396,539 of the Authority's bank balance of \$2,393,051 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not in the Authority's name	<u>1,396,539</u>
Total	<u>\$ 1,396,539</u>

The Authority's funds shall be invested in accordance with New Mexico Statute 6-10-36. Funds that are declared excess due to the inability of local financial institutions to accept these deposits may be invested in U.S. government securities, or as otherwise provided by law. The Authority will diversify use of investment instruments to avoid incurring unreasonable risks inherent to over-investing in specific instruments, individual financial institutions or maturities.

At June 30, 2009, the Housing Authority had the following investments. All the investments are part of the SF Housing Development Corporation. Investments are valued at fair value based on quoted market prices as of June 30, 2009.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of deposit		
Los Alamos Nat'l Bank	10/31/09	\$ 50,000
Los Alamos Nat'l Bank	10/31/09	<u>154,570</u>
Total certificates of deposit		204,570
Money market funds		
Bank of New York		1,155,562
Repurchase funds		
Bank of New York		<u>325,667</u>
Total investments		<u>1,685,799</u>
Petty cash and other imprest		225
Bank deposits (book value)		<u>2,592,371</u>
Total deposits and other		<u>2,592,596</u>
Total investments and deposits		<u>\$ 4,278,395</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4. TENANT RECEIVABLE

The Authority has a policy of allowing for all tenant receivables that are from participants that are no longer in the program. Tenant receivables are considered past due after 30 days. Interest is not accrued on past-due receivables. The tenant receivable and allowance for each fund are as follows:

	Tenant Receivable	Allowance	Net Tenant Receivable
Housing Authority	\$ 241,055	192,704	48,351
SF Housing Development Corp	2,255	-	2,255
Cielo Azul	1,766	-	1,766
Total tenant receivables	<u>\$ 245,076</u>	<u>192,704</u>	<u>52,372</u>

NOTE 5. INTERFUND ACTIVITY

The composition of interfund balances as of June 30, 2009, is as follows:

<u>Receivable</u>		<u>Payable</u>	
Fund	Amount	Fund	Amount
Current			
Housing Authority	\$ 393,468	Housing Development Corp	\$ 233,133
		Section 8 Voucher	141,358
		La Cieneguita	18,977
Section 8 Voucher	864,176	Housing Development Corp	400,000
		Region II Voucher	416,256
		Mora County	47,920
Cielo Azul	4,498	Housing Development Corp	1,626
		Section 8 Voucher	2,872
Region II Voucher	40,000	Housing Authority	40,000
Noncurrent			
Housing Development Corp	<u>500,000</u>	Cielo Azul	<u>500,000</u>
Total	<u>\$1,802,142</u>		<u>\$1,802,142</u>

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5. INTERFUND ACTIVITY (CONTINUED)

The interfund balances are related to various deposits and disbursements made into or from the general bank account in which the activity is related to a different fund.

The composition of interfund transfers are related to grant activity and are as follows:

Capital Projects Fund to Housing Authority	\$330,921
Housing Authority to Capital Projects	76,500
Mainstream Voucher to Section 8 Voucher	6,326

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Deletions/ Reclasses	Ending Balance
Capital assets, not being depreciated				
Land	\$ 865,152	-	-	865,152
Construction in progress	303,603	330,919	605,570	28,952
Total	<u>1,168,755</u>	<u>330,919</u>	<u>605,570</u>	<u>894,104</u>
Capital assets being depreciated				
Buildings and improvements	28,091,859	648,663	-	28,740,522
Furniture and fixtures	243,761	-	-	243,761
Machinery and equipment	240,596	-	4,205	236,391
Vehicles	209,747	26,379	(4,205)	240,331
Total	<u>28,785,963</u>	<u>675,042</u>	<u>-</u>	<u>29,461,005</u>
Less accumulated depreciation	<u>18,548,861</u>	<u>1,193,705</u>	<u>-</u>	<u>19,742,566</u>
Total capital assets being depreciated, net	<u>10,237,102</u>	<u>(518,663)</u>	<u>-</u>	<u>9,718,439</u>
Total capital assets	<u>\$ 11,405,857</u>	<u>(187,744)</u>	<u>605,570</u>	<u>10,612,543</u>

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7. LONG TERM DEBT

Bonds Payable

The Santa Fe Housing Development Corporation (SFHDC) Multi-Family Mortgage Revenue Refunding Bond Series 1993A, issue amount \$3,365,000 was for the purpose of refinancing first mortgage revenue bonds that were used for the construction of 100 units of housing that are occupied by elderly persons who qualify for assistance under Section 8 of HUD. The bonds are to be paid from the rental payments by tenants of the project and payments made by HUD in respect of housing assistance payment contracts. The SFHDC is in compliance with all requirements as outlined in the bond ordinance. Santa Fe Housing Development Corporation bonds issued on December 9, 1993 were for \$3,250,000 at 5.5% to 6%, interest with a maturity date of February 1, 2018. Annual principal and interest payments on the bonds required less than 36% of net revenues in the current year. The total principal and interest payments remaining to be paid on the bonds is \$2,628,050. Principal and interest paid for the current year and total rental and HUD revenues were \$258,750 and \$717,404, respectively.

Total bond debt	\$ 1,955,000
Current portion	<u>(145,000)</u>
Total long-term bond debt	<u>\$ 1,810,000</u>

Total aggregate maturing of the bonds payable at June 30, 2009, is as follows:

Year ended	Principal	Interest	Total
2010	\$ 145,000	115,500	260,500
2011	150,000	106,650	256,650
2012	165,000	97,350	262,350
2013	175,000	87,450	262,450
2014	180,000	76,800	256,800
2015-2018	<u>1,140,000</u>	<u>189,300</u>	<u>1,329,300</u>
Total	<u>\$ 1,955,000</u>	<u>673,050</u>	<u>2,628,050</u>

The Authority has pledged future rental payment and HUD revenues, net of specified operating expenses, to repay the \$3,250,000 bond issued in December 1993.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7. LONG TERM DEBT (CONTINUED)

Notes Payable

The Housing Authority entered into a note, a commercial mortgage with a bank, for the purpose of acquiring the Cielo Azul property for \$700,000 at 6% interest with a maturity date of October 2034, secured by property.

