

**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, 2014

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, 2014**

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 Position	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		17-39

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 TABLE OF CONTENTS, continued
 June 30, 2014**

SUPPLEMENTARY INFORMATION

		<u>Page</u>
Statement of Net Position - Socorro Village, LLC	Statement 1	40
Statement of Revenues, Expenses and Changes in Fund Net Position – Socorro Village, LLC	Statement 2	41
Statement of Cash Flows – Socorro Village, LLC	Statement 3	42-43

OTHER SUPPLEMENTARY INFORMATION

Statements of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis)		
Housing Choice Voucher Program	Statement 4	44
Shelter Plus Care Program	Statement 5	45
Property Management	Statement 6	46
Housing Rehabilitation Grant	Statement 7	47
Socorro Village Apartments	Statement 8	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>	49-50
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	51-53
Independent Auditor’s Report on Additional Information	54

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
TABLE OF CONTENTS, continued
June 30, 2014**

ADDITIONAL SUPPLEMENTARY DATA

Schedule of Expenditures of Federal Awards	Schedule 1	55
Schedule of Bank Depositories	Schedule 2	56
Schedule of Collateralization	Schedule 3	57
FDS		58-63
Schedule of Findings and Questioned Costs		64-68
Exit Conference		69

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**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
OFFICIAL ROSTER
June 30, 2014**

Board of Commissioners

Lonnie Marquez
Bob Tacker
Joe Gonzales
Jose (Lencho) Vega
Marcel Abeyta

Chairperson
Vice-Chairperson
Commissioner
Commissioner
Commissioner

Administrative Staff

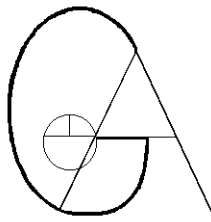
Mary Ann Chavez-Lopez

Executive Director

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FINANCIAL SECTION

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Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014, 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, 2014, 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 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, 2014, 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, 2014, 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 September 22, 2014 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
September 22, 2014

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF NET POSITION
June 30, 2014

	<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 LLC</u> <u>Business Type</u> <u>Activities</u>
<u>ASSETS</u>		
Current Assets, Unrestricted:		
Cash and cash equivalents	\$ 231,901	149,751
Due from grantor	31,651	14,987
Accounts receivable - Other	4,347	
Due from component unit	29,561	
Due from other governments	15,357	
Prepaid expenses	2,369	2,590
Current Assets, Restricted:		
Cash and cash equivalents, housing assistance payments	1,079	
FSS escrow accounts	15,610	
Debt and operating reserves		152,490
Security and pet deposits		7,496
Capital assets not being depreciated:		
Land		53,210
Capital assets, net of accumulated depreciation:		
Land and other capital improvements		179,750
Buildings and building improvements		1,481,936
Furniture, machinery and equipment	41,568	10,117
Total Assets	<u>373,443</u>	<u>2,052,327</u>
<u>LIABILITIES</u>		
Accounts payable	3,931	7,214
Due to housing choice voucher program		29,561
Accrued salary and benefits	14,919	
Tenant security and pet deposits		7,496
Accrued interest payable		1,639
Unearned revenue	93,732	
Compensated absences, current	1,171	
Noncurrent liabilities:		
Due within one year		15,327
Due in more than one year	21,468	1,322,798
Total liabilities	<u>135,221</u>	<u>1,384,035</u>
<u>NET POSITION</u>		
Net investment in capital assets	41,568	340,978
Restricted for housing assistance payments	1,079	
Unrestricted	195,575	327,314
Total net Position	<u>\$ 238,222</u>	<u>668,292</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, 2014

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	\$ 2,658,569	169,403	2,218,414		(270,752)	
	<u>2,658,569</u>	<u>169,403</u>	<u>2,218,414</u>		<u>(270,752)</u>	
Component Unit:						
Socorro Village:						
Business-type activities:						
Housing Services	\$ 312,751	109,598	158,731			(44,422)
Interest on long-term debt	19,735					(19,735)
	<u>332,486</u>	<u>109,598</u>	<u>158,731</u>			<u>(64,157)</u>
General Revenues:						
Interest on Investments				8		139
Total General Revenues				<u>8</u>		<u>139</u>
Change in net position				(270,744)		(64,018)
Net position, beginning of year, as previously reported				432,221		732,310
Equity transfer from Mountainair Housing Authority				76,745		
Net position, beginning of year, as restated				<u>508,966</u>		<u>732,310</u>
Net position, at end of year				\$ <u>238,222</u>		<u>668,292</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, 2014

