

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY**

**A COMPONENT UNIT OF
SOCORRO COUNTY, NEW MEXICO**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA**

For the Year Ended June 30, 2013

With Independent Auditors' Reports Thereon

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INTRODUCTORY SECTION

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**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
TABLE OF CONTENTS
June 30, 2013**

INTRODUCTORY SECTION

	<u>Page</u>
Table of Contents	1-3
Official Roster	4

FINANCIAL SECTION

Independent Auditor's Report	5-7
Basic Financial Statements	
Government - Wide and Fund Financial Statements:	
Statement of Net Assets	Exhibit A 8
Statement of Activities	Exhibit B 9
Proprietary Funds:	
Statement of Net Position	Exhibit C 10-11
Statement of Revenues, Expenses and Changes in Net Position	Exhibit D 12
Statement of Cash Flows	Exhibit E 13-14
Index	15-16
Notes to Financial Statements	17-40

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 TABLE OF CONTENTS, continued
 June 30, 2013**

SUPPLEMENTARY INFORMATION

		<u>Page</u>
Statement of Net Assets - Socorro Village, LLC	Statement 1	41
Statement of Revenues, Expenses and Changes in Net Position – Socorro Village, LLC	Statement 2	42
Statement of Cash Flows – Socorro Village, LLC	Statement 3	43-44

OTHER SUPPLEMENTARY INFORMATION

Statements of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis)		
Housing Choice Voucher Program	Statement 4	45
Shelter Plus Care Program	Statement 5	46
Housing Rehabilitation Grant	Statement 6	47
Socorro Village Apartments	Statement 7	48

COMPLIANCE SECTION

	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49-51
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	52-54
Independent Auditor’s Report on Additional Information	55

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
TABLE OF CONTENTS, continued
June 30, 2013**

ADDITIONAL SUPPLEMENTARY DATA

Schedule of Expenditures of Federal Awards	Schedule 1	56
Schedule of Bank Depositories	Schedule 2	57
Schedule of Collateralization	Schedule 3	58
FDS		59-64
Schedule of Findings and Questioned Costs		65-72
Exit Conference		73

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
OFFICIAL ROSTER
June 30, 2013**

Board of Commissioners

Lonnie Marquez
Marcel Abeyta
Bob Tacker
Jose Lencho Vega

Chairperson
Vice-Chairperson
Commissioner
Commissioner

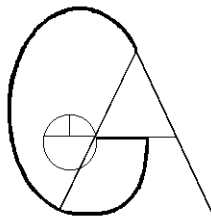
Administrative Staff

Mary Ann Chavez-Lopez

Executive Director

FINANCIAL SECTION

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Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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Albuquerque, New Mexico 87108
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fax (505) 268-6618

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
and Board of Commissioners
El Camino Real Housing Authority,
Socorro, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban Development
Ft. Worth, Texas

Report on Financial Statements

I have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of El Camino Real Housing Authority a component unit of Socorro County, Socorro, New Mexico (Housing Authority) as of and for the year ended June 30, 2013, which collectively comprise the Housing Authority's basic financial statements as listed in the Table of Contents. I have also audited the budgetary comparisons for the proprietary funds presented as supplementary information, as defined by the Governmental Accounting Standards Board, in the accompanying individual fund financial statements as of and for the year ended June 30, 2013, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

INDEPENDENT AUDITOR'S REPORT, continued

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

As discussed in Note 1, the financial statements of the Housing Authority are intended to present the financial position, changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Socorro County, New Mexico that is attributable to the transactions of the Housing Authority and its component unit. They do not purport to, and do not, present fairly the financial position of Socorro County, New Mexico, as of June 30, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United State of America.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Camino Real Housing Authority, a component unit of Socorro County, as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons of the proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management's discussion and analysis (MD&A) which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

My audit was conducted for the purpose of forming opinions on the basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules required by 2.2.2. NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of Expenditures of federal awards and other schedules required by 2.2.2. NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In my opinion, the Schedule of expenditures of federal awards and other schedules required by 2.2.2. NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT, continued

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 29, 2013 on my consideration of El Camino Real Housing Authority's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Gary E. Gaylord, Ltd", written over a horizontal line.

Gary E. Gaylord, Ltd
Albuquerque, New Mexico
October 29, 2013

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2013

	<u>Primary Unit</u> <u>EL CAMINO REAL</u> <u>HOUSING</u> <u>AUTHORITY</u> <u>Business Type</u> <u>Activities</u>	<u>Component Unit</u> <u>SOCORRO</u> <u>VILLAGE</u> <u>Business Type</u> <u>Activities</u>
<u>ASSETS</u>		
Current Assets, Unrestricted:		
Cash and cash equivalents	\$ 203,949	137,457
Due from grantor	6,428	7,873
Accounts receivable - tenants		63
Accounts receivable - Other	8,787	
Due from component unit	7,249	
Due from other governments	15,357	
Prepaid expenses	3,667	2,409
Current Assets, Restricted:		
Cash and cash equivalents, housing assistance payments	183,586	
FSS escrow accounts	17,659	
Debt and operating reserves		142,584
Security and pet deposits		7,741
Capital assets not being depreciated:		
Land		53,210
Capital assets, net of accumulated depreciation:		
Land and other capital improvements		195,065
Buildings and building improvements		1,540,555
Furniture, machinery and equipment	35,098	21,729
Total Assets	<u>481,780</u>	<u>2,108,686</u>
<u>LIABILITIES</u>		
Accounts payable	3,925	5,083
Due to housing choice voucher program		7,249
Accrued salary and benefits	6,075	999
Tenant security and pet deposits		7,741
Accrued interest payable		1,682
Compensated absences, current	2,449	476
Noncurrent liabilities:		
Due within one year		15,021
Due in more than one year	17,659	1,338,125
Total liabilities	<u>30,108</u>	<u>1,376,376</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Housing Assistance Payments	764	
Administrative fees	18,687	
Total deferred inflows of resources	<u>19,451</u>	<u>0</u>
<u>NET POSITION</u>		
Invested in capital assets	35,098	457,413
Restricted for housing assistance payments	183,586	
Unrestricted	213,537	274,897
Total net Position	<u>\$ 432,221</u>	<u>732,310</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

EXHIBIT A

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues			Total	Component Unit Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Unit:						
Housing Authority:						
Business-type activities:						
Housing Services	\$ 2,396,375	78,529	2,227,408		(90,438)	
	<u>2,396,375</u>	<u>78,529</u>	<u>2,227,408</u>		<u>(90,438)</u>	
Component Unit:						
Socorro Village:						
Business-type activities:						
Housing Services	\$ 313,511	106,815	172,688			(34,008)
Interest on long-term debt	20,123					(20,123)
	<u>333,634</u>	<u>106,815</u>	<u>172,688</u>			<u>(54,131)</u>
General Revenues:						
Interest on Investments				11		65
Total General Revenues				<u>11</u>		<u>65</u>
Change in net position				(90,427)		(54,066)
Net position, beginning of year, as previously reported				530,402		786,376
Restatement				(7,754)		
Net position, beginning of year, as restated				<u>522,648</u>		<u>786,376</u>
Net position, at end of year				\$ <u>432,221</u>		<u>732,310</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	<u>Housing Choice Vouchers</u>	<u>Shelter Plus Care</u>	<u>Housing Rehabilitation Grant</u>	<u>Totals</u>
ASSETS				
Current assets, unrestricted:				
Cash and cash equivalents	\$ 197,815	6,133	1	203,949
Due from grantor	366	5,506	556	6,428
Due from component unit	7,249			7,249
Due from other governments	15,357			15,357
Other receivables	8,787			8,787
Prepaid expenses	3,667			3,667
Due from other funds	10,771			10,771
Total current unrestricted assets	<u>244,012</u>	<u>11,639</u>	<u>557</u>	<u>256,208</u>
Current assets, restricted:				
Cash and cash equivalents:				
Housing Assistance Payments	183,586			183,586
FSS Escrow Accounts	17,659			17,659
Total current restricted assets	<u>201,245</u>			<u>201,245</u>
Total current assets	<u>445,257</u>	<u>11,639</u>	<u>557</u>	<u>457,453</u>
Capital Assets:				
Capital assets being depreciated:				
Furniture, machinery and equipment	35,098			35,098
Total assets	<u>\$ 480,355</u>	<u>11,639</u>	<u>557</u>	<u>492,551</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

EXHIBIT C, continued

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2013

	Housing Choice Vouchers	Shelter Plus Care	Nonmajor Proprietary Funds	Totals
<u>LIABILITIES</u>				
Current liabilities, payable from unrestricted assets:				
Accounts payable	\$ 2,500	1,425		3,925
Accrued salaries and benefits	6,075			6,075
Due to other funds		10,214	557	10,771
Accrued compensated absences	2,449			2,449
Total Current Liabilities	11,024	11,639	557	23,220
Noncurrent liabilities:				
FSS Escrow	17,659			17,659
Total liabilities	28,683	11,639	557	40,879
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Housing Assistance Payments	764			764
Administrative fees	18,687			18,687
Total deferred inflows of resources	19,451			19,451
<u>NET POSITION</u>				
Net investment in capital Assets	35,098			35,098
Restricted for housing assistance payments	183,586			183,586
Unrestricted	213,537			213,537
Total net position	\$ 432,221			432,221

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

EXHIBIT C

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	United States Department of Housing and Urban Development			
	Housing Choice Voucher	Shelter Plus Care	Housing Rehabilitation Grant	Totals
Operating revenues:				
Charges for services	\$ 53,651			53,651
Other operating revenues:				
Fraud recovery	3,900			3,900
Port in recoveries	20,978			20,978
Operating grants	1,825,543	320,460	81,405	2,227,408
Total operating revenues	<u>1,904,072</u>	<u>320,460</u>	<u>81,405</u>	<u>2,305,937</u>
Operating expenses:				
Administrative expenses	245,700		14,960	260,660
Tenant services		320,460		320,460
Operation and maintenance	792			792
General expenses	16,402			16,402
Extraordinary maintenance			66,445	66,445
Housing assistance payments	1,700,961			1,700,961
Port in Housing assistance payments	20,978			20,978
Depreciation	9,677			9,677
Total operating expenses	<u>1,994,510</u>	<u>320,460</u>	<u>81,405</u>	<u>2,396,375</u>
Net operating income	<u>(90,438)</u>			<u>(90,438)</u>
Nonoperating revenue (expenses):				
Interest income	11			11
Interest expense				
Net non-operating income (expenses)	<u>11</u>			<u>11</u>
Net change in position	(90,427)			(90,427)
Net position, beginning of year, as previously reported	530,402			530,402
Restatement	(7,754)			(7,754)
Net position, beginning of year, as restated	<u>522,648</u>			<u>522,648</u>
Net position, end of year	<u>\$ 432,221</u>			<u>432,221</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