The Housing Authority entered into a note, with a Los Alamos National Bank, for the purpose of commercial renovation for \$200,000 at 4.55% interest with a maturity date of October 31, 2008. No payment of interest shall be required until January 2008 and principal shall be paid in full at maturity. Subsequent to year end, the Authority refinanced the note for 4.25% interest with principal due at maturity on October 31, 2009. The note is secured with two certificates of deposit, in the amounts of \$150,000 and \$50,000.

The Housing Authority entered into a note, with a Santa Fe church, for the purpose of acquiring the Cielo Azul property for \$500,000 at 3% interest. No payment of interest or principal shall be required until October 2009, secured by property.

The Housing Authority assumed a \$109,620 note with MFA upon being granted ownership of Region II Vouchers. The note has an interest rate of 5.0% with a maturity date of December 2021.

The Housing Authority assumed a \$390,000 note with MFA, for the purpose of rehabilitating or constructing La Resolana units. The note has an interest rate of 3.0% with a maturity date of June 17, 2028.

The balances as of June 30, 2009 are as follows:

Commercial mortgage	\$ 660,948
Note to church, plus interest	571,250
LANB note	200,000
Due to MFA note 1	102,941
Due to MFA note 2	<u>390,000</u>
Total debt	1,925,139
Current portion	<u>(803,624)</u>
Total long-term debt	<u>\$ 1,121,515</u>

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7. LONG TERM DEBT (CONTINUED)

Total aggregate maturing of the notes payable at June 30, 2009, is as follows:

Year	<u>Commercial Mortgage</u>		<u>Church Note</u>		<u>LANB Note</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 10,922	39,444	500,000	71,250	200,000	4,250
2011	11,596	38,770	-	-	-	-
2012	12,311	38,055	-	-	-	-
2013	13,070	37,296	-	-	-	-
2014	13,876	36,490	-	-	-	-
2015 – 2019	83,325	168,504	-	-	-	-
2020 – 2024	112,393	139,436	-	-	-	-
2025 – 2029	151,601	100,228	-	-	-	-
2030 – 2034	204,288	47,341	-	-	-	-
2035	47,566	1,599	-	-	-	-
Total	\$ 660,948	647,163	500,000	71,250	200,000	4,250

Year	<u>MFA Note 1</u>		<u>MFA Note 2</u>		<u>Total Notes</u>	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 6,096	5,020	15,356	10,601	732,374	130,565
2011	6,408	4,708	14,815	11,141	32,819	54,619
2012	6,736	4,380	15,270	10,686	34,317	53,121
2013	7,081	4,036	15,739	10,217	35,890	51,549
2014	7,443	3,673	16,222	9,734	37,541	49,897
2015 – 2019	43,331	12,250	88,896	40,884	215,552	221,638
2020 – 2024	25,846	1,719	103,410	26,370	241,649	167,525
2025 – 2029	-	-	120,292	9,488	271,893	109,716
2030 – 2034	-	-	-	-	204,288	47,341
2035	-	-	-	-	47,566	1,599
Total	\$ 102,941	35,786	390,000	129,121	1,853,889	887,570

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 7. LONG TERM DEBT (CONTINUED)

Changes in Long-Term Liabilities. During the year ended June 30, 2009, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Bonds payable	\$ 2,090,000	-	(135,000)	1,955,000	145,000
Notes payable	1,520,645	420,191	(15,697)	1,925,139	803,624
Compensated absences	125,813	163,271	(125,813)	163,271	163,271
Total	<u>\$ 3,736,458</u>	<u>583,462</u>	<u>(276,510)</u>	<u>4,043,410</u>	<u>1,111,895</u>

NOTE 8. RELATED PARTY TRANSACTIONS

The Authority assisted in the establishment of the not-for-profit entity Casas Buena Ventura. This entity maintains a separate Board. However, there are certain Authority employees who sit on the Board. The Authority exercises no authority over this not-for-profit organization. In addition, the individual contracted to maintain the records for the Housing Development Fund is related by marriage to the Executive Director. The contract was awarded via competitive bid by the past Executive Director.

NOTE 9. CONTINGENCIES AND RISK MANAGEMENT

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

The Authority is involved in various legal actions arising from the ordinary course of operations. With respect to these actions, their counsel believes the outcome will not have a material adverse effect on the Authority's financial position.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 9. CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

The Authority mitigates the risk of loss by purchasing commercial insurance. The Authority has the following policies:

- Worker's Compensation
- Property
- General Liability
- Auto Liability
- Employee Theft/Dishonesty/Crime Blanket Coverage
- Director's Liability Coverage
- Civil Rights

The Authority has not had any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the Authority would be responsible for a loss in excess of the coverage amounts. There has not been any significant change in coverage from the previous years.

NOTE 10. PENSION PLAN - PUBLIC EMPLOYEES' RETIREMENT

Plan Description. Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2009, 2008 and 2007 were \$89,196, \$84,960, and \$78,270, respectively, which equal the amount of the required contributions for each fiscal year.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH
CARE PLAN**

Plan Description. The Authority contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the health care plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee's annual salary; each participating employee is required to contribute .65% of their salary. Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Authority's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$12,673, \$12,071 and \$10,570, respectively, which equal the required contributions for each year.

NOTE 12. CONDUIT DEBT

As of June 30, 1999, there were two series of multi-family housing revenue bonds outstanding, or which were issued prior to July 1, 1998. The aggregate principal amount payable for the two series issued after July 1, 1998 was \$9,520,000. The first series, Tax Exempt – Series 1998A – with a principal amount payable of \$7,500,000 and Taxable – Series 1998B – with a principal amount payable of \$2,020,000 are for the purpose of financing all or part of the costs of the acquisition and construction of The Tuscany at St. Francis Project and certain costs in connection with the authorization, issuance and sale of the bonds. The Authority has no obligation to repay these bonds.

NOTE 13. BUDGET DEFICIT

Actual expenses exceeded budgeted expenses for Santa Fe Housing Development Corporation and Cielo Azul. The Authority was able to make up the shortfall by using cash that existed in each fund.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 14. CAPITAL GRANT CLOSEOUT

The following are the Public Housing Capital Fund expenditures that were incurred by the Authority:

NM02P009501-6	
1406 Operations	\$ 71,500
1408 Management Improvements	-
1410 Administration	49,500
1411 Audit	5,000
1430 Fees and Costs	20,000
1450 Site Improvement	250,500
1460 Dwelling Structures	209,070
1475 Non-Dwelling Equipment	<u>-</u>
Total grant expenditures	<u>\$ 605,570</u>

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SUMMARY OF NONMAJOR FUNDS
Year Ended June 30, 2009**

The Authority reports the following non-major enterprise funds:

The *Capital Projects Fund* is used to account for the activities of the Capital Projects Grant. This fund was also created to ease compliance with the HUD requirements.