	<u>Housing Choice Vouchers</u>	<u>Shelter Plus Care</u>	<u>Property Management</u>	<u>Housing Rehabilitation Grant</u>	<u>Totals</u>
ASSETS					
Current assets, unrestricted:					
Cash and cash equivalents	\$ 80,903	82,735	56,010	12,253	231,901
Due from grantor	2,662	28,989			31,651
Due from component unit			29,561		29,561
Due from other governments	15,357				15,357
Other receivables			4,347		4,347
Prepaid expenses	2,369				2,369
Due from other funds	56,606		44,844		101,450
Total current unrestricted assets	<u>157,897</u>	<u>111,724</u>	<u>134,762</u>	<u>12,253</u>	<u>416,636</u>
Current assets, restricted:					
Cash and cash equivalents:					
Housing Assistance Payments	1,079				1,079
FSS Escrow Accounts	15,610				15,610
Total current restricted assets	<u>16,689</u>				<u>16,689</u>
Total current assets	<u>174,586</u>	<u>111,724</u>	<u>134,762</u>	<u>12,253</u>	<u>433,325</u>
Capital Assets:					
Capital assets being depreciated:					
Furniture, machinery and equipment	41,568				41,568
Total assets	<u>\$ 216,154</u>	<u>111,724</u>	<u>134,762</u>	<u>12,253</u>	<u>474,893</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 POSITION
PROPRIETARY FUNDS
June 30, 2014

	Housing Choice Vouchers	Shelter Plus Care	Property Management	Housing Rehabilitation Grant	Totals
<u>LIABILITIES</u>					
Current liabilities, payable from unrestricted assets:					
Accounts payable	\$ 3,931				3,931
Accrued salaries and benefits	12,241		2,678		14,919
Unearned revenue	71,205	22,527			93,732
Due to other funds		89,197		12,253	101,450
Accrued compensated absences	775		396		1,171
Total Current Liabilities	<u>88,152</u>	<u>111,724</u>	<u>3,074</u>	<u>12,253</u>	<u>215,203</u>
Noncurrent liabilities:					
Accrued compensated absences - Noncurrent	3,875		1,983		5,858
FSS Escrow	15,610				15,610
Total Noncurrent liabilities	<u>19,485</u>		<u>1,983</u>		<u>21,468</u>
Total liabilities	<u>107,637</u>	<u>111,724</u>	<u>5,057</u>	<u>12,253</u>	<u>236,671</u>
<u>NET POSITION</u>					
Net investment in capital Assets	41,568				41,568
Restricted for housing assistance payments	1,079				1,079
Unrestricted	65,870		129,705		195,575
Total net position	<u>\$ 108,517</u>		<u>129,705</u>		<u>238,222</u>

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, 2014

	Housing Choice Voucher	Shelter Plus Care	Property Management	Housing Rehabilitation Grant	Totals
Operating revenues:					
Charges for services	\$ 2,340		152,015		154,355
Other operating revenues:					
Fraud recovery	1,971				1,971
Port in recoveries	13,077				13,077
Operating grants	1,813,000	331,315		74,099	2,218,414
Total operating revenues	<u>1,830,388</u>	<u>331,315</u>	<u>152,015</u>	<u>74,099</u>	<u>2,387,817</u>
Operating expenses:					
Administrative expenses	250,906	24,542	137,955	12,753	426,156
Tenant services		306,773			306,773
Operation and maintenance					
General expenses	21,375		5,120		26,495
Extraordinary maintenance				61,346	61,346
Housing assistance payments	1,811,186				1,811,186
Port in Housing assistance payments	13,077				13,077
Depreciation	13,536				13,536
Total operating expenses	<u>2,110,080</u>	<u>331,315</u>	<u>143,075</u>	<u>74,099</u>	<u>2,658,569</u>
Net operating income	<u>(279,692)</u>		<u>8,940</u>		<u>(270,752)</u>
Nonoperating revenue (expenses):					
Interest income	2		6		8
Interest expense					
Net non-operating income (expenses)	<u>2</u>		<u>6</u>		<u>8</u>
Net change in position	(279,690)		8,946		(270,744)
Net position, beginning of year, as previously reported	432,221				432,221
NRA from Mountainair Housing Authority	76,745				76,745
Equity transfer	(120,759)		120,759		
Net position, beginning of year, as restated	<u>388,207</u>		<u>120,759</u>		<u>508,966</u>
Net position, end of year	<u>\$ 108,517</u>		<u>129,705</u>		<u>238,222</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, 2014