EXHIBIT D

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

United States Department of
Housing and Urban Development

	Housing Choice Vouchers	Shelter Care Plus	Housing Rehabilitation Grant	Totals
Cash flows from operating activities:				
Cash received from tenants and others for services	\$ 102,436			102,436
Cash received from operating grants	1,836,874	344,512	80,849	2,262,235
Cash paid for Housing Assistance Payments	(1,705,044)			(1,705,044)
Cash paid to and on behalf of employees	(142,194)	(4,396)	(10,514)	(157,104)
Cash paid to vendors for goods and services	(134,450)	(317,073)	(70,892)	(522,415)
Net cash flows from operating activities	<u>(42,378)</u>	<u>23,043</u>	<u>(557)</u>	<u>(19,892)</u>
Cash flows from noncapital financing activities:				
Transfers in from other programs'	79,818		557	80,375
Transfers out to other programs		(80,375)		(80,375)
Net cash flows from noncapital financing activities	<u>79,818</u>	<u>(80,375)</u>	<u>557</u>	<u></u>
Cash flows from capital and related financing activities:				
Cash received for capital acquisitions				
Proceeds from sale of assets				
Payments on debt				
Purchase of property, plant and equipment				
Net cash flows from capital and related financing activities	<u></u>	<u></u>	<u></u>	<u></u>
Cash flows from investing activities:				
CD investment reclassified as cash and cash equivalent	16,537			16,537
Investment income	11			11
Net cash flows from investing activities	<u>16,548</u>	<u></u>	<u></u>	<u>16,548</u>
Net increase (decrease) in cash and cash equivalents	53,988	(57,332)		(3,344)
Cash and cash equivalents, beginning of year	<u>345,072</u>	<u>63,465</u>	<u>1</u>	<u>408,538</u>
Cash and cash equivalent, end of year	<u>\$ 399,060</u>	<u>6,133</u>	<u>1</u>	<u>405,194</u>
Shown on balance sheets as:				
Unrestricted cash and cash equivalents	197,815	6,133	1	203,949
Restricted cash and cash equivalents	201,245			201,245
	<u>\$ 399,060</u>	<u>6,133</u>	<u>1</u>	<u>405,194</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	United States Department of Housing and Urban Development			Totals
	Housing Choice Vouchers	Shelter Plus Care	Housing Rehabilitation Grant	
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Net operating income (loss)	\$ (90,438)			(90,438)
Adjustments to reconcile net operating income to net cash flows from operating activities:				
Depreciation expense	9,677			9,677
Changes in assets, liabilities and deferred inflows of resources:				
(Increase)/decrease in assets:				
Tenant and other receivables, net	(118)			(118)
Due from Grantor	(366)	24,052	(557)	23,129
Due from component unit	24,025			24,025
Due from other governments				
Prepaid expenses	(400)			(400)
Increase/(decrease) in liabilities:				
Accounts payable	(2,732)	(1,009)		(3,741)
FSS Escrow	17,659			17,659
Due to other funds				
Accrued salaries and benefits	(10,921)			(10,921)
Accrued and withheld payroll taxes				
Accrued compensated absences	303			303
Increase/(decrease) in deferred inflow of resources	11,697			11,697
Housing Assistance payments	(764)			(764)
Administrative Fees				
	<u>\$ (42,378)</u>	<u>23,043</u>	<u>(557)</u>	<u>(19,892)</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

EXHIBIT E

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

INDEX

NOTE

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
 - A. Program Goal and the PHA
 - B. Financial Reporting Entity
 - C. Basis of Presentation
 - D. Basis of Accounting
 - E. Fund Financial Statements
 - F. Revenue and Expense Recognition
 - G. Cash and Cash Equivalents
 - H. Capital Assets and Depreciation
 - I. Unpaid Compensated Absences
 - J. Operating Revenues and Expenses
 - K. Interfund Activities
 - L. Expenditures of Restricted Sources
 - M. Management Estimates and Assumptions
 - N. Equity Classifications
 - O. Budget

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
 - A. Deposits and Investments, Laws and Regulations
 - B. Revenue Restrictions

3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS
 - A. Cash and Investments-Collateralization
 - B. Accounts Receivable
 - C. Prepaid Expenses
 - D. Interfund Receivables and Payables
 - E. Capital Assets
 - F. Accounts Payable
 - G. Deferred Inflows of Resources

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

INDEX, continued

NOTE, continued

4. OTHER NOTES
 - A. Annual and Sick Leave
 - B. Economic Dependency
 - C. Risk Management
 - D. Contingent Liabilities
 - E. Adjustment to Beginning of Year Net Position
 - F. Merger During FYE 06-30-12
 - G. Change in Unrestricted Net Position
 - H. Expenditures in Excess of Budget

5. COMPONENT UNIT – SOCORRO VILLAGE
 - A. Summary of Significant Accounting Policies
 - B. Cash in Banks
 - C. Accounts and Notes Receivable
 - D. Reserve for Replacement
 - E. Property and Equipment
 - F. Accounts Payable
 - G. Accrued Interest Payable
 - H. Mortgage Payable
 - I. Unrestricted Net Assets
 - J. Rent Increase
 - K. Residual Receipts Account
 - L. Management Fee
 - M. Related Party Transaction
 - N. Current Vulnerability Due to Certain Concentrations

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. PROGRAM GOAL AND THE PHA

El Camino Real Housing Authority, (formerly Socorro County Housing Authority) (Authority) was organized under New Mexico Statutes, to provide a conduit for housing funds for disadvantaged New Mexicans. The Authority is a political subdivision of the State of New Mexico and a Component Unit of Socorro County, New Mexico.

The financial statements present only the financial position, results of operations and cash flows of the Authority and its component unit, Socorro Village LLC, and are not intended to present, and do not present the Socorro County's financial position, results of operations and cash flows of its' proprietary fund types.

This summary of significant accounting policies of El Camino Real Housing Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management who are responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

The primary purpose of the El Camino Real Housing Authority (Housing Authority) is to manage the Section 8 Housing Choice Vouchers program provided by the Department of Housing and Urban Development (HUD) to aid low income families in obtaining decent, safe and sanitary rental housing. The program provides housing assistance payments to participating owners on behalf of eligible tenants. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income.

In addition, the Housing Authority provides other housing related services in the communities it services. Services provided include, but are not limited to, Shelter Plus Care, Housing Rehabilitation and management of a senior housing complex and management of its component unit (Socorro Village).

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

B. FINANCIAL REPORTING ENTITY

The El Camino Real Housing Authority's basic financial statements include the accounts of all of its operations. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB #14 and GASB #39. Socorro Village LLC, HUD Project No. NM16M000081, is a component unit of El Camino Real Housing Authority. Socorro Village's disclosures are made in note 5.

Socorro Village is a forty-unit apartment facility for the elderly and low income, located at 444 Eaton Avenue, Socorro, New Mexico. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The project is owned by Socorro Village, LLC, a New Mexico Limited Liability Company. There is no capital stock issued. Socorro Village, LLC is an organization exempt from income tax under provisions of Section 501 (c) (4) of the Internal Revenue Code. Socorro Village, LLC is owned equally by El Camino Real Housing Authority and Pioneer Socorro, LLC. Socorro Village does not issue separately issued financial statements.

Effective July 1, 2011 Socorro County Housing Authority changed its name to El Camino Real Housing Authority. Effective April 1, 2012 El Camino Real Housing Authority (Socorro County Housing Authority) absorbed the Section 8 Housing Choice Voucher and Family Self Sufficient Programs previously operated by the Village of Los Lunas Housing Authority. Effective June 1, 2012 the Shelter Plus Care Program was also absorbed by El Camino Real Housing Authority (formerly Socorro County Housing Authority) from the Village of Los Lunas Housing Authority.

C. BASIS OF PRESENTATION

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The housing authority's funds are grouped into a single fund type (proprietary funds) and include the following individual funds.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

C. BASIS OF PRESENTATION, continued

Major Fund:

Section 8 Housing Choice Vouchers, including a Family Self-Sufficiency Grant
Shelter Plus Care, including a Continuum of Care grant
Housing Rehabilitation Grant

Nonmajor Funds:

During FYE 06-30-13 there were no nonmajor funds.

D. BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities – Exhibits A and B) report information on all of the non-fiduciary activities of the primary government. 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 primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements as are component units that are fiduciary in nature.

El Camino Real Housing Authority does not have any governmental, internal service or fiduciary funds.

The Statement of Net Assets and the Statement of Activities were prepared on the economic resources measurement focus and the accrual basis of accounting.

All proprietary funds are also accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Statement of Net Assets.

Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

D. BASIS OF ACCOUNTING, continued

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing.

E. FUND FINANCIAL STATEMENTS

Major individual enterprise funds are reported as separate columns in the fund financial statements.

The Authority reports the following major funds:

Section 8 Housing Choice Voucher (HCV)

The Housing Choice Voucher Program (HCVP) provides rental assistance to help low income families afford decent, safe, and sanitary rental housing. The program is a tenant-based rental assistance program wherein qualifying families are assisted with their rental payments to landlords in the private rental market. The amount of the rental assistance is based upon family composition and family income.

Shelter Plus Care

The Shelter Plus Care Program funds provided by the U.S. Department of Housing and Urban Development (HUD) pursuant to subtitle F of Title IV of the McKinney-Vento Homeless Assistance Act 42 U.S.C. 11301 and federal regulations at 24 CFR 582. The Program is designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

E. FUND FINANCIAL STATEMENTS, continued

Housing Rehabilitation Grant

The Housing Rehabilitation Grant funds are provided to the housing authority as a sub-recipient of NMMFA pursuant to Title II of the Cranston-Gonzalez National Affordable Housing Act (42 USC 12701-12839 and 3535(d) with implementing regulations codified at 24 CFR part 92 (U.S. Department of Housing and Urban Development *Home Investment Partnership Program*)

F. REVENUE AND EXPENSE RECOGNITION

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of the Authority's funds are from HUD operating grants. Operating expenses include the cost of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are treated as non-operating revenues and expenses

Grants and similar items (including revenues associated with the HUD programs) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. A deferred inflow of financial resources is recorded when financing sources are received before all revenue recognition criteria have been met.

G. CASH AND CASH EQUIVALENTS

Amounts reflected as "cash and cash equivalents" on the balance sheet include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Housing Authority.

H. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Infrastructure capital assets such as streets, traffic signals and signs are capitalized. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation bases for proprietary fund capital assets are historical cost, or where

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

H. CAPITAL ASSETS AND DEPRECIATION, continued

historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair market value on the date donated. Construction period interest is capitalized.