The *La Cieneguita Fund* is used to account for the Section 202 project opened in November 2001.

The *Mainstream Voucher Fund* is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Mainstream Voucher program.

The *Region II Fund* is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Voucher program for Region II.

The *Mora County Fund* is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Voucher program for Mora County.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2009

	Capital Projects	La Cieneguita	Mainstream Voucher	Region II	Mora County	Total
ASSETS						
Current Assets						
Cash, investments and equivalents	\$ -	179,607	-	382,984	47,920	610,511
Tenant receivable	-	-	-	-	-	-
Federal grants receivable	-	-	-	-	-	-
Other receivable	-	-	-	-	-	-
Due from other funds	-	-	-	40,000	-	40,000
Prepaid expenses	-	3,801	-	-	-	3,801
Other current assets	-	-	-	-	-	-
Total current assets	-	183,408	-	422,984	47,920	654,312
Capital Assets						
Land	-	244,300	-	30,000	-	274,300
Construction in progress	-	-	-	-	-	-
Buildings and improvements	-	1,473,757	-	149,514	-	1,623,271
Furniture and fixtures	-	-	-	-	-	-
Machinery and equipment	-	4,415	-	-	-	4,415
Vehicles	-	-	-	-	-	-
Accumulated depreciation	-	(265,938)	-	(11,480)	-	(277,418)
Total capital assets (net of depreciation)	-	1,456,534	-	168,034	-	1,624,568
Other Assets						
Due from other funds	-	-	-	-	-	-
Total assets	\$ -	1,639,942	-	591,018	47,920	2,278,880
LIABILITIES						
Current Liabilities						
Accounts payable	\$ -	-	-	-	-	-
Tenant security deposits	-	5,680	-	-	-	5,680
Compensated absences payable	-	-	-	-	-	-
Bonds payable	-	-	-	-	-	-
Notes payable	-	-	-	6,096	-	6,096
Escrows and deposits	-	-	-	-	-	-
Due to other funds	-	18,977	-	416,256	47,920	483,153
Deferred revenue	-	-	-	-	-	-
Accrued interest	-	-	-	-	-	-
Total current liabilities	-	24,657	-	422,352	47,920	494,929
Noncurrent Liabilities						
Bonds payable	-	-	-	-	-	-
Notes payable	-	-	-	96,845	-	96,845
Due to other funds	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	96,845	-	96,845
Total liabilities	\$ -	24,657	-	519,197	47,920	591,774
NET ASSETS						
Invested in capital assets, net of related debt	\$ -	1,456,534	-	65,093	-	1,521,627
Unrestricted	-	158,751	-	6,728	-	165,479
Total net assets	\$ -	1,615,285	-	71,821	-	1,687,106

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2009

	Capital Projects	La Cieneguita	Mainstream Voucher	Region II	Mora County	Total
Operating Revenues						
Facilities rentals	\$ -	122,810	-	12,998	-	135,808
HUD grant and subsidy	330,921	-	-	-	-	330,921
Other revenue	-	-	-	88,490	-	88,490
Total operating revenues	330,921	122,810	-	101,488	-	555,219
Operating Expenses						
Salaries, wages and benefits	-	63,058	-	-	-	63,058
Community welfare	-	-	-	-	-	-
Contractual services and utilities	-	35,541	-	2,207	-	37,748
Repairs and maintenance	76,500	12,943	-	-	-	89,443
Depreciation expense	-	64,665	-	7,476	-	72,141
Insurance	-	7,423	-	963	-	8,386
Other	-	8,258	-	14,640	-	22,898
Total operating expenses	76,500	191,888	-	25,286	-	293,674
Operating income (loss)	254,421	(69,078)	-	76,202	-	261,545
Nonoperating Revenues (Expenses)						
Interest on investments	-	1,912	-	1,435	-	3,347
Interest expense	-	-	-	(5,816)	-	(5,816)
Operating transfers in	76,500	-	-	-	-	76,500
Operating transfers out	(330,921)	-	(6,326)	-	-	(337,247)
Total nonoperating revenues (expenses)	(254,421)	1,912	(6,326)	(4,381)	-	(263,216)
Change in net assets	-	(67,166)	(6,326)	71,821	-	(1,671)
Net assets, beginning of year	-	1,682,451	6,326	-	-	1,688,777
Net assets, end of year	\$ -	1,615,285	-	71,821	-	1,687,106

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2009

	Capital Projects	La Cieneguita	Mainstream Voucher	Region II	Mora County	Total
Cash Flows from Operating Activities						
Cash received from customers and grantors	\$ 330,921	122,367	(21,507)	101,488	-	533,269
Cash received from other funds	-	-	-	-	-	-
Cash payments to suppliers for goods and services	(76,500)	(62,164)	-	(70,638)	(32,230)	(241,532)
Cash payments to other funds	-	-	-	-	-	-
Cash payments to employees for services	-	(63,058)	-	-	-	(63,058)
Net cash provided (used) by operating activities	254,421	(2,855)	(21,507)	30,850	(32,230)	228,679
Cash Flows from Capital Financing Activities						
Acquisition and construction of capital assets	-	-	-	(59,793)	-	(59,793)
Cash Flows from Noncapital Financing Activities						
Cash transfers (to) from other funds	(254,421)	-	(6,326)	-	-	(260,747)
Principal paid on debt maturities	-	-	-	(5,272)	-	(5,272)
Interest paid on debt	-	-	-	(5,816)	-	(5,816)
Net cash used by noncapital financing activities	(254,421)	-	(6,326)	(11,088)	-	(271,835)
Cash Flows from Investing Activities						
Capital contributions	-	-	-	-	-	-
Interest and dividends on investments	-	1,912	-	1,435	-	3,347
Net cash provided by investing activities	-	1,912	-	1,435	-	3,347
Net increase (decrease) in cash and cash equivalents	-	(943)	(27,833)	(38,596)	(32,230)	(99,602)
Cash investments and cash equivalents at beginning of year	-	180,550	27,833	421,580	80,150	710,113
Cash investments and cash equivalents at end of year	\$ -	179,607	-	382,984	47,920	610,511
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ 254,421	(69,078)	-	76,202	-	261,545
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation and amortization	-	64,665	-	7,476	-	72,141
Change in assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Prepaid expenses	-	(1,056)	-	-	-	(1,056)
Due from other funds	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Accounts payable	-	(4,030)	-	-	-	(4,030)
Accrued interest	-	-	-	-	-	-
Compensated absences payable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds	-	7,087	(21,507)	(52,828)	(32,230)	(99,478)
Due to HUD	-	-	-	-	-	-
Deferred revenues	-	(443)	-	-	-	(443)
Total adjustments	-	66,223	(21,507)	(45,352)	(32,230)	(32,866)
Net cash provided (used) by operating activities	\$ 254,421	(2,855)	(21,507)	30,850	(32,230)	228,679