	<u>Housing Choice Vouchers</u>	<u>Shelter Care Plus</u>	<u>Property Management</u>	<u>Housing Rehabilitation Grant</u>	<u>Totals</u>
Cash flows from operating activities:					
Cash received from tenants and others for services	\$ 44,155		118,107		162,262
Cash received from operating grants	1,862,457	330,359		74,656	2,267,472
Cash paid for Housing Assistance Payments	(1,835,707)				(1,835,707)
Cash paid to and on behalf of employees	(110,472)	(19,607)	(132,050)	(9,945)	(272,074)
Cash paid to vendors for goods and services	(152,048)	(313,133)	(5,968)	(64,154)	(535,303)
Net cash flows from operating activities	<u>(191,615)</u>	<u>(2,381)</u>	<u>(19,911)</u>	<u>557</u>	<u>(213,350)</u>
Cash flows from noncapital financing activities:					
Transfers in from other programs/funds		78,983	120,759	11,695	211,437
Transfers out to other programs/funds	(166,593)		(44,844)		(211,437)
Transfer of NRA from Mountainair Housing Authority	76,745				76,745
Net cash flows from noncapital financing activities	<u>(89,848)</u>	<u>78,983</u>	<u>75,915</u>	<u>11,695</u>	<u>76,745</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	(20,007)				(20,007)
Net cash flows from capital and related financing activities	<u>(20,007)</u>				<u>(20,007)</u>
Cash flows from investing activities:					
Investment income	2		6		8
Net cash flows from investing activities	<u>2</u>		<u>6</u>		<u>8</u>
Net increase (decrease) in cash and cash equivalents	(301,468)	76,602	56,010	12,252	(156,604)
Cash and cash equivalents, beginning of year	<u>399,060</u>	<u>6,133</u>		<u>1</u>	<u>405,194</u>
Cash and cash equivalent, end of year	<u>\$ 97,592</u>	<u>82,735</u>	<u>56,010</u>	<u>12,253</u>	<u>248,590</u>
Shown on balance sheets as:					
Unrestricted cash and cash equivalents	80,903	82,735	56,010	12,253	231,901
Restricted cash and cash equivalents	16,689				16,689
	<u>\$ 97,592</u>	<u>82,735</u>	<u>56,010</u>	<u>12,253</u>	<u>248,590</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, 2014

	<u>Housing Choice Vouchers</u>	<u>Shelter Plus Care</u>	<u>Property Management</u>	<u>Housing Rehabilitation Grant</u>	<u>Totals</u>
RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Net operating income (loss)	\$ (279,692)		8,940		(270,752)
Adjustments to reconcile net operating income to net cash flows from operating activities:					
Depreciation expense	13,536				13,536
Changes in assets, liabilities and deferred inflows of resources:					
(Increase)/decrease in assets:					
Tenant and other receivables, net	8,788		(4,347)		4,441
Due from Grantor	(2,296)	(23,483)	(29,561)	557	(54,783)
Due from component unit	7,249				7,249
Prepaid expenses	1,298				1,298
Increase/(decrease) in liabilities:					
Accounts payable	860	(1,425)			(565)
Other payables	571				571
FSS Escrow	(2,049)				(2,049)
Accrued salaries and benefits	6,166		2,678		8,844
Accrued compensated absences	2,201		2,379		4,580
Unearned revenue	51,753	22,527			74,280
	<u>\$ (191,615)</u>	<u>(2,381)</u>	<u>(19,911)</u>	<u>557</u>	<u>(213,350)</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, 2014**

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, 2014**

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, 2014**

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 or rent charge (if lower) 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, 2014**

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, #39 and # 61. 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.

Effective July 1, 2011 Socorro County Housing Authority changed its name to El Camino Real Housing Authority (ECRHA). 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. Effective January 1, 2014 ECRHA absorbed the Torrance County Section 8 Housing Choice Voucher Program previously operated by Town of Mountainair 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.

Major Fund:

- Section 8 Housing Choice Vouchers, including a Family Self-Sufficiency and a Continuum of Care grant (HCV)
- Shelter Plus Care (SPC)
- Property Management (PM)

Non-major Funds:

- Housing Rehabilitation Grant (Rehab)

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

D. BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position 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 services. 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 Position 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 Position.