The Authority does not develop any “internal use” software. Software purchased with computer hardware is capitalized. Software purchased separately with a cost greater than \$5,000 is also capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Vehicles and Equipment	3-7 yrs
Building	40 yrs

I. UNPAID COMPENSATED ABSENCES

Accrued compensated absences of the Proprietary Funds are recorded on the Statement of Net Assets. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave.

J. OPERATING REVENUES AND EXPENSES

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

K. INTERFUND ACTIVITIES

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are eliminated in the Government-wide financial statements. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

K. INTERFUND ACTIVITIES, continued

the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

During the year ended June 30, 2013 the Authority did not have any interfund transfers. The details of interfund receivables/payables are shown in Note 3 D.

Interfund receivables/payable are eliminated in the Statement of Net Assets.

L. EXPENDITURES OF RESTRICTED SOURCES

It is the Authority's policy to expend restricted sources prior to unrestricted sources when both sources are available for expenditure. Under the Section 8 HCVP amounts received from HUD for housing assistance payments can ONLY be used to pay for current year activities.

M. MANAGEMENT ESTIMATES AND ASSUMPTIONS

The accompanying financial statements include estimates and assumptions by management that affects certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

N. EQUITY CLASSIFICATIONS

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

Investment in capital assets – This category reflects the portion of net assets that are associated with capital assets that were or are being used for capital asset acquisition/construction and is shown net of accumulated depreciation on the capital assets as well as any unpaid debt used for capital asset acquisitions.

Restricted net assets – This category reflects the portion of net assets that have third party limitations on their use.

Unrestricted net assets – This category reflects net assets not restricted for any other purpose. Under the Section 8 HCVP post 2003 unrestricted net assets are to be used only for Section 8 HCVP activities.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

O. BUDGETS

The legal level of budgetary control for the Housing Authority's funds is at the overall fund level. Socorro Village Apartments (a component unit of the housing authority) is not legally required to adopt a budget. Depreciation is not budgeted.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS

By its nature as a federally funded Housing Authority, El Camino Real Housing Authority is subject to various federal and contractual regulations. An analysis of the Housing Authority's compliance with significant laws and regulations and demonstration of its stewardship over its resources follows:

El Camino Real Authority is authorized under its investment policy to deposit its money in banks, savings and loan associations, and/or credit unions where accounts are insured by an agency of the United States.

All monies not immediately necessary for the public uses of the Housing Authority may be invested in:

1. Fully collateralized certificates of deposit that are also FDIC insured;
2. Securities of the United States, its agencies or instrumentalities;
3. Securities of the State of New Mexico, its agencies, instrumentalities, counties, municipalities, or other subdivisions,
4. Securities that are guaranteed by the United States of America;
5. Revenue bonds that are underwritten by a member of the National Association of Securities Dealers, (NASD) and rated BAA or better.

The maximum authorized maturity for these securities will be one year or less.

During the year ended June 30, 2013 El Camino Real Housing Authority had complied with its investment policy.

If the Authority is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is not less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the Authority may invest its money with the New Mexico State Treasurer's short term investment pool for a period no greater than 181 days, or in banks, savings and loans or credit unions. The State Treasurer's short term investment pool shall be invested as provided for state funds under Section 6-10-10 NMSA 1978.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

B. REVENUE RESTRICTIONS

The Housing Authority has various restrictions placed over its revenue sources by the U.S. Department of Housing and Urban Development. The primary restricted revenue sources include:

<u>Revenue Source:</u>	<u>Legal Restrictions of Use</u>
U. S. Department of Housing and Urban Development:	
Section 8 Housing Choice Voucher Program and other HUD Grants and Awards	Program objectives and administrative costs within the allowable amounts contained in the grants.

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

A. CASH AND INVESTMENTS - COLLATERALIZATION

The Housing Authority's policies regarding deposits of cash are discussed in notes 1G and 2A. The Housing Authority attempts to limit its exposure to various risks inherent to its cash and investments as follows:

Interest rate risk – The Housing Authority attempts to maximize its rate of return while insuring that the investment vehicle is either fully insured or fully collateralized by investments of the Federal Government. During the year ended June 30, 2013 the Housing Authority had only demand deposits and a certificate of deposit at local financial institutions.

Credit risk – State law limits the types of investments allowed by the Housing Authority (See Note 2A). As stated above, the Housing Authority complied with the restrictions imposed by the State in an effort to limit its credit risk.

Concentration of credit risk – During the year ended June 30, 2013 the Housing Authority and its component unit limited the concentration of credit risk by depositing its funds in two local banks rather than a single bank. Also, a portion of its funds are held by New Mexico Mortgage Finance Authority. See Note 5 for details on the component unit cash accounts.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

A. CASH AND INVESTMENTS – COLLATERALIZATION, continued

Custodial credit risk – In the case of bank/saving/credit union deposits, this is the risk that in the event of a bank/savings/credit union failure, the housing authority’s deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978) and monitoring the bank’s collateralization of its deposits. At June 30, 2013 the Housing Authority’s deposits had custodial credit risk on its deposits of \$ 142,870.

	<u>Wells Fargo</u>
Amount of deposits	\$ 392,870
FDIC insurance	<u>(250,000)</u>
Total uninsured public funds	<u>142,870</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the housing authority’s name	<u>73,105</u>
Uninsured and uncollateralized	<u>69,765</u>
Collateralization requirement (50% of uninsured funds)	71,435
Pledged collateral	<u>73,105</u>
Over (under) Collateralized	<u>\$ 1,670</u>

B. ACCOUNTS RECEIVABLE

Accounts receivables - HUD consists of \$ 366 for Continuum of Care costs not reimbursed at 06-30-13. Additionally, \$ 8,787 is due from a managed elderly housing apartment complex (Vista Montano) for unpaid services rendered through 06-30-13.

Due from other governments includes a receivable from Village of Los Lunas for \$15,357 for an additional net restricted cash/equity that had not been paid when the operations of the Section 8 HCV program was absorbed.

The housing authority also recorded the amount due from Socorro Village for management fees, bookkeeping and payroll reimbursement (\$ 7,249). This amount is reflected as Due from Component Unit on the Statement of Net Assets.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

B. ACCOUNTS RECEIVABLE, Continued

During the Fiscal Year Ended June 30, 2013 ECRHA charged Socorro Village (its component unit) management fees (\$ 18,000); administrative fees (\$ 12,000) and \$68,128 in payroll and other reimbursable costs.

C. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid insurance costs of \$2,903 have been recorded by the Authority.

D. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2013 El Camino Real Housing Authority had the following interfund receivables/payables:

	<u>Due from</u>	<u>Due to</u>
Section 8 Housing Choice Vouchers:		
Shelter Plus Care	\$ 10,214	
Housing Rehabilitation	557	
Shelter Plus Care		
Section 8 HCV		\$ 10,214
Housing Rehabilitation		
Section 8 HCV		557

The due from and due to accounts were generated from unpaid fees earned by the Section 8 Housing Choice Voucher program and were made for temporary cash needs (shared costs) that are expected to be repaid currently.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2013, was as follows:

	<u>Balance at June 30, 2012</u>	Reclassification & <u>Additions</u>	Reclassification & <u>Deletions</u>	<u>Balance at June 30, 2013</u>
Capital assets being depreciated:				
Furniture, machinery and equipment	<u>92,703</u>			<u>92,703</u>
Total capital assets being depreciated	<u>92,703</u>			<u>92,703</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>47,928</u>	<u>9,677</u>		<u>57,605</u>
Total accumulated depreciation	<u>47,928</u>	<u>9,677</u>		<u>57,605</u>
Total capital assets being depreciated, net	<u>44,775</u>	<u>(9,677)</u>		<u>35,098</u>
Total capital assets, net	<u>\$ 44,775</u>	<u>(9,677)</u>		<u>35,098</u>

All depreciation expense is charged to the Section 8 function in the Statement of Activities.

F. ACCOUNTS PAYABLE

Accounts payable are for normal operating expenses. A schedule of accounts payable by fund at June 30, 2013, is as follows:

Section 8-HCV	\$ 2,500
Shelter Plus Care	<u>1,425</u>
Total	<u>\$ 3,925</u>

G DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources includes \$ 764 in early housing assistance payments (HAP) and \$ 18,687 in unearned but received administrative fee revenue from HUD. The net position amount of \$ 432,221 includes the effect of deferring the recognitions of revenue on unrecognized HAP and administrative fees. When these items are recognized as earned revenue an increase in restricted net position (HAP) and unrestricted net position (administration fees) will occur.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

4. OTHER NOTES

A. ANNUAL AND SICK LEAVE

It is the Authority's policy to grant annual leave and sick leave to the full time employees of the Housing Authority in accordance with the following schedule:

	<u>Per Pay Period</u>	
	<u>Annual Leave</u>	<u>Sick Leave</u>
All Employees	4 hours	4 hours
Paid upon Termination	Yes	No

The maximum amount of unused annual leave cannot exceed 720 hours. Unused annual leave up to 400 hours is paid on termination less any time used and paid within six months prior to the date of separation. Unused sick leave may be carried over and accumulated up to a maximum of 720 hours. Unused sick leave is not paid on termination. Unpaid annual leave at June 30, 2013 totaled \$2,449. All of the unpaid annual leave is considered current. Compensated absences are accounted for in the Section 8 fund.

The following schedule details the changes in compensated absences during the year ended June 30, 2013.

	<u>Balance June</u> <u>30, 2012</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June</u> <u>30, 2013</u>	<u>Current</u> <u>Portion</u>
Compensated Absences	\$ 2,146	5,200	(4,897)	2,449	2,449

B. ECONOMIC DEPENDENCY

Most revenue of the Housing Authority is received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by the United States Department of Housing and Urban Development.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

4. OTHER NOTES, Continued

C. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of property, injury to staff or others, errors and omissions and natural disasters. The Housing Authority insures itself against these losses through commercial insurance carriers. The New Mexico Tort Claims Act limits the Housing Authority's risk for torts.

D. CONTINGENT LIABILITIES

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

E. ADJUSTMENT TO BEGINNING OF YEAR NET POSITION

During FYE 06-30-13 the Housing Authority changed its method of accounting for administrative fee revenue from recognizing the revenue when received to recognizing the administrative fees when earned as defined by HUD as described in HUD's Office of Public and Indian Housing, Real Estate Assessment Center PIH-REAC: PHA-Finance Accounting Briefs dated June 2013. Under the method of accounting described in the accounting brief, at June 30, 2012 the Housing Authority had received, but not earned, an estimated \$ 7,754 in administrative fees. At June 30, 2013 the overall received, but not earned amount was estimated at \$ 18,687. The \$ 18,687 is shown as deferred inflows of resources on the Statement of Net Assets.