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
HOUSING AUTHORITY
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 1,190,000	978,000	950,796	(27,204)
HUD grants and subsidy	182,000	148,000	918,441	770,441
Other operating revenues	1,239,474	953,000	182,326	(770,674)
Total operating revenues	2,611,474	2,079,000	2,051,563	(27,437)
Operating Expenses				
Operating	369,000	280,000	737,289	(457,289)
Community welfare	212,100	189,100	125,729	63,371
Utilities	494,000	437,000	311,352	125,648
Repairs and maintenance	1,024,000	846,000	583,662	262,338
General	500,000	377,000	234,913	142,087
Nonroutine expenditures	85,000	85,000	-	85,000
Depreciation	1,100,000	1,100,000	806,225	293,775
Total operating expenses	3,784,100	3,314,100	2,799,170	514,930
Operating income (loss)	(1,172,626)	(1,235,100)	(747,607)	487,493
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	330,921	330,921
Operating transfers out	-	-	(76,500)	(76,500)
Interest on investments	-	-	12,654	12,654
Total nonoperating revenues	-	-	267,075	267,075
Change in net assets	(1,172,626)	(1,235,100)	(480,532)	754,568
Net assets, beginning of year	6,872,195	6,925,569	7,836,157	910,588
Net assets, end of year	\$ 5,699,569	5,690,469	7,355,625	1,665,156

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SANTA FE HOUSING DEVELOPMENT CORPORATION
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 667,000	667,000	717,404	50,404
Other operating revenues	13,800	13,800	-	(13,800)
Total operating revenues	680,800	680,800	717,404	36,604
Operating Expenses				
Operating	185,000	185,000	244,497	(59,497)
Contractual services and utilities	85,600	89,600	104,098	(14,498)
Repairs and maintenance	159,000	176,000	111,474	64,526
General	23,500	23,500	15,386	8,114
Insurance	26,000	26,000	24,155	1,845
Depreciation	107,000	200,000	272,006	(72,006)
Total operating expenses	586,100	700,100	771,616	(71,516)
Operating income (loss)	94,700	(19,300)	(54,212)	(34,912)
Nonoperating Revenues (Expenses)				
Interest on investments	63,000	63,000	28,488	(34,512)
Interest expense	(113,000)	(153,000)	(110,128)	42,872
Total nonoperating revenues (expenses)	(50,000)	(90,000)	(81,640)	8,360
Change in net assets	44,700	(109,300)	(135,852)	(26,552)
Net assets, beginning of year	1,177,621	1,177,621	1,013,883	(163,738)
Net assets, end of year	\$ 1,222,321	1,068,321	878,031	(190,290)

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SECTION 8 VOUCHER
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 4,460,000	5,888,000	5,660,002	(227,998)
Interest income	22,000	22,000	10,172	(11,828)
Other revenue	-	-	3,374	3,374
Total operating revenues	4,482,000	5,910,000	5,673,548	(236,452)
Operating Expenses				
Operating	270,000	545,000	528,911	16,089
Contractual Services	25,000	5,300,000	5,118,389	181,611
Community Welfare	-	10,000	-	10,000
General	169,000	102,000	102,544	(544)
Insurance	-	1,000	-	1,000
Total operating expenses	464,000	5,958,000	5,749,844	208,156
Operating income (loss)	4,018,000	(48,000)	(76,296)	(28,296)
Nonoperating revenues (expenses)				
Transfers in	-	-	6,326	6,326
Port-in HAP reimbursement	200,000	200,000	244,320	44,320
Prt-admin fees	15,000	15,000	38,923	23,923
Port HAP	(200,000)	(200,000)	-	200,000
Total nonoperating revenues	15,000	15,000	289,569	274,569
Change in net assets	4,033,000	(33,000)	213,273	246,273
Net assets, beginning of year	880,550	907,050	1,595,165	688,115
Net assets, end of year	\$ 4,913,550	874,050	1,808,438	934,388

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
CIELO AZUL
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 126,000	126,000	173,463	47,463
Other operating revenues	-	-	28,420	28,420
Total operating revenues	126,000	126,000	201,883	75,883
Operating Expenses				
Operating	10,000	10,000	1,139	8,861
Contractual services and utilities	17,500	17,500	8,833	8,667
Repairs and maintenance	10,000	10,000	8,699	1,301
General	1,000	1,000	1,927	(927)
Insurance	8,000	8,000	33,768	(25,768)
Depreciation	50,000	50,000	43,333	6,667
Total operating expenses	96,500	96,500	97,699	(1,199)
Operating income	29,500	29,500	104,184	74,684
Nonoperating Revenues (Expenses)				
Interest on investments	-	-	5,767	5,767
Interest expense	(50,000)	(50,000)	(70,127)	(20,127)
Total nonoperating revenues (expenses)	(50,000)	(50,000)	(64,360)	(14,360)
Change in net assets	(20,500)	(20,500)	39,824	60,324
Net assets, beginning of year	(76,237)	(76,237)	(25,859)	50,378
Net assets, end of year	\$ (96,737)	(96,737)	13,965	110,702