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

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.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

E. FUND FINANCIAL STATEMENTS

Major individual enterprise funds are reported as separate columns in the fund financial statements. Since there was only one non-major fund this fund's balances and activities are reported in a separate column to the right of the major funds.

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 (SPC)

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.

Property Management (PM)

The property management fund reflects the assets, liabilities and operations associated with providing management and administrative services to low-income and elderly housing complexes in Socorro, New Mexico as well as other administrative income and expenses not related to the Section 8 Housing Choice Voucher program.

The Authority reports the following non major fund:

Housing Rehabilitation Grant (Rehab)

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*)

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

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. 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.

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 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

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

H. CAPITAL ASSETS AND DEPRECIATION, Continued

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
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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

Inter fund activity is reported as either loans, services provided reimbursements or transfers. Loans are reported as inter fund 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 the appropriate benefiting fund and reduces its related cost as a reimbursement. All other inter fund transactions are treated as transfers.

During the year ended June 30, 2014 the Authority did not have any inter fund transfers. However, an equity transfer was made of pre-2004 unrestricted equity from HCV to PM in the amount of \$ 120,759. The details of inter fund receivables/payables are shown in Note 3 D.

Inter fund receivables/payable are eliminated in the Statement of Net Position.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

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 (HAP) 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 position and displayed in three components:

Net investment in capital assets – This category reflects the portion of net position 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 position – This category reflects the portion of net position that has third party limitations on their use.

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

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, 2014**

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, 2014 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, 2014**

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, 2014 the Housing Authority had both interest bearing accounts and demand deposits accounts as well as a certificate of deposit at a local financial institution.

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, 2014 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, 2014**

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, 2014 the Housing Authority’s deposits were fully insured by FDIC and were not exposed to any custodial credit risk.

	<u>Wells Fargo</u>
Amount of deposits:	
Interest bearing	\$ 138,177
Non-interest bearing	<u>121,374</u>
Total deposits with carrying value of \$ 248,589	259,551
FDIC insurance	<u>(259,551)</u>
Total uninsured public funds	<u>\$ 0</u>

B. ACCOUNTS RECEIVABLE

Accounts receivables - HUD consists of \$ 28,989 due on the Shelter Plus Care program and \$ 2,662 for Continuum of Care costs not reimbursed at 06-30-14. Additionally, \$ 4,347 is due from a managed elderly housing apartment complex (Vista Montano) for unpaid services rendered through 06-30-14.

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 unpaid amount due from Socorro Village LLC for management and administrative fees, bookkeeping and payroll reimbursement \$ 29,561. This amount is reflected as Due from Component Unit on the Statement of Net Assets.

During the Fiscal Year Ended June 30, 2014 ECRHA charged Socorro Village LLC (its component unit) management fees \$ 18,000; administrative fees \$12,000 and \$71,682 in payroll and benefits contracts and other reimbursable costs.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2014**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

C. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. Prepaid insurance costs of \$ 2,369 have been recorded by the Authority.

D. INTERFUND RECEIVABLES AND PAYABLES

At June 30, 2014 El Camino Real Housing Authority had the following inter fund receivables/payables:

	<u>Due from</u>	<u>Due to</u>
Section 8 Housing Choice Vouchers:		
Shelter Plus Care	\$ 56,606	
Property Management:		
Shelter Plus Care	32,591	
Housing Rehabilitation	12,253	
Shelter Plus Care		
Section 8 HCV		\$ 56,606
Property Management		32,591
Housing Rehabilitation		
Section 8 HCV		12,253

The due from and due to accounts were generated from unpaid fees earned by the Section 8 Housing Choice Voucher program and Property Management Fund. They 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, 2014**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

Capital Asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance at June 30, 2013</u>	<u>Reclassification & Additions</u>	<u>Reclassification & Deletions</u>	<u>Balance at June 30, 2014</u>
Capital assets being depreciated:				
Furniture, machinery and equipment				
Total capital assets being depreciated	\$ <u>92,073</u>	<u>20,006</u>		<u>112,709</u>
	<u>92,073</u>	<u>20,006</u>		<u>112,709</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	<u>57,605</u>	<u>13,536</u>		<u>71,141</u>
Total accumulated depreciation	<u>57,605</u>	<u>13,536</u>		<u>71,141</u>
Total capital assets being depreciated, net	\$ <u>35,098</u>	<u>6,470</u>		<u>41,568</u>
Total capital assets, net	\$ <u>35,098</u>	<u>6,470</u>		<u>41,568</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, 2014, is as follows:

Section 8-HCV \$ 3,931

G UNEARNED REVENUE

The unearned revenue includes \$ 22,527 in overbilled SPC reimbursement requests and \$ 71,205 in unearned but received administrative fee revenue in the Section 8 HCV program.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

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, 2014 totaled \$ 7,029. \$ 1,171 of the unpaid annual leave is considered current. Compensated absences are accounted for in the HCV and PM funds.