F. MERGER DURING FYE JUNE 30, 2012

The Village of Los Lunas Housing Authority merged with Socorro County Housing Authority during the year ended June 30, 2012. (See Note 1B above). Socorro County Housing Authority changed its name to El Camino Real Housing Authority effective July 1, 2011. The merging of the two housing authorities resulted in a transfer of Net Restricted Assets in the amount of \$ 195,653 from Village of Los Lunas Housing Authority to El Camino Real Housing Authority (Socorro County Housing Authority) on April 1, 2012 (effective date of merger). Restricted cash in the amount of \$ 180,296 was transferred leaving a balance owing of \$ 15,357.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

4. OTHER NOTES, Continued

G. CHANGE IN UNRESTRICTED NET POSITION

During FYE June 30, 2012 Post 2003 unrestricted net assets decreased from \$144,502 to \$127,876. Pre-2004 unrestricted net assets remained at \$120,759. The total unrestricted net assets of \$265,261 are reflected on the statement of net assets as:

Net investment in capital assets	\$ 35,098
Unrestricted	<u>213,537</u>
Total unrestricted net assets	<u>\$248,635</u>

H. EXPENDITURES IN EXCESS OF BUDGET

During FYE 06-30-13 the Housing Authority over expended its Housing Choice Voucher Program and Housing Rehabilitation Grant budgets by \$69,064 and \$3,750, respectively because increased grant amounts had not been incorporated into a budget amendment.

5. COMPONENT UNIT – SOCORRO VILLAGE

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Socorro Village is a forty-unit apartment facility for the elderly and low income, located at 444 Eaton Avenue, Socorro, New Mexico. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The project is owned by Socorro Village, LLC, a New Mexico Limited Liability Company. There is no capital stock issued. Socorro Village, LLC is an organization exempt from income tax under provisions of Section 501 (c) (4) of the Internal Revenue Code. Socorro Village, LLC is owned equally by El Camino Real Housing Authority and Pioneer Socorro, LLC.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

NATURE OF ORGANIZATION, continued

Socorro Village, LLC, is a component unit of El Camino Real Housing Authority. El Camino Real Housing Authority is a political subdivision of the State of New Mexico and a component unit of Socorro County, New Mexico. There are no component units of Socorro Village, LLC.

FEDERALLY SUBSIDIZED RENT INCOME

Socorro Village has a Housing Assistance Payment (HAP) contract with the U.S. Department Housing and Urban Development (HUD). Under the contract, Socorro Village receives rental assistance for their tenants from HUD. HUD approves the maximum allowance monthly rents that could be charged. The current maximum allowable monthly rent is \$549 per unit (effective 6-1-12). There are forty rental units at Socorro Village; all are income-producing units. The HUD rent subsidy amounted to \$ 138,939 during the year ended June 30, 2012.

METHOD OF ACCOUNTING

The accrual method of accounting is used for financial statement reporting.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost if purchased or Fair Market Value if contributed. Construction in progress is not depreciated until placed in service. The capitalization threshold is any individual item with a cost greater than \$5,000. Buildings, improvements and equipment are depreciated using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and Improvements	10-40 years
Furnishings and Equipment	3-10 years

INCOME TAXES

Neither the Project nor its exempt owners are subject to income taxes.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

DISTRIBUTIONS

The Project’s regulatory agreement with HUD stipulates, among other things, that the Project will not make distributions of assets or income to any of its officers or directors.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

CASH EQUIVALENTS

For the Statement of Cash Flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents. The Project had no investments during the period.

NOTE B – CASH IN BANKS

The operating accounts are maintained at commercial banks in the name of the entity. The Tenant Security Deposit account is maintained as a Trust Account. The Reserve for Replacement and debt service reserve accounts are held by the New Mexico Mortgage Finance Authority in trust for Socorro Village, LLC. The only interest bearing account is the Reserve for Replacement. Socorro Village, LLC is not a public entity subject to the Public Money Act statutes under Section 6-10-1 to 6-10-63, NMSA 1978. Socorro Village was exposed to custodial credit risk of \$ 12,151 at June 30, 2013.

	<u>First State Bank</u>	<u>NMMFA</u>
Deposits in Banks	\$ 262,151	48,818
Less FDIC Coverage	\$ <u>250,000</u>	<u>48,818</u>
Uninsured Public Funds	<u>12,151</u>	
Pledged Collateral	<u> .</u>	<u> .</u>
Uninsured & Uncollateralized	<u><u>12,151</u></u>	<u><u> .</u></u>

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE C – ACCOUNTS AND NOTES RECEIVABLE

Tenant Accounts Receivable - \$ 63 for current rents and fees
 Notes Receivable – None

NOTE D – RESERVE FOR REPLACEMENT

In accordance with the provisions of the Loan Agreement, restricted cash is held by New Mexico Mortgage Finance Authority to be used for replacement of capital assets or for operations upon the prior approval of NMMFA. A schedule of activity follows:

Balance, beginning of period	\$	38,818
Current year contributions		9,998
Interest earned net of fees		<u>65</u>
Balance, end of period	\$	<u>48,881</u>

NMMFA holds the funds in an interest bearing account. Interest on the account is paid directly into the Reserve for Replacement Account.

NOTE E – PROPERTY AND EQUIPMENT

	<u>Capital Assets, at Cost</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Total</u>
Balances, Beginning of Period	\$ 53,210	2,412,360	348,931	106,440	2,920,941
Additions	_____	_____	_____	_____	_____
Deletions	_____	_____	_____	_____	_____
Balances, End of Period	\$ <u>53,210</u>	<u>2,412,360</u>	<u>348,931</u>	<u>106,440</u>	<u>2,920,941</u>

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE E – PROPERTY AND EQUIPMENT, continued

	<u>Accumulated Depreciation</u>				<u>Total</u>
	<u>Land</u>	<u>Buildings</u>	<u>Capital Improvements</u>	<u>Equipment</u>	
Balances, Beginning of Period	\$	813,025	125,246	73,099	1,011,370
Provisions Deletions		<u>58,780</u>	<u>28,620</u>	<u>11,612</u>	<u>99,012</u>
Balances, End of Period		<u>871,805</u>	<u>153,866</u>	<u>84,711</u>	<u>1,110,382</u>
Net Book Value as of End of Period	\$	<u>53,210</u>	<u>1,540,555</u>	<u>195,065</u>	<u>1,810,559</u>

NOTE F – ACCOUNTS PAYABLE

Trade accounts payable are from normal operations and are all current.

NOTE G – ACCRUED INTEREST PAYABLE

Mortgage interest payable is accrued for the monthly mortgage payment.

NOTE H – MORTGAGE PAYABLE

HOME PROGRAM LOAN

On October 22, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority, for an \$800,000 Home Loan Program. The loan proceeds are from federally appropriated funds made available under lender’s HOME Program, pursuant to Title II of the National Affordable Housing Act of 1990, as amended, and federal regulations at 24CFR Part 92 “HOME Investments Partnership Program”. The proceeds are solely for the development of the 40 unit housing project. The loan is secured by a first mortgage on the property. The mortgage loan is a non-amortizing loan with a 480 month term due at the earlier of sale or refinancing of the project or on the maturity date of the note which is

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE H – MORTGAGE PAYABLE, continued

HOME PROGRAM LOAN, continued

December 1, 2048. Monthly interest will accrue on the outstanding balance of all unpaid principal at the rate of one percent (1%) per annum.

Borrower shall make 456 monthly interest-only payments beginning on the first day of the twenty fifth (25th) month following the closing date and on the first day of each month thereafter until maturity.

	<u>Home Loan</u>
Mortgage Payable at beginning of year	\$ 800,000
Principal payments during fiscal year	_____
Mortgage Payable at end of year	\$ <u>800,000</u>

ENERGY SAVERS AND HOME TRUST LOAN

On November 6, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority for a \$250,000 Energy Saver Loan to be used for the acquisition and installation of eligible energy efficient improvements to the 40 unit housing project. The promissory note bears interest at one percent (1%) per annum from the date of each disbursement of the loan funds. Borrower shall make 360 monthly principal and interest payments on the outstanding balance, beginning on the first day of the twenty-fourth (24th) month following the loan closing and on the first day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and payable on December 1, 2040, the maturity date. The loan is secured by a second mortgage on the 40 unit housing project.

On November 6, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Finance Authority, for a \$340,000 Home Trust Fund Loan to be used for the acquisition and rehabilitation of the 40 unit housing project. The promissory note bears interest at three percent (3%) per annum from the date of each disbursement of loan funds. Borrower shall make 360 monthly principal and interest payments on the outstanding balance, beginning on the first day of the twenty-fourth (24th) month following the loan closing and on the first day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE H – MORTGAGE PAYABLE, continued

ENERGY SAVERS AND HOME TRUST LOAN, continued

payable on December 1, 2040, the maturity date. The loan is secured by a second mortgage on the 40 unit housing project.

The Energy Savers and Home Trust Loan agreement requires that a Replacement Reserve Account be established with the Lender, to be held in trust. The initial reserve was established in the amount of \$250 per unit, for a total of \$10,000. In addition, the borrower will make a deposit into the Replacement Reserve concurrent with the first payment of principal and with each monthly payment thereafter, equal to one-twelfth of \$250 per unit per year. Interest earned on the reserve account will become a part of the reserve. Disbursement from the reserve may be made only with prior written consent of the lender. In the event of default, the lender may apply the reserve fund to payment due on the loan.

See note on restricted deposits and funded reserves for reserve balance and activity.

	<u>Energy Saver</u>	<u>Home Trust</u>
Mortgage Payable at beginning of year	\$ 238,595	\$ 329,272
Draws on Loans during fiscal year		
Principal payments during fiscal year	<u>(7,297)</u>	<u>(7,425)</u>
Mortgage Payable at end of year	\$ <u>231,298</u>	\$ <u>321,847</u>

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2013

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE H – MORTGAGE PAYABLE, continued

COMBINED MORTGAGE PAYABLE SCHEDULE

A combined schedule of all principal and interest payments once the construction loans have been fully drawn, is as follows:

<u>Due FYE 6-30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
14	\$ 15,021	19,830	34,851
15	15,327	19,523	34,850
16	15,642	19,209	34,851
17	15,965	18,886	34,851
18	16,295	18,555	34,850
19-23	86,746	87,507	174,253
24-28	96,404	77,849	174,253
29-33	107,399	66,854	174,253
34-38	119,935	54,318	174,253
39-43	64,412	41,910	106,322
44-48		40,000	40,000
49	<u>800,000</u>	<u>4,000</u>	<u>804,000</u>
Total	<u>\$1,353,146</u>	<u>468,441</u>	<u>1,821,587</u>

Current portion of mortgages	\$	15,021
Long-term portion of mortgages		<u>1,338,125</u>
Total mortgages payable as of June 30, 2013	\$	<u>1,353,146</u>

NOTE I – UNRESTRICTED NET ASSETS

None of the Project's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets under SFAS No. 117.