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
CAPITAL PROJECTS FUND
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 605,571	605,571	330,921	(274,650)
Total operating revenues	605,571	605,571	330,921	(274,650)
Operating Expenses				
Repairs and maintenance	146,000	146,000	76,500	69,500
Total operating expenses	146,000	146,000	76,500	69,500
Operating income	459,571	459,571	254,421	(205,150)
Other Operating Revenues (Expenses)				
Operating transfers in	-	-	76,500	76,500
Operating transfers out	(459,571)	(459,571)	(330,921)	128,650
Total nonoperating expenses	(459,571)	(459,571)	(254,421)	205,150
Change in net assets	-	-	-	-
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	-	-	-

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
LA CIENEGUITA
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 125,100	125,100	122,810	(2,290)
Other operating revenues	4,000	4,000	-	(4,000)
Total operating revenues	129,100	129,100	122,810	(6,290)
Operating Expenses				
Operating	71,000	82,500	63,058	19,442
Contractual services and utilities	26,000	27,600	35,541	(7,941)
Repairs and maintenance	14,000	20,200	12,943	7,257
Insurance	8,000	8,000	7,423	577
Depreciation	70,000	70,000	64,665	5,335
Other	9,000	10,200	8,258	1,942
Total operating expenses	198,000	218,500	191,888	26,612
Operating income (loss)	(68,900)	(89,400)	(69,078)	20,322
Nonoperating Revenues				
Interest on investments	-	-	1,912	1,912
Change in net assets	(68,900)	(89,400)	(67,166)	22,234
Net assets, beginning of year	1,660,661	1,660,661	1,682,451	21,790
Net assets, end of year	\$ 1,591,761	1,571,261	1,615,285	44,024

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
REGION II VOUCHER
Year Ended June 30, 2009

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 687,000	95,000	101,488	6,488
Interest income	500	500	-	(500)
Total operating revenues	687,500	95,500	101,488	5,988
Operating Expenses				
Operating	41,000	-	-	-
Community welfare	600,000	-	-	-
Contractual services and utilities	4,100	4,000	2,207	1,793
Other	24,000	-	14,640	(14,640)
Repairs and maintenance	3,000	62,000	-	62,000
Insurance	1,000	-	963	(963)
Depreciation	-	15,000	7,476	7,524
Total operating expenses	673,100	81,000	25,286	55,714
Operating income	14,400	14,500	76,202	61,702
Nonoperating Revenues (Expenses)				
Interest on investments	-	-	1,435	1,435
Interest expense	(12,000)	(12,000)	(5,816)	6,184
Total nonoperating revenues (expenses)	(12,000)	(12,000)	(4,381)	7,619
Change in net assets	2,400	2,500	71,821	69,321
Net assets, beginning of year	(9,600)	(9,600)	-	9,600
Net assets, end of year	\$ (7,200)	(7,100)	71,821	78,921

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINED SCHEDULE OF DEPOSITS AND INVESTMENTS
(RECONCILIATION OF BANK BALANCE TO CARRYING BALANCE)
ALL FUNDS
June 30, 2009

	Type of Account	Bank Balance	Outstanding Checks	Deposits in Transit	Carrying Balance	Fair Value
Change, imprest funds	Petty Cash	\$ -	-	-	225	225
Deposits with financial institutions:						
NM Bank & Trust						
Operating - Security Deposit	Savings	11,569	-	-	11,569	11,569
Operating (La Cieneguita)	Checking	11,927	963	-	10,964	10,964
Operating - Insurance and Taxes	Savings	5,201	-	-	5,201	5,201
Operating - Replacement Reserve	Savings	40,473	-	-	40,473	40,473
Operating - Residual Receipts	Savings	111,400	-	-	111,400	111,400
Operating (Camino Consuelo)	Checking	269,176	-	-	269,176	269,176
First Community Bank						
General Fund Operating	Checking	(92)	277,366	500,190	222,732	222,732
Operating (Voucher)	Checking	820,609	16,878	-	803,731	803,731
Reserves (Voucher)	Savings	77,869	-	-	77,869	77,869
FSS Escrow	Checking	97,486	-	-	97,486	97,486
Los Alamos National Bank						
Operating (Region II)	Checking	384,175	1,191	-	382,984	382,984
Board Account	Checking	8,291	-	-	8,291	8,291
Operating (Camino Consuelo)	Checking	285,109	2,143	-	282,966	282,966
Security Deposit (Camino Consuelo)	Checking	19,116	-	-	19,116	19,116
Security Deposit (Housing Authority)	Checking	17,105	559	-	16,546	16,546
Operating (Cielo Azul)	Checking	174,729	920	-	173,809	173,809
Operating (Voucher)	Checking	7,833	-	-	7,833	7,833
Operating (Mora County)	Checking	47,920	-	-	47,920	47,920
Employee Fund	Checking	3,155	850	-	2,305	2,305
Total deposits		<u>2,393,051</u>	<u>300,870</u>	<u>500,190</u>	<u>2,592,596</u>	<u>2,592,596</u>
Investments						
Bank of New York						
Bond Fund	Money Market	300,015	-	-	300,015	300,015
Debt Service Fund	Repurchase Agreement	325,667	-	-	325,667	325,667
Extraordinary Maintenance	Money Market	42,544	-	-	42,544	42,544
Ins Escrow Fund	Money Market	94,992	-	-	94,992	94,992
Operating Fund	Money Market	26,540	-	-	26,540	26,540
PY Surplus Fund	Money Market	494,245	-	-	494,245	494,245
Revenue Fund	Money Market	197,226	-	-	197,226	197,226
Los Alamos National Bank						
Certificates of Deposit	Certificate of Deposit	204,570	-	-	204,570	204,570
Total investments		<u>1,685,799</u>	<u>-</u>	<u>-</u>	<u>1,685,799</u>	<u>1,685,799</u>
Total deposits and investments		<u>\$ 4,078,850</u>	<u>300,870</u>	<u>500,190</u>	<u>4,278,395</u>	<u>4,278,395</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
MARKET VALUE
June 30, 2009