The following schedule details the changes in compensated absences during the year ended June 30, 2014.

	<u>Balance June</u> <u>30, 2013</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Balance June</u> <u>30, 2014</u>	<u>Current</u> <u>Portion</u>
Compensated Absences	\$ 2,449	13,025	(8,445)	7,029	1,171

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, 2014**

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. ADMINISTRATIVE FEE REVENUE

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, 2013 the Housing Authority had received, but not earned, an estimated \$ 18,687 in administrative fees. At June 30, 2014 the overall received, but not earned amount was estimated at \$ 71,205. The \$ 71,205 is shown as unearned revenue on the Statement of Net Position.

F. ABSORPTIONS DURING FYE JUNE 30, 2012 AND 2014

During FYE 06-30-12 the Village of Los Lunas Housing Authority's (VLLHA) programs were absorbed by ECRHA. (See Note 1B above). The merging of the two housing authorities resulted in a transfer of Net Restricted Assets in the amount of \$ 195,653. Only \$ 180,296 of this amount was paid leaving a balance of \$ 15,357 which is shown as Due from other governments on the Statement of Position. Effective January 1, 2014 ECRHA absorbed the Torrance County Section 8 HCV program previously operated by Village of Mountainair Housing Authority and received \$ 76,745 in Net Restricted Assets.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2014**

4. OTHER NOTES, Continued

G. CHANGE IN UNRESTRICTED NET POSITION

During FYE June 30, 2014 Post 2003 unrestricted net position decreased from \$127,876 to \$ 107,438. Pre-2004 unrestricted net assets of \$120,759 were transferred to the Property Management Fund upon its creation. The total unrestricted net position of \$ 107,438 is reflected on the statement of net position as:

Net investment in capital assets	\$ 41,568
Unrestricted	<u>65,870</u>
Total unrestricted net assets	<u>\$ 107,438</u>

H. RELATED PARTY TRANSACTION

During FYE June 30, 2014 El Camino Real Housing Authority (ECRHA) contracted with a related party for the purchase of a new phone system. The cost of the new system was \$ 2,330 and the system was purchased to upgrade the phone system and to realize saving available with the new equipment.

5. COMPONENT UNIT – SOCORRO VILLAGE, LLC

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

Socorro Village Apartments 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, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE, LLC 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 (NM16M000081) 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 \$ 139,300 during the year ended June 30, 2014.

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, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, 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 not exposed to custodial credit risk at June 30, 2014.

	<u>First State Bank</u>	<u>NMMFA</u>
Deposits in Banks:		
Interest bearing accounts	\$ 8,413	58,950
Non-interest bearing a/c’s	<u>243,907</u>	
Total deposits	252,320	58,950
Less FDIC Coverage	<u>252,320</u>	<u>58,950</u>
Uninsured Public Funds	\$ <u>0</u>	<u>0</u>

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, continued

NOTE C – ACCOUNTS AND NOTES RECEIVABLE

Tenant Accounts Receivable - None
 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:

<u>Balance, beginning of period</u>	\$	48,881
<u>Current year contributions</u>		9,998
<u>Interest earned net of fees</u>		<u>71</u>
<u>Balance, end of period</u>	\$	<u>58,950</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>Capital</u>				
		<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Equipment</u>	<u>Total</u>
Balances, of year	Beginning	\$ 53,210	2,412,360	348,931	106,441	2,920,942
Additions				14,004		14,004
Deletions		_____	_____	_____	_____	_____
Balances, End of Year		\$ <u>53,210</u>	<u>2,412,360</u>	<u>362,935</u>	<u>106,441</u>	<u>2,934,946</u>

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, 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 Year	\$	871,805	153,866	84,711	1110,382
Provisions		58,619	29,319	11,613	99,551
Deletions	_____				
Balances, End of Period	=====	<u>930,424</u>	<u>183,185</u>	<u>96,324</u>	<u>1,209,933</u>
Net Book Value as of End of Period	<u>\$ 53,210</u>	<u>1,481,936</u>	<u>179,750</u>	<u>10,117</u>	<u>1,725,013</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 payments.