It is the project's policy to expend restricted sources prior to unrestricted sources when both sources are available for expenditure.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2013**

5. COMPONENT UNIT – SOCORRO VILLAGE, continued

NOTE J – RENT INCREASE

Under the regulatory agreement, the Project may not increase rents charged to tenants without HUD approval.

NOTE K – RESIDUAL RECEIPTS ACCOUNT

The project does not have any residual receipts. Use of the residual receipts account is contingent upon HUD's prior written approval.

NOTE L – MANAGEMENT FEE

The project paid management and administrative fees to El Camino Real Housing Authority in the amounts of \$18,000 and \$12,000, respectively. In addition, the project reimbursed El Camino Real Housing Authority for maintenance wages and benefits in the amount of \$57,406 as well as audit fees (\$7,089) and other charges (\$2,157).

NOTE M – RELATED PARTY TRANSACTION

El Camino Real Housing Authority (ELRHA) is a 50% owner of Socorro Village, LLC. ECRHA is the management and administrative agent for Socorro Village, LLC. ECRHA receives management and administration fees as described in Note L. ECRHA receives reimbursement for costs that are provided on behalf of Socorro Village, LLC. Socorro Village, LLC does not have any employees.

Pioneer Socorro, LLC (Pioneer) is a 50% owner of Socorro Village, LLC. Pioneer is wholly owned by New Mexico Housing and Community Development Corporation (NMHCD), a New Mexico Nonprofit Corporation.

NOTE N – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Project's sole activity is a 40 unit apartment project. The Project's operations are concentrated in the multifamily elderly and low income real estate market. In addition, the Project operates in a heavily regulated environment. The operations of the Project are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
Formerly Socorro County Housing Authority
A COMPONENT UNIT OF SOCORRO COUNTY
June 30, 2013

NON MAJOR PROPRIETARY FUNDS

Family Self-Sufficiency – to account for a grant from the United States Department of Housing and Urban Development (HUD) that is used to promote the development of local strategies to coordinate the use of assistance under the Public Housing program with public and private resources to enable participating families to achieve economic independence and housing self-sufficiency. The grant funds may be used to pay the salary and fringe benefits of a program coordinator. Only residents of conventional public housing may benefit from this program.

Home Rehab – to account for several grants through the New Mexico Mortgage Finance Authority (MFA) for the Home Investment Partnerships Owner-Occupied Rehabilitation Program provided by the U.S. Department of Housing and Urban Development (HUD) under the Home Program pursuant to the Title II National Affordable Housing Act of 1990 and the federal regulations at 24 CFR Part 92 “Home Investment Partnership Program”. Home Rehab funds provide affordable housing opportunities for the benefit of low income citizens within the jurisdiction of the Socorro County Housing Authority.

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
Statement of Net Assets
June 30, 2013

ASSETS

Current assets, unrestricted:	
Cash and cash equivalents	\$ 137,457
Due from grantor	7,873
Tenant accounts receivable	63
Prepaid expense	2,409
Total current unrestricted assets	<u>147,802</u>
Current assets, restricted:	
Security and pet deposits	7,741
Residual receipts account	163
Operating reserve	93,540
Reserve for replacements	48,881
	<u>150,325</u>
Capital assets not being depreciated:	
Land	53,210
Capital assets, net of accumulated depreciation:	
Buildings and improvements	1,540,555
Other assets	195,065
Furniture, machinery and equipment	21,729
	<u>1,810,559</u>
Net Capital Assets	<u>1,810,559</u>
Total Assets	<u>\$ 2,108,686</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 5,083
Due to Housing Choice Voucher Program	7,249
Accrued compensated absences	476
Accrued and withholding liabilities	999
Accrued interest payable	1,682
Tenant security and pet deposits	7,741
Total current liabilities	<u>23,230</u>
Noncurrent liabilities:	
Due within one year	15,021
Due in more than one year	1,338,125
Total Liabilities	<u>1,376,376</u>
Net Assets:	
Investment in capital assets	457,413
Unrestricted	274,897
	<u>732,310</u>
Total Liabilities and Net Assets	<u>\$ 2,108,686</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATEMENT 1

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
Statement of Revenues, Expenses and Changes
in Fund Net Assets
For the Year Ended June 30, 2013

Operating Revenue:	
Charges for services:	
Rent	\$ 106,815
Operating grants:	
Rent subsidy from HUD	148,158
Coordinator grant	24,530
Total Operating Revenues	<u>279,503</u>
Operating Expenses:	
Administrative:	
Coordinator salary	18,122
Coordinator benefits	6,324
Audit	7,089
Accounting	7,305
Advertising and Rental Expenses	1,366
Management fee	18,000
Administrative fee	12,000
Office	2,447
Training and Travel	983
Other	3,172
Utilities:	
Gas, water, sewer and trash	28,660
Electricity	17,666
Ordinary maintenance & operations:	
Labor and benefits	33,126
Materials and supplies	20,106
Exterminating contracts	1,926
Ground and landscaping contracts	21,728
Other contracts	8,145
General expenses:	
Insurance	6,334
Depreciation	99,012
Total operating expenses	<u>313,511</u>
Operating income (loss)	<u>(34,008)</u>
Nonoperating revenue (expense):	
Interest income	65
Interest expense	(20,123)
Net nonoperating revenue (expense)	<u>(20,058)</u>
Change in fund net position	(54,066)
Net assets, beginning of year	<u>786,376</u>
Net assets, end of year	<u>\$ 732,310</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATEMENT 2

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
Statement of Cash Flows
For the Year Ended June 30, 2013

Cash Flows from Operating Activities:	
Cash received from tenants and others for services	\$ 109,091
Cash received from operating grants	174,829
Cash paid to and on behalf of employees	(57,407)
Cash paid to vendors for goods and services	<u>(196,695)</u>
Net cash flows from operating activities	<u>29,818</u>
Cash flows from capital and related financing activities:	
Payments on capital debt	(34,851)
Purchase of capital assets	
Net cash flows from capital and related financing activities	<u>(34,851)</u>
Cash flows from investing activities:	
Interest received	<u>65</u>
Net cash flows from investing activities	<u>65</u>
Net increase (decrease in cash and cash equivalents)	(4,968)
Cash and cash equivalents at beginning of year	<u>292,750</u>
Cash and cash equivalents at end of year	<u>\$ 287,782</u>
Shown as:	
Unrestricted cash and cash equivalents	\$ 137,457
Restricted cash and cash equivalents	<u>150,325</u>
	<u>\$ 287,782</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 3, continued

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
Statement of Cash Flows
For the Year Ended June 30, 2013

Reconciliation of Net Income (Loss) to Net Cash Provided by Operating Activities:		
Net Operating Income (Loss)	\$	(34,008)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation		99,012
Decrease (Increase) in:		
Accounts Receivable-Tenants		1,667
Due from Grantor		2,140
Prepaid Expenses		(216)
Increase (Decrease) in:		
Accounts Payable-Trade		(15,527)
Due to Section 8 HCV program		(24,025)
Accrued salaries and benefits		250
Tenant Security Deposits		609
Compensated absences		(84)
Net Cash Provided (Used) by Operating Activities	\$	<u>29,818</u>

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 3

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OTHER SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
HOUSING CHOICE VOUCHER PROGRAM
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2013

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Positive (Negative) Actual to Final Budget
Revenues:					
Charges for services and other misc.	\$ 154,318	154,318	78,529		(75,789)
HUD operating grant	1,761,451	1,761,451	1,825,543		64,092
Total Revenues	<u>1,915,769</u>	<u>1,915,769</u>	<u>1,904,072</u>		<u>(11,697)</u>
Expenditures:					
Administration:					
Salaries and wages	184,249	184,249	98,207		86,042
Audit	25,000	25,000	26,616		(1,616)
Accounting	20,000	20,000	12,834		7,166
Employee Benefits	41,124	41,124	28,168		12,956
Other	96,869	96,869	79,875		16,994
Maintenance			792		(792)
Insurance and other general expenses	10,898	10,898	16,402		(5,504)
Housing assistance payments	1,537,629	1,537,629	1,721,939		(184,310)
Total Expenditures	<u>1,915,769</u>	<u>1,915,769</u>	<u>1,984,833</u>		<u>(69,064)</u>
Revenues over (under) expenditures			(80,761)		(80,761)
Other financing sources (uses):					
Interest income			11		11
Interest expense					
			<u>11</u>		<u>11</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u> </u>	<u> </u>	(80,750)	<u> </u>	<u>(80,750)</u>
Reconciliation to GAAP Financial Statement					
Depreciation not budgeted			(9,677)		
Rounding					
Change in net position			\$ <u>(90,427)</u>		

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 4

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 SOCORRO, NEW MEXICO
 SHELTER PLUS CARE PROGRAM
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 For the Year Ended June 30, 2013

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
HUD operating grant	\$ 328,458	328,458	320,460		(7,998)
Total Revenues	<u>328,458</u>	<u>328,458</u>	<u>320,460</u>		<u>(7,998)</u>
Expenditures:					
Tenant Services:					
Salaries and wages	4,396	4,396	4,396		
Other	324,062	324,062	316,064		7,998
Total Expenditures	<u>328,458</u>	<u>328,458</u>	<u>320,460</u>		<u>7,998</u>
Change in net position	\$ <u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SEE INDEPENDENT AUDITORS' REPORTS
 The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 5

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 HOUSING REHABILITATION GRANT
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 For the Year Ended June 30, 2013

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Positive (Negative) Actual to Final Budget
Revenues:					
Grant Revenue	\$ 77,655	77,655	81,405		3,750
Total Revenues	<u>77,655</u>	<u>77,655</u>	<u>81,405</u>		<u>3,750</u>
Expenditures:					
Administration:					
Salaries and wages	12,235	12,235	9,766		2,469
Employee Benefits	935	935	747		188
Other	725	725	4,447		(3,722)
Extraordinary maintenance	63,760	63,760	66,445		(2,685)
Total expenditures	<u>77,655</u>	<u>77,655</u>	<u>81,405</u>		<u>(3,750)</u>
Change in net position	\$				

SEE INDEPENDENT AUDITORS' REPORTS
 The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 6

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SOCORRO VILLAGE APARTMENTS
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2013