	Maturity Date	Bank Balance	Federal Depository Insurance	Total Unsecured Public Funds	Required Collateral	Pledged Securities Market Value	Over/ (Under)
<u>New Mexico Bank & Trust</u>							
Checking and Savings	None	\$ 449,744	418,643	31,101	15,551		
Collateral:							
Eastern NM Univ Rev, Cusip 276785UD2	4/1/17	-	-	-	-	243,868	228,318
<u>First Community Bank:</u>							
Checking and Savings	None	995,872	327,869	668,003	334,002		
Collateral held at FRB Dallas:							
FFCB, Cusip 31331Q7A9	8/4/09	-	-	-	-	110,343	-
FHR 2836 DY, Cusip 31395F6H2	8/15/14	-	-	-	-	30,518	-
MBS FHLMC Gold, Cusip 312962FT5	10/1/18	-	-	-	-	384,632	-
TAOS N MEX ST, Cusip 87601RAL4	6/1/23	-	-	-	-	300,000	-
FNR 2004-18 EA, Cusip 31393XSV0	3/25/31	-	-	-	-	1,179	-
FNR 2003-49 JE, Cusip 31393CY80	4/25/33	-	-	-	-	531,774	-
FNR 2003-64 YA, Cusip 31393DKW0	5/25/23	-	-	-	-	215,594	1,240,039
<u>Los Alamos National Bank</u>							
Checking and Savings	None	947,435	250,000	697,435	348,718		
Certificate of Deposit	10/31/08	204,570	204,570	-	-		
Collateral held at FRB Dallas:							
FHLB, Cusip 31339XLHQ9	6/10/11	-	-	-	-	1,000,000	651,283

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
June 30, 2009

PHA: NM009 FYED: 06/30/2009

Line Item No.	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Business Activities	Other Federal Program 1	Other Federal Program 2	Total
111	Cash - Unrestricted	560,433	320,444	811,563	-	173,809	430,904	127,565	2,424,718
113	Cash - Other Restricted	-	77,869	-	-	2,305	-	40,473	120,647
114	Cash - Tenant Security Deposits	19,116	16,546	-	-	-	-	11,569	47,231
100	Total Cash	579,549	414,859	811,563	-	176,114	430,904	179,607	2,592,596
121	Accounts Receivable - PHA Projects	-	28,951	-	-	21,600	-	-	50,551
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	2,255	48,351	-	-	1,766	-	-	52,372
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-	-	-	-	-
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-	-
	Accounts Receivable - Other		709,094	324,671					1,033,765
128	Fraud Recovery	-	192,704	-	-	-	-	-	192,704
128.1	Allowance for Doubtful Accounts - Fraud	-	(192,704)	-	-	-	-	-	(192,704)
120	Total Receivables, net of allowances for doubtful accounts	2,255	786,396	324,671	-	23,366	-	-	1,136,688
131	Investments - Unrestricted	1,481,229	50,000	-	-	154,570	-	-	1,685,799
142	Prepaid Expenses and Other Assets	12,417	80,344	-	-	4,280	-	3,801	100,842
143	Inventories	-	13,456	-	-	-	-	-	13,456
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-
144	Interprogram Due From	500,000	393,468	864,176	-	4,498	40,000	-	1,302,142
150	Total Current Assets	2,575,450	1,738,523	2,000,410	-	362,828	470,904	183,408	6,831,523
161	Land	268,652	22,200	-	-	300,000	30,000	244,300	865,152
162	Buildings	3,708,510	22,108,741	-	-	1,300,000	149,514	1,473,757	29,740,522
163	Furniture, Equipment & Machinery - Dwellings	203,485	512,583	-	-	-	-	4,415	720,483
166	Accumulated Depreciation	(2,625,502)	(16,622,981)	-	-	(216,665)	(11,480)	(265,938)	(19,742,566)
167	Construction in Progress	-	28,952	-	-	-	-	-	28,952
160	Total Fixed Assets, Net of Accumulated Depreciation	1,555,145	6,049,495	-	-	1,383,335	168,034	1,456,534	10,612,543
180	Total Non-Current Assets	1,555,145	6,049,495	-	-	1,383,335	168,034	1,456,534	11,112,543
190	Total Assets	4,130,595	7,788,018	2,000,410	-	1,746,163	638,938	1,639,942	17,944,066
312	Accounts Payable <= 90 Days	1,540	90,074	-	-	-	-	-	91,614
322	Accrued Compensated Absences - Current Portion	-	163,271	-	-	-	-	-	163,271
325	Accrued Interest Payable	55,625	-	-	-	-	-	-	55,625
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	15,639	42,948	-	-	-	-	5,680	64,267
342	Deferred Revenues	-	-	47,742	-	-	-	-	47,742
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	360,356	-	-	-	582,172	6,096	-	948,624
346	Accrued Liabilities - Other	-	96,100	-	-	-	-	-	96,100
347	Interprogram Due To	634,760	40,000	144,230	-	500,000	464,176	18,977	1,802,143
310	Total Current Liabilities	1,067,920	432,393	191,972	-	1,082,172	470,272	24,657	3,269,386
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	2,184,644	-	-	-	650,026	96,845	-	2,931,515
350	Total Noncurrent Liabilities	2,184,644	-	-	-	650,026	96,845	-	2,931,515
300	Total Liabilities	3,252,564	432,393	191,972	-	1,732,198	567,117	24,657	6,200,901

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
June 30, 2009 and Year Ended June 30, 2009