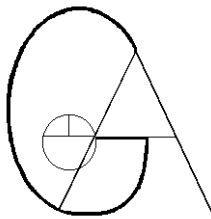
	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Positive (Negative)	
				Original Budget To Final	Actual to Final Budget
Revenues:					
Rent - HUD	\$ 144,333	144,333	148,158		3,825
Rent- Tenants	103,832	103,832	106,815		2,983
Coordinator grant			24,530		24,530
Other revenue	1,835	1,835			(1,835)
Total Revenues	<u>250,000</u>	<u>250,000</u>	<u>279,503</u>		<u>29,503</u>
Expenditures:					
Administration:					
Coordinator salary			18,122		(18,122)
Coordinator benefits			6,324		(6,324)
Advertising and rental expenses	1,100	1,100	1,366		(266)
Office and other expenses	12,500	12,500	5,619		6,881
Management fee	18,000	18,000	18,000		
Administrative fees	12,000	12,000	12,000		
Training and travel	2,500	2,500	983		1,517
Legal	2,000	2,000			2,000
Audit	8,000	8,000	7,089		911
Accounting	10,000	10,000	7,305		2,695
Utilities:					
Electric	19,000	19,000	17,666		1,334
Gas, water, sewer and trash	34,000	34,000	28,660		5,340
Maintenance:					
Wages and benefits	35,000	35,000	33,126		1,874
Materials and supplies			20,106		(20,106)
Maintenance and repair	38,000	38,000	8,145		29,855
Exterminating expense	5,000	5,000	1,926		3,074
Ground and landscaping	12,000	12,000	21,728		(9,728)
General Expense:					
Insurance	8,000	8,000	6,334		1,666
Total expenditures	<u>217,100</u>	<u>217,100</u>	<u>214,499</u>		<u>2,601</u>
Revenues over (under) expenditures	<u>32,900</u>	<u>32,900</u>	<u>65,004</u>		<u>32,104</u>
Other financing sources (uses):					
Interest income			65		65
Interest expense	20,100	20,100	20,123		(23)
Principal payments	14,800	14,800	14,721		79
Reserve for replacement	(22,000)	(22,000)	10,064		(32,064)
Reserve for debt	20,000	20,000			20,000
	<u>32,900</u>	<u>32,900</u>	<u>(44,843)</u>		<u>(11,943)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ <u> </u>	<u> </u>	<u>20,161</u>		<u>20,161</u>
Reconciliation to GAAP Financial Statement					
Depreciation not budgeted			(99,012)		
Payments on principal not considered an expenditure			14,721		
Payments on reserve for replacement not considered an expenditure			10,064		
Change in net position			\$ <u>(54,066)</u>		

SEE INDEPENDENT AUDITORS' REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

STATEMENT 7

COMPLIANCE SECTION

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Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Mr. Hector Balderas, State Auditor, and
Members of the Board of Commissioners
El Camino Real Housing Authority
Socorro, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban Development
Fort Worth, Texas

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards issued by the Comptroller General of the United States*, the financial statements of the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and budgetary comparisons of the proprietary funds presented as supplemental information of El Camino Real Housing Authority, a component unit of Socorro County, Socorro, New Mexico (Housing Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued my report thereon dated October 29, 2013.

Internal Control Over Financial Reporting

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

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

**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, continued***

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying *schedule of findings and questioned costs*, that I consider to be significant deficiencies.

2012-01	Late Filing of Audited FDS's
2012-03	Late Filing of Audited Financial Statements
2013-02	Expenditures in Excess of Budget

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Camino Real Housing Authority's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying *schedule of findings and questioned costs* as items:

2012-01	Late Filing of Audited FDS's
2012-03	Late Filing of Audited Financial Statements
2013-02	Expenditures in Excess of Budget

The Agency's Responses to Findings

El Camino Real Housing Authority's responses to the findings identified in my audit are described in the accompanying *schedule of findings and questioned costs*. The agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

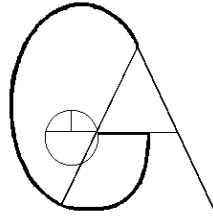
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS, continued***

Purpose of this Report

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



Gary E. Gaylord, Ltd.
Albuquerque, New Mexico
October 29, 2013



Gary E. Gaylord, C.P.A.

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
And Board of Commissioners
El Camino Real Housing Authority
Socorro, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban Development
Fort Worth, Texas

Report on Compliance for Each Major Federal Program

I have audited El Camino Real Housing Authority, Socorro, New Mexico's (Housing Authority's), a component unit of Socorro County, compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2013. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying *schedule of findings and questioned costs*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 El Camino Real Housing Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Continued

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of El Camino Real Housing Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, El Camino Real Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

2012-01	Late Filing of Audited FDS's
2013-01	Inaccurate Voucher System (VMS) Reports

My opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of El Camino Real Housing Authority (Housing Authority) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Housing Authority's internal control of compliance.

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Continued

over compliance, yet important enough to merit attention by those charged with governance. My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, I identified certain deficiencies in internal control over compliance, as described in the accompanying *schedule of findings and questioned costs* as items:

2012-01	Late Filing of Audited FDS's
2013-01	Inaccurate Voucher System (VMS) Reports

that I consider to be significant deficiencies.

El Camino Real Housing Authority's responses to the internal control over compliance findings identified in my audit are described in the accompanying *schedule of findings and questioned costs*. The Housing Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the responses.

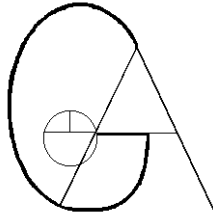
The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

I have audited the financial statements of El Camino Real Housing Authority as of and for the year ended June 30, 2013, and have issued my report thereon dated October 29, 2013, which contained an unmodified opinion on those financial statements. My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Gary E. Gaylord, Ltd.
Albuquerque, New Mexico
October 29, 2013



Gary E. Gaylord, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

Mr. Hector Balderas, State Auditor, and
Members of the Board of Commissioners
El Camino Real Housing Authority
Socorro, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban Development
Fort Worth, Texas

My report on the audit of the basic financial statements of El Camino Real Housing Authority, Socorro, New Mexico, for the year ended June 30, 2013 appears on pages 4 and 5. The audit was conducted for the purpose of forming an opinion on the basic financial statements and budgetary comparisons. The Financial Data Schedule (FDS) submitted electronically to United States Department of Housing and Urban Development Real Estate Assessment Center (HUD/REAC) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The FDS has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, presents fairly, in all material respects, the financial position of El Camino Real Housing Authority, Socorro, New Mexico as of June 30, 2013, and the results of its operations for the year then ended in conformity with the accounting practices prescribed or permitted by HUD/REAC.

Gary E. Gaylord, Ltd.
Albuquerque, New Mexico
October 29, 2013

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ADDITIONAL SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2013

Federal Grants	Federal CFDA Number	Federal Grant/Project Number	Expenditures
El Camino Real Housing Authority:			
Direct grants from U.S. Department of Housing and Urban Development			
Major Programs:			
Section 8 Housing Choice Voucher	14.871	NM077VO NM077AF	\$ 1,617,456 183,087
Non-major programs:			
Shelter Plus Care	14.238	NM0067C6B011000	68,861
Shelter Plus Care	14.238	NM0054C6B011001	12,055
Shelter Plus Care	14.238	NM0054C6B011102	235,148
Family Self Sufficiency	14.877	NM 077	25,000
Indirect grant passed through NMMFA			
Non-major program:			
Home Investment Partnership Program	14.239	12-01-erc-hor-001	81,405
Continuum of Care	14.238	12-02-SOC-COC-001	4,396
Total El Camino Real Housing Authority			2,227,408
Socorro Village:			
Housing Assistance Program	14.195	NM16M000081	148,158
Coordinator Grant Program	14-195	NM16M000081	24,350
Total Socorro Village			172,508
Total U.S. Dept. of Housing and Urban Development			\$ 2,399,916
Total Expenditures of Federal Awards			\$ 2,399,916

- 1) The accompanying schedule of expenditures of federal awards includes the federal grant activity of the El Camino Real Housing Authority and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the statement
- 2) The Housing Authority did not have any sub-recipient grantees during the fiscal year ended June 30, 2013.
- 3) The Housing Authority did not receive any noncash assistance.
- 4) The Housing Authority did not have any Federal insurance in effect during the year.
- 5) The Housing Authority's Component Unit had a Federal loan of \$800,000 outstanding at June 30, 2013.

SEE INDEPENDENT AUDITORS' REPORTS
 The Accompanying Notes Are An Integral Part Of These Financial Statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF BANK DEPOSITORIES
JUNE 30, 2013

Bank Name	Account Name	Acct. Type	Bank Balance	Deposits in Transit	Outstanding Checks	Rounding	Book Balance
Wells Fargo Bank							
Wells Fargo Bank	Section 8 HCV	1	\$ 341,564		(12,513)		329,051
Wells Fargo Bank	Section 8 HCV	2	16,537				16,537
Wells Fargo Bank	Administrative Reserve	1		35,813			35,813
Wells Fargo Bank	FFS Escrow Deposits	1	14,177	3,482			17,659
Wells Fargo Bank	Shelter Plus Care	1	9,519		(3,386)		6,133
Wells Fargo Bank	Housing Rehab	2	11,073	21,872	(32,944)		1
First State Bank	Socorro Village LLC	1	160,212		(23,073)		137,139
First State Bank	Socorro Village Security/Pet Deposits	1	8,236		(177)		8,059
First State Bank	Socorro Village Residual Receipts	1	163				163
First State Bank	Socorro Village Operating Reserve	1	93,540				93,540
Compass Bank	NM MFA - Replacement Reserve	3	48,881				48,881
Total with financial institutions			\$ 703,902	61,167	(72,093)		692,976

	El Camino Real H.A.	Socorro Village	Totals
Shown on Statement of Net Assets as:			
Unrestricted cash and cash equivalents	\$ 203,949	137,457	341,406
Restricted cash and cash equivalents	183,586		183,586
FSS escrow accounts	17,659		17,659
Debt and operating reserves		142,584	142,584
Security and pet deposits		7,741	7,741
	\$ 405,194	287,782	692,976

Account Types:

- 1 Demand Deposits
- 2 Interest Bearing
- 3 Paying agent a/c

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

SCHEDULE 2

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 SCHEDULE OF COLLATERALIZATION
 JUNE 30, 2013

Bank Name	Description of Pledged Collateral	Maturity Date	CUSIP Number	Fair Market Value at 6/30/2013	Location of Safekeeper
Wells Fargo Bank	FMAC FGPC	5/1/1943	3128MJSP6	73,105	New York, NY

SEE INDEPENDENT AUDITOR'S REPORTS
 The Accompanying Notes Are An Integral Port of These Financial Statements