PHA: NM009 FYED: 06/30/2009

Line Item No.	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Business Activities	Other Federal Program 1	Other Federal Program 2	Total
508	Total Contributed Capital	-	-	-	-	-	-	-	-
508.1	Invested in Capital Assets, Net of Related Debt	(989,855)	6,049,495	-	-	151,137	65,093	1,456,534	6,732,404
511	Total Reserved Fund Balance	-	-	-	-	-	-	-	-
511.1	Restricted Net Assets	-	-	-	-	-	-	-	-
512.1	Unrestricted Net Assets	1,867,886	1,306,130	1,808,438	-	(137,172)	6,728	158,751	5,010,761
513	Total Equity/Net Assets	878,031	7,355,625	1,808,438	-	13,965	71,821	1,615,285	11,743,165
600	Total Liabilities and Equity/Net Assets	4,130,595	7,788,018	2,000,410	-	1,746,163	638,938	1,639,942	17,944,066
703	Net Tenant Rental Revenue	717,404	950,796	-	-	173,463	12,998	122,810	1,977,471
704	Tenant Revenue - Other	-	182,326	3,374	-	-	-	-	185,700
705	Total Tenant Revenue	717,404	1,133,122	3,374	-	173,463	12,998	122,810	2,163,171
706	HUD PHA Operating Grants	-	918,441	5,943,245	-	-	-	-	6,861,686
706.1	Capital Grants	-	-	-	330,921	-	-	-	330,921
711	Investment Income - Unrestricted	28,488	12,654	10,172	-	5,767	1,435	1,912	60,428
712	Mortgage Interest Income	-	-	-	-	-	-	-	-
715	Other Revenue	-	-	-	-	28,420	88,490	-	116,910
700	Total Revenue	745,892	2,064,217	5,956,791	330,921	207,650	102,923	124,722	9,533,116
911	Administrative Salaries	83,085	119,002	334,944	-	-	-	29,998	567,029
912	Auditing Fees	3,000	30,959	7,000	-	1,000	-	3,000	44,959
915	Employee Benefit Contributions - Administrative	71,817	259,763	139,555	-	1,139	-	18,686	490,960
916	Other Operating - Administrative	12,386	-	95,544	-	-	14,640	5,258	127,828
921	Tenant Services - Salaries	-	86,083	54,412	-	-	-	-	140,495
923	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-	-	-
924	Tenant Services - Other	-	125,729	-	-	-	-	-	125,729
931	Water	15,485	92,103	-	-	3,720	833	5,710	117,851
932	Electricity	4,845	44,790	-	-	276	787	1,957	52,655
933	Gas	25,287	125,525	-	-	263	587	-	151,662
938	Other Utilities Expense	12,735	48,934	-	-	4,574	-	11,552	77,795
941	Ordinary Maintenance and Operations - Labor	89,595	272,441	-	-	-	-	14,374	376,410
942	Ordinary Maintenance and Operations - Materials and Other	111,474	485,228	-	76,500	7,463	-	12,943	693,608
943	Ordinary Maintenance and Operations - Contract Costs	45,746	98,434	-	-	1,236	-	16,322	161,738

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
Year Ended June 30, 2009

PHA: NM009 FYED: 06/30/2009

Line Item No.	Account Description	N/C S/R Section 8 Programs	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund Program	Business Activities	Other Federal Program 1	Other Federal Program 2	Total
945	Employee Benefit Contributions - Ordinary Maintenance				-	-		-	-
952	Protective Services - Other Contract Costs				-	-		-	-
961	Insurance Premiums	24,155	120,099	-	-	3,848	963	7,423	156,488
962	Other General Expenses		83,855		-	30,847	-	-	114,702
967	Interest Expense	110,128			-	70,127	5,816	-	186,071
969	Total Operating Expenses	609,738	1,992,945	631,455	76,500	124,493	23,626	127,223	3,585,980
970	Excess Operating Revenue over Operating Expenses	136,154	71,272	5,325,336	254,421	83,157	79,297	(2,501)	5,947,136
941	Ordinary Maintenance and Operations - Labor	89,595	272,441	-	-	-		14,374	376,410
942	Ordinary Maintenance and Operations - Materials and Other	111,474	465,228	-	76,500	7,463	-	12,943	693,608
943	Ordinary Maintenance and Operations - Contract Costs	45,746	98,434	-	-	1,236	-	16,322	161,738
945	Employee Benefit Contributions - Ordinary Maintenance				-	-		-	-
952	Protective Services - Other Contract Costs				-	-		-	-
961	Insurance Premiums	24,155	-	-	-	3,848	963	-	28,966
962	Other General Expenses		-	-	-	30,847	-	-	30,847
967	Interest Expense	110,128	-	-	-	70,127	5,816	-	186,071
969	Total Operating Expenses	609,738	1,992,945	631,455	76,500	124,493	23,626	127,223	3,585,980
970	Excess Operating Revenue over Operating Expenses	136,154	71,272	5,325,336	254,421	83,157	79,297	(2,501)	5,947,136
971	Extraordinary Maintenance	-	-	-	-	-	-	-	-
973	Housing Assistance Payments	-	-	5,118,389	-	-	-	-	5,118,389
974	Depreciation Expense	272,006	806,225	-	-	43,333	7,476	64,665	1,193,705
900	Total Expenses	881,744	2,799,170	5,749,844	76,500	167,826	31,102	191,888	9,898,074
1001	Operating Transfers In		330,921	6,326	76,500	-	-	-	413,747
1002	Operating Transfers Out	-	76,500	-	330,921	-	6,326	-	413,747
1010	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(135,852)	(480,532)	213,273	-	39,824	65,495	(67,166)	(364,958)
1102	Debt Principal Payments - Enterprise Funds								-
1103	Beginning Equity	1,013,883	7,836,157	1,595,165	-	(25,859)	6,326	1,682,451	12,108,123
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-
1113	Maximum Annual Contributions Commitment (Per ACC)	-	-	-	-	-	-	-	-
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	-	-	-	-	-	-	-	-
1115	Contingency Reserve, ACC Program Reserve	-	-	-	-	-	-	-	-
1116	Total Annual Contributions Available	-	-	-	-	-	-	-	-
1120	Unit Months Available	1,200	5,324	6,168	n/a		300	2,040	15,032
1121	Number of Unit Months Leased	1,152	5,200	6,045			289	1,512	14,198

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2009

Federal Grantor/ Program Title	Federal CFDA Number	Receivable (Deferred Revenue) July 1, 2008	HAP Equity July 1, 2008	Cash Receipts	Expenditures	Receivable (Deferred Revenue) June 30, 2009	HAP Equity June 30, 2009
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT							
Public Housing Subsidy	14.850	\$ -	-	874,261	874,261	-	-
Resident Opportunity & Support Services	14.870	-	-	44,180	44,180	-	-
Capital Fund Program	14.872	86,320	-	388,289	330,920	28,951	-
Section 8 Housing	14.871	-	1,134,944	5,963,117	5,749,844	-	1,348,217
Total Department of Housing and Urban Development		\$ 86,320	537,709	7,269,847	6,999,205	28,951	1,348,217

NOTE 1.

The accompanying schedule of expenditures of federal awards presents the federal financial assistance programs of the Authority and does not include those expenditures of the City of Santa Fe, New Mexico.

NOTE 2.

This schedule has been prepared on the accrual basis of accounting.

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

**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***

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, including the budgetary comparisons, and the aggregate remaining fund information of the Santa Fe Civic Housing Authority (the Authority), a component unit of the City of Santa Fe, as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the accompanying table of contents, and have issued our report thereon dated November 19, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiency 09-01, described in the accompanying schedule of findings and questioned costs to be a control deficiency over financial reporting.

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-4, NMSA 1978, which are described in the accompanying Schedule of Findings and Responses as findings 05-01, 07-04, and 09-02.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Authority's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the Authority, Office of the State Auditor, New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

Ricci & Company, LLC

Albuquerque, New Mexico
November 19, 2009

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance In Accordance With OMB Circular A-133

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of the State of New Mexico Santa Fe Civic Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance, and accordingly the auditor does not express an opinion on the effectiveness of the agency's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the Authority, Office of the State Auditor, the New Mexico Legislature, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ricci & Company, LLC

Albuquerque, New Mexico
November 19, 2009

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009**

05-01	Cash Deposits and Related Liabilities	Updated and Included
07-04	Budgetary Compliance	Updated and Included
07-05	Section 8 Housing – Eligibility	Resolved
08-01	Pledged Collateral	Resolved

**STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weakness(es) _____ Yes X None Reported

Type of auditors' report issued on compliance for Major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133? _____ Yes X No

Identification of Major Programs Tested

#14.850	Public Housing Subsidy
#14.872	Capital Fund Program
#14.871	Section 8 Housing

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? _____ Yes X No

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

09-01 FINANCIAL STATUS

CRITERIA

The Committee of Sponsoring Organizations' (COSO) definition of internal control over financial reporting states that the internal controls over financial reporting should be effective and efficient. In addition, the 2009 State Audit Rule 2.2.2.9 requires the Authority's audit report to be submitted by December 1, 2009.

CONDITION

Although the Audit Report will be submitted on time, per the Authority's request, the start date of the audit was delayed since final year-end reconciliations were not complete by the initially agreed upon date. In addition, as field work began, the Authority had not reconciled all balances, specifically completing the analysis and/reconciliations of the accounts receivable listing, tenant security deposits, and various small bank accounts were not reconciled. However, once the reconciliations were completed, additional adjustments were not required to be made to the accounts as a result of our audit on those account balances.

EFFECT

Since the year-end adjusted balances were not completed in an efficient and timely manner, the timely submission of the Audit Report was jeopardized.

CAUSE

The daily demands and the increased volume of the daily transactions did not allow the Authority to complete the reconciliations in a timely manner.

RECOMMENDATION

The Authority should prioritize a more timely reconciliation process for next year.

MANAGEMENT RESPONSE

Staff primarily responsible for reconciliations had unplanned medical emergencies at critical points in time that could not be planned for by replacement staff. This is a onetime occurrence which has not happened in the past and most likely in the future.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

C. FINDINGS – FEDERAL MAJOR AWARD PROGRAMS

None

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

D. FINDINGS – COMPLIANCE AND OTHER MATTERS

05-01 Cash Deposits and Related Liabilities

CRITERIA

Per New Mexico Owner-Resident Relations, NMSA Sections 47-8-1 to 47-8-51, security deposits paid by tenants are to be held in a reserve account. The reserve account shall be maintained at or above the liability for tenant security deposits.

CONDITION

During our review of tenant security deposits, we noted that there were insufficient funds in one of the security deposit bank accounts to at least meet the related tenant security deposit liability. However, it was noted that the Authority does have sufficient cash in operating accounts in excess of these liabilities.

CAUSE

Management did not make transfers to security deposit accounts in a timely manner.

EFFECT

Cash balances available in the security deposit bank accounts were not sufficient to cover all related liabilities.

RECOMMENDATION

We recommend that management transfer funds on a monthly basis so that the cash balances and related liabilities match each other.

MANAGEMENT RESPONSE

The Housing Authority concurs; deposits will be monitored more closely.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

D. FINDING – COMPLIANCE AND OTHER MATTERS

07-04 Budgetary Compliance

CONDITION

Actual expenses exceeded budgeted expenses for the Housing Development Corporation Fund and the Cielo Azul Fund.

CRITERIA

Per SAO Rule 2.2.2.10 P(1), “If actual expenditures exceed budgeted expenditures at the legal level of budgetary compliance, that fact must be reported in a finding.”

CAUSE

The Board was not aware of those requirements.

EFFECT

The Authority may jeopardize federal funding if budgets are not complied with.

RECOMMENDATION

We recommend that the Authority comply with legal budget requirements as outlined in the State Auditor Rule.

MANAGEMENT RESPONSE

During fiscal year 08, the Development site incurred extensive capital improvements. As these improvement sites were capitalized over 10 years, our depreciation doubled in amount over previous years an amount not anticipated. In addition, some costs were not capitalized as they were determined to be repairs as opposed to capital enhancements. As these adjustments were determined after the fiscal year ended it was not possible to modify the Budget at that time; however, this fund’s cash flow was positive when depreciation is not accounted for.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009**

D. FINDING – COMPLIANCE & OTHER MATTERS

09-02 Employee Travel and Per Diem

CRITERIA

Per 10-8-4 NMSA 1978 and 2.42.2.8 NMAC, **Partial day per diem rate:** Public officers or employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- (a) for less than 2 hours of travel beyond normal work day, none;
- (b) for 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- (c) for 6 six hours, but less than 12 hours beyond the normal work day, \$20.00;
- (d) for 12 hours or more beyond the normal work day, \$30.00;

CONDITION

During our review of employee travel and per diem, we noted that partial day per diem was not paid to an employee on the final day of travel.

CAUSE

The employee and management did not calculate per diem correctly.

EFFECT

The Department is not in compliance with Section 10-8-4, NMSA 1978 and 2.42.2.8 NMAC.

RECOMMENDATION

We recommend that management stress the importance of properly accounting for partial day per diem. We also recommend that the employees in charge of reviewing and approving travel vouchers review 10-8-4 NMSA 1978 and 2.42.2.8 NMAC to become more familiar with the requirements on partial day per diem.

MANAGEMENT RESPONSE

The Housing Authority concurs; per diem disbursements will be monitored more closely.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
EXIT CONFERENCE
Year Ended June 30, 2009**

Exit Conference

An exit conference was held on November 17, 2009 to discuss the annual financial report. Attending were the following:

Representing the Santa Fe Civic Housing Authority:

Board of Directors
Gerald Gonzales, Co-Chairperson
Virginia Soto, Member

Management
Ed Romero, Executive Director
Rudy Gallegos, Deputy Executive Director

Representing the Independent Auditor:

Herman Chavez, CPA, Manager

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.