SCHEDULE 3

EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2013

FDS Line #	Accounts Description	Section 8 Housing Choice Vouchers (HCV)	Shelter Plus Care Program	Home Rehabilitation Program	Eliminations	Total
ASSETS:						
111	Cash - Unrestricted	197,815	6,133	1		203,949
112	Cash - Restricted - Modernization and Development					
113	Cash - Other Restricted	201,245				201,245
114	Cash - Tenant Security Deposits					
115	Cash - Restricted for Current Liabilities					
100	Total Cash	399,060	6,133	1		405,194
121	Accounts Receivable - PHA Projects					
122	Accounts Receivable - HUD Other Projects	366	5,506	556		6,428
124	Accounts Receivable - Other Government	15,357				15,357
125	Accounts Receivable - Miscellaneous	16,036				16,036
126	Accounts Receivable - Tenants					
126.1	Allowance for Doubtful Accounts - Tenants					
127	Notes, Loans & Mortgages Receivable- Current					
128	Fraud Recovery					
128.1	Allowance for Doubtful Accounts - Fraud					
129	Accrued Interest Receivable					
120	Total Receivables, Net of Allowances for Doubtful Accounts	31,759	5,506	556		37,821
131	Investments - Unrestricted					
132	Investments - Restricted					
135	Investments - Restricted for Payment of Current Liability					
142	Prepaid Expenses and Other Assets	3,667				3,667
143	Inventories					
143.1	Allowance for Obsolete Inventories					
144	Inter Program Due From	10,771			(10,771)	
145	Assets Held for Sale					
150	Total Current Assets	445,257	11,639	557	(10,771)	446,682
161	Land					
162	Buildings					
163	Furniture, Equipment & Machinery - Dwelling					
164	Furniture, Equipment & Machinery - Administration	92,703				92,703
165	Leasehold Improvements					
166	Accumulated Depreciation	(57,605)				(57,605)
167	Construction in Progress					
168	Infrastructure					
160	Total Fixed Assets, Net of Accumulated Depreciation	35,098				35,098
180	Total Non-Current Assets	35,098				35,098
190	Total Assets	480,355	11,639	557	(10,771)	481,780

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2013

FDS Line #	Accounts Description	Section 8 Housing Choice Vouchers (HCV)	Shelter Plus Care Program	Home Rehabilitation Program	Eliminations	Total
LIABILITIES:						
311	Bank Overdraft					
312	Accounts Payable < 90 Days	2,500	1,425			3,925
313	Accounts Payable - 90 Days Past Due					
321	Accrued Wage/Payroll Taxes Payable	6,075				6,075
322	Accrued Compensated Absences - Current	2,449				2,449
324	Accrued Contingency Liability					
325	Accrued Interest Payable					
331	Accounts payable - HUD PHA Programs					
332	Accounts payable - PHA Projects					
333	Accounts payable - Other Government					
341	Tenant Security Deposits					
342	Deferred Revenue	19,451				19,451
343	Current Portion of Long Term Debt - Capital Projects/Mortgage					
344	Current Portion of Long Term Debt - Operating Borrowings					
345	Other Current Liabilities					
346	Accrued Liabilities - Other					
347	Inter Program - Due to		10,214	557	(10,771)	
348	Loan Liability - Current					
310	Total Current Liabilities	30,475	11,639	557	(10,771)	31,900
351	LTD, Net of Current - Capital Projects/Mortgage Revenue					
352	Long-term Debt, Net of Current - Operating Borrowings					
353	Non-current Liabilities - Other	17,659				
354	Accrued Compensated Absences - Non Current					
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Noncurrent Liabilities	17,659				
300	Total Liabilities	48,134	11,639		(10,771)	49,002
508.1	Invested in Capital Assets, Net of Related Debt	35,098				35,098
509.2	Fund Balance Reserved					
511.1	Restricted Net Assets	183,586				183,586
511.2	Unreserved Designated Fund Balance					
512.1	Unrestricted Net Assets	213,537				213,537
512.2	Unreserved Undesignated Fund Balance					
513	Total Equity/Net Assets	432,221				432,221
600	Total Liabilities and Equity/Net Assets	480,355	11,639		(10,771)	481,223

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2013

FDS Line #	Accounts Description	Section 8 Housing Choice Vouchers (HCV)	Shelter Plus Care Program	Home Rehabilitation Program	Eliminations	Total
REVENUE:						
703	Net Tenant Rental Revenue					
704	Tenant Revenue - Other					
705	Total Tenant Revenue					
706	HUD PHA Operating Grants	1,825,543	320,460	81,405		2,227,408
706.1	Capital Grants					
707.1	Management Fee					
707.2	Asset Management Fee					
707.3	Book Keeping Fee					
707.4	Front Line Service Fee					
707.5	Other Fees					
707	Total Fee Revenue	1,825,543	320,460	81,405		2,227,408
708	Other Government Grants					
711	Investment Income - Unrestricted	11				11
712	Mortgage Interest Income					
713	Proceeds from Disposition of Assets Held for Sale					
713.1	Cost of Sale of Assets					
714	Fraud Recovery	3,900				3,900
715	Other Revenue	74,629				74,629
716	Gain or Loss on Sale of Capital Assets					
720	Investment Income - Restricted					
700	Total Revenue	1,904,083	320,460	81,405		2,305,948
EXPENSES:						
911	Administrative Salaries	98,207		9,766		107,973
912	Auditing Fees	26,616				26,616
913	Bookkeeping Fees	12,834				12,834
914	Advertising and Promotion	809				809
915	Employee Benefit Contributions - Administrative	28,168		747		28,915
916	Office Expenses	58,513				58,513
917	Legal	344				344
918	Travel	10,742				10,742
918.1	Allocated Overhead					
919	Other	9,467		4,447		13,914
910	Total Operating - Administrative	245,700		14,960		260,660
920	Asset Management Fee					
921	Tenant Services - Salaries		4,396			4,396
922	Relocation Costs					
923	Employee Benefit Contributions - Tenant Services					
924	Tenant Services - Other		316,064			316,064
925	Total Tenant Services		320,460			320,460

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2013

FDS Line #	Accounts Description	Section 8 Housing Choice Vouchers (HCV)	Shelter Plus Care Program	Home Rehabilitation Program	Eliminations	Total
EXPENSES:						
931	Water					
932	Electricity					
933	Gas					
934	Fuel					
935	Labor					
936	Sewer					
937	Employee Benefit Contributions - Tenant Services					
938	Other Utilities Expense					
930	Total Utilities					
951	Protective Services - Labor					
952	Protective Services - Other Contract Costs					
953	Protective Services - Other					
955	Employee Benefit Contributions - Protective Services					
950	Total Protective Services					
941	Ordinary Maintenance and Operations - Labor					
942	Ordinary Maintenance and Operations - Materials and Other	792				792
943	Ordinary Maintenance and Operations - Contracts					
945	Employee Benefit Contributions - Ordinary Maintenance					
940	Total Maintenance	792				792
961.1	Property Insurance					
961.2	Liability Insurance	6,129				6,129
961.3	Workman's Compensation	5,073				5,073
961.4	All Other Insurance					
961	Total Insurance Premiums	11,202				11,202
962	Other General Expenses					
962.1	Compensated Absences	5,200				5,200
963	Payments in Lieu of Taxes					
964	Bad Debt - Tenant Rents					
965	Bad Debt - Mortgages					
966	Bad Debt - Other					
968	Severance Expense					
960	Total Other General Expenses	5,200				5,200
967.1	Interest on Mortgage (or Bonds) Payable					
967.2	Interest on Notes Payable (Short and Long Term)					
967.3	Amortization of Bond Issue Costs					
967	Total Interest Expense and Amortization Cost					
969	Total Operating Expenses	262,894	320,460	14,960		598,314
970	Excess Operating Revenue over Operating Expenses	1,641,189		66,445		1,707,634

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2013

FDS Line #	Accounts Description	Section 8 Housing Choice Vouchers (HCV)	Shelter Plus Care Program	Home Rehabilitation Program	Eliminations	Total
EXPENSES:						
971	Extraordinary Maintenance			66,445		66,445
972	Casualty Losses - Non-capitalized					
973	Housing Assistance Payments	1,700,961				1,700,961
973.5	HAP Portability-In	20,978				20,978
974	Depreciation Expense	9,677				9,677
975	Fraud Losses					
976	Capital Outlays - Governmental Funds					
977	Debt Principal Payment - Governmental Funds					
978	Dwelling Units Rent Expense					
900	Total Expenses	<u>1,994,510</u>	<u>320,460</u>	<u>81,405</u>		<u>2,396,375</u>
OTHER FINANCING SOURCES (USES):						
1001	Operating Transfers In					
1002	Operating Transfers Out					
1003	Operating Transfers from/to Primary Government					
1004	Operating Transfers from/to Component Unit					
1005	Proceeds from Notes, Loans and Bonds					
1006	Proceeds from Property Sales					
1007	Extraordinary Items, Net Gain/Loss					
1008	Special Items (Net Gain/Loss)					
1009.1	Inter Project Excess Cash Transfer In					
1009.2	Inter Project Excess Cash Transfer Out					
1009.3	Transfers between Program and Project - In					
1009.4	Transfers between Program and Project - Out					
1010	Total Other Financing Sources (Uses)					
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(90,427)</u>				<u>(90,427)</u>
1102	Required Annual Debt Principal Payments					
1103	Beginning Equity	530,402				530,402
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(7,754)				(7,754)
1105	Changes in Compensate Absence Balance					
1106	Changes in Contingent Liability Balance					
1107	Changes in Unrecognized Pension Transition Liability					
1108	Changes in Special Term/Severance Benefits Liability					
1109	Changes in Allowance for Doubtful Accounts - Dwelling Rents					
1110	Changes in Allowance for Doubtful Accounts - Other					
1117	Administrative Fee Equity	248,635				248,635
1118	Housing Assistance Payments Equity	<u>183,586</u>				<u>183,586</u>

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 FINANCIAL DATA SCHEDULE
 June 30, 2013

FDS Line #	<u>Accounts Description</u>	<u>Section 8 Housing Choice Vouchers (HCV)</u>	<u>Shelter Plus Care Program</u>	<u>Home Rehabilitation Program</u>	<u>Eliminations</u>	<u>Total</u>
1119	Unit Months Available	5,280				5,280
1121	Number of Unit Months Leased	3,931				3,931
1127	Excess Cash					
1161	Land Purchases					
1162	Building Purchases					
1163	Furniture and Equipment - Dwelling Purchases					
1164	Furniture and Equipment - Administrative Purchases					
1165	Leasehold Improvements Purchases					
1166	Infrastructure Purchases					
1351	CFFP Debt Service Payments					
1390.1	Replacement Housing Factor Funds					

**STATE OF NEW MEXICO
 EI CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2013**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued Unqualified

Internal control over financial reporting:

- 1. Material weaknesses identified? No
- 2. Reportable condition (s) identified that are not considered to be material weaknesses? Yes
- 3. Noncompliance material to financial statements noted? No

Federal Awards:

Internal control over major programs:

- 1. Material weakness (es) identified? No
- 2. Reportable condition(s) identified that are not considered to be material weaknesses Yes

Type of auditors' report issued on compliance for major programs Qualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee No

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
 For the Year Ended June 30, 2013**

SECTION II- FINDINGS

PRIOR YEAR AUDIT FINDINGS

CURRENT STATUS

Internal Control Over Financial Reporting

2012-01 (SD) Late Filing of Audited FDS's	Repeated/Undated
2012-02 (SD) Late Filing of Federal Clearinghouse Report	Resolved
2012-03 (SD) Late Filing of Audited Financial Statements	Repeated
Repeated	

Compliance and Other Matters

2012-01 (SD) Late Filing of Audited FDS's	Repeated/Updated
2012-02 (SD) Late Filing of Federal Clearinghouse Report	Resolved
2012-03 (SD) Late Filing of Audited Financial Statements	Repeated

Internal Control of Compliance – Federal Programs

2012-01 (SD) Late Filing of FDS	Repeated/Updated
2012-02 (SD) Late Filing of Federal Clearinghouse Report	Resolved

CURRENT YEAR AUDIT FINDINGS

Internal Control Over Financial Reporting:

2012-01 (SD) Late Filing of Audited FDS's
 2012-03 (SD) Late Filing of Audited Financial Statements
 2013-02 (SD) Expenditures in Excess of Budget

Compliance and Other Matters

2012-01 (SD) Late Filing of Audited FDS's
 2012-03 (SD) Late Filing of Audited Financial Statements
 2013-02 (SD) Expenditures in Excess of Budget

Internal Control over Compliance – Federal Programs

2012-01 (SD) Late Filing of FDS
 2013-01 (SD) Inaccurate Voucher System (VMS) Reports

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

2012-01 Significant Deficiency and Compliance and Other Matters

LATE FILING OF AUDITED FDS's

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

ALL PROGRAMS AND GRANTS AS SHOWN ON THE SCHEDULE OF

EXPENDITURES OF FEDERAL AWARDS

FISCAL YEARS ENDED JUNE 30, 2011, 2012 and 2013

Statement of Condition:

The Financial Data Schedule (FDS) submission for June 30, 2011 was not accepted by HUD REAC as filed because the housing assistance payments (HAP) as reported on the FDS did not agree with the HAP as reported on the Voucher Management System (VMS) reports. Corrections had not been done yet when the audit fieldwork was taking place. An audited June 30, 2011 FDS was filed on September 25, 2013 that is under review by HUD REAC. The audited FDS for FYE June 30, 2012 was not filed in a timely manner (by March 31, 2013) as this filing is still in draft form on the REAC site. The unaudited submissions for June 30, 2012 and June 30, 2013 have been rejected.

Criteria:

HUD regulations require the submission of audited FDS's within nine (9) months after the housing authority's fiscal year end. The required submission allows HUD's Real Estate Assessment Center (REAC) to score the housing authority utilizing its Public Housing Assessment System (PHAS) scoring methodology codified in 24 CFR Part 902.

Effect:

When submissions of the FDS are not made in a timely manner (or corrective action is not taken when requested by REAC) the scores received by a housing authority will be reduced. If the scoring by REAC is low enough, the housing authority may become a sub-standard performer and sanctions (including reductions in subsidies) may occur.

Cause:

The FDS for FYE June 30, 2011 was initially submitted in a timely fashion. However, the audited housing assistance payments (HAP) did not agree with the HAP reported on the housing authority's Voucher Management System (VMS) reports. In addition, HUD requested that certain other information be provided upon its re-submission. The requested additional information was provided to the housing authority but the discrepancy between the filed VMS's and the audit report was not resolved.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

2012-01 Significant Deficiency and Compliance and Other Matters

LATE FILING OF AUDITED FDS's, Continued

**US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
ALL PROGRAMS AND GRANTS AS SHOWN ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FISCAL YEARS ENDED JUNE 30, 2011, 2012 and 2013**

Cause, continued:

The submittal for FYE June 30, 2012 was delayed because the Executive Director of the housing authority, the fee accountant and auditor misunderstood the timing of the absorption of Village of Los Lunas Housing Authority into El Camino Real Housing Authority (formerly Socorro County Housing Authority) and a “re-audit” of the Section 8 Housing Choice Voucher (HCV) and Shelter Plus Care (SPC) programs became necessary to properly report the activities of these programs under the proper Annual Contribution Contract (ACC).

Recommendation:

The re-submittal for June 30, 2011 and the submittals for June 30, 2012 and 2013 should be done as soon as possible. All entities involved in the submittal and re-submittal process should cooperate with each other to ensure compliance. VMS reports should be reviewed for continued accuracy and amended as soon as practical, but no later than the unaudited FDS submission that is due 60 days after the housing authority’s fiscal year end.

Agency Response:

Once the audited submission for June 30, 2011 (which was re-submitted on September 25, 2013) has been accepted by HUD REAC, then the audited submission for June 30, 2012 will be filed. The audited submission for June 30, 2013 will be filed within the nine month requirement. The unaudited submissions will be filed in the same manner.

The underlying problems with the VMS reporting will be addressed to insure that they are accurately reported and timely corrected, if necessary.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

**2012-03 Significant Deficiency
AUDIT REPORT SUBMISSION TO THE NEW MEXICO STATE AUDITOR**

Statement of Condition:

The audit report for June 30, 2013 was not submitted to the office of the New Mexico State Auditor until after September 30, 2013.

Criteria:

New Mexico State Statutes Section 12-6-12 requires the state auditor to promulgate reasonable regulations necessary to carry out the duties of the office. NMAC 2.2.2 requires that the Housing Authority submit its audit report by September 30th following the end of each fiscal year ended June 30th.

Effect:

Delays in submission of the audit report affect the reporting of financial information to other federal, state and local governments.

Cause:

The late submission of the audit report to the New Mexico State Auditor is due to the auditor, housing authority personnel and fee accountant having scheduling problems and because the unaudited submissions to REAC were rejected by HUD and could not be relied upon. In addition, the VMS reports as filed were found to be in error and additional procedures became necessary to determine the extent of the inaccuracies noted.

Recommendation:

In the future, an effort should be made to ensure that scheduling problems do not occur and that all required filings be completed/re-submitted in a timely manner.

Agency Response:

We concur with the auditor's comments and will address the VMS reporting problems to insure that they are accurately reported and timely corrected, if necessary.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

**2013-01 Significant Deficiency and Compliance and Other Matters
INACCURATE VOUCHER MANAGEMENT SYSTEM (VMS) REPORTS
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING CHOICE VOUCHER PROGRAM – CFDA # 14.871
PROJECT # NM077
FISCAL YEAR ENDED JUNE 30, 2013**

Statement of Condition:

During the audit for June 30, 2013 I noted that the annual combined totals from the monthly VMS reports were significantly higher than the amounts reported in the fee accountant's general ledger. It was also noted that units absorbed by the housing authority from port-ins were being reported as port-in in error (after absorption).

Criteria:

The user's manual for the Voucher Management System (VMS) release 8.2.1.0 dated July 26, 2013 states that "The Voucher for Payment of Annual Contribution and Operating Statement, Form HUD 52681-B, is used by HUD to approve actual PHA program expenses for the PHA Fiscal year, and is the basis for reviewing PHA financial estimates for the subsequent fiscal year." The information provided to HUD on the VMS reports are an integral part of this process and their accuracy and timeliness are essential to this process.

Effect:

Untimely and/or inaccurate reports could impact the Housing Authority's future years' funding. The Housing Authority needs to follow the submission timeframes established by the Financial Management Center on the submission periods.

Cause:

Inadequate control and review by management of the housing authority and fee accountant.

Recommendation:

Each month, prior to submitting the monthly VMS data into the VMS System, the fee accountant's firm personnel should meet with the housing authority's personnel to determine the proper amounts to be recorded for each of the various types of housing assistance payments (Regular, Port-Out, Homeownership, Port-in, FSS etc.) and agreement should be reached on the amounts to be reported. If errors in reporting are found, the corrections should be made upon discovery and agreement. A reconciliation between amounts reported in the posting of the General Ledger and the amounts shown on the VMS reports should be prepared and retained for later review and confirmation.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

**2013-01 Significant Deficiency and Compliance and Other Matters
INACCURATE VOUCHER MANAGEMENT SYSTEM (VMS) REPORTS
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOUSING CHOICE VOUCHER PROGRAM – CFDA # 14.871
PROJECT # NM077
FISCAL YEAR ENDED JUNE 30, 2013**

Agency Response:

Currently the Housing Authority is using different systems for the HAP voucher processing that provides the information for the VMS reporting and a separate system for financial reporting. The reconciliations between the VMS reporting and the financial reporting has not been consistently performed. These issues will be addressed to identify procedures necessary to insure that the VMS reporting is accurate and agrees with the financial reporting.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued
For the Year Ended June 30, 2013**

**2013-02 Significant Deficiency and Compliance and Other Matters
EXPENDITURES IN EXCESS OF BUDGET**

Statement of Condition:

During FYE June 30, 2013 expenditures exceeded the approved budget in the Housing Choice Voucher Program and the Housing Rehabilitation Grant in the amounts of \$ 69,064 and \$ 3,750, respectively.

Criteria:

Pursuit to Section 6-6-2 (A) NMSA 1978 Socorro County (primary government) is required to submit a proposed budget to the Local Government Division of the Department of Finance and Administration by June 1 for the next fiscal year. The Local Government Division is required to certify a final budget for each local public body prior to September of each year. Once the budget has been approved the budget is binding upon all tax officials of the state. The budget may be amended with the approval of the governing body and the secretary of finance and administration.

Effect:

Pursuit to Section 6-6-6 NMSA 1978 no official shall pay any check or warrant in excess of the approved budget, and the allowances or claims or checks or warrants so allowed or paid shall be a liability against the officials so allowing or paying those claims or check or warrants, a recovery for the excess amounts so allowed or paid may be had against the bondsmen of those officials.

Cause:

The Housing Authority's budget from the grantors was increased during the year. The Housing Authority did not process an amendment (through the County) of its budget in a timely manner. Budget comparison reports are not always provided to the Board of Commissioners for their review and approval.

Recommendation:

The fee accountant should be tasked with providing budget comparison reports to the Board of Commissioners. Greater coordination between management and the fee accountant is needed to ensure that budget amendments are timely processed through the County.

Agency Response:

Monthly budget comparison reports will be provided to management and the Board for their review and approval.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
EXIT CONFERENCE
June 30, 2013**

Preparation of Financial Statements:

The El Camino Real Housing Authority is responsible for the form and content of the accompanying financial statements which have been prepared by Gary E. Gaylord, Ltd.

Passed Audit Adjustments

There were no passed auditor adjustments.

Exit Conference

An exit conference was held at the offices of the El Camino Real Housing Authority on October 29, 2013. In attendance were the following:

Representing El Camino Real Housing Authority:

Mary Ann Chavez-Lopez
Bob Tacker
Rick Penner, CPA

Executive Director
Commissioner
Fee Accountant

Representing the Audit Firm:

Gary E. Gaylord, CPA

Auditor-in-Charge