NOTE H – MORTGAGE NOTES 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. The proceeds were used on the development of the project. The loan is secured by a first mortgage on the property. The mortgage loan is a non-amortizing loan with interest payments only at 1%. Principal is due at the earlier of sale or refinancing of the project or on the maturity date of the note which is December 1, 2048.

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, continued

NOTE H – MORTGAGE PAYABLE, continued

HOME PROGRAM LOAN, continued

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

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 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, 2014

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, *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	\$ 231,298	\$ 321,847
Draws on Loans during fiscal year		
Principal payments during fiscal year	<u>(7,369)</u>	<u>(7,651)</u>
Mortgage Payable at end of year	\$ <u>223,929</u>	\$ <u>314,196</u>

**STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 NOTES TO FINANCIAL STATEMENTS, continued
 June 30, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, 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>
15	\$ 15,327	19,523	34,850
16	15,642	19,209	34,851
17	15,964	18,886	34,850
18	16,295	18,555	34,850
19	16,635	18,216	34,851
20-24	88,580	85,673	174,253
25-29	98,490	76,063	174,553
30-34	109,775	64,478	174,253
35-39	122,648	51,605	174,253
40-44	38,769	40,703	79,472
45-49	<u>800,000</u>	<u>40,000</u>	<u>840,000</u>
Total	<u>\$1,338,125</u>	<u>452,911</u>	<u>1,791,036</u>
Current portion of mortgages		\$ 15,327	
Long-term portion of mortgages			<u>1,322,798</u>
Total mortgages payable as of June 30, 2014		\$ <u>1,338,125</u>	

NOTE I – UNRESTRICTED NET POSITION

None of the Project’s net position is subject to donor-imposed restrictions. Accordingly, all net position is accounted for as unrestricted net position 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, 2014**

5. COMPONENT UNIT – SOCORRO VILLAGE LLC, 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 contracts in the amount of \$ 53, 308 as well as other charges \$ 18,374.

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.

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SUPPLEMENTARY INFORMATION

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SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
Statement of Net Position
June 30, 2014

ASSETS

Current assets, unrestricted:	
Cash and cash equivalents	\$ 149,751
Due from grantor	14,987
Prepaid expense	2,590
Total current unrestricted assets	<u>167,328</u>
Current assets, restricted:	
Security and pet deposits	7,496
Operating reserve	93,540
Reserve for replacements	58,950
Total current restricted assets	<u>159,986</u>
Capital assets not being depreciated:	
Land	53,210
Capital assets, net of accumulated depreciation:	
Buildings and improvements	1,481,936
Other assets	179,750
Furniture, machinery and equipment	10,117
Net Capital Assets	<u>1,725,013</u>
Total Assets	<u>\$ 2,052,327</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 7,214
Due to Housing Choice Voucher Program	29,561
Accrued interest payable	1,639
Tenant security and pet deposits	7,496
Total current liabilities	<u>45,910</u>
Noncurrent liabilities:	
Due within one year	15,327
Due in more than one year	1,322,798
Total noncurrent liabilities	<u>1,338,125</u>
Total Liabilities	<u>1,384,035</u>
Net Position:	
Investment in capital assets	386,887
Unrestricted	281,405
	<u>668,292</u>
Total Liabilities and Net Position	<u>\$ 2,052,327</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 Position
For the Year Ended June 30, 2014

Operating Revenue:	
Charges for services:	
Rent	\$ 109,232
Other	366
Operating grants:	
Rent subsidy from HUD	139,300
Coordinator grant	19,431
Total Operating Revenues	<u>268,329</u>
Operating Expenses:	
Administrative:	
Coordinator salary	15,456
Coordinator benefits	1,443
Coordinator other costs	4,328
Audit	9,452
Accounting	9,229
Consulting	2,500
Advertising and Rental Expenses	765
Management fee	18,000
Administrative fee	12,000
Office	438
Training and Travel	1,578
Other	
Utilities:	
Gas, water, sewer and trash	28,742
Electricity	17,598
Ordinary maintenance & operations:	
Labor and benefits contract	53,308
Materials and supplies	9,763
Exterminating contracts	2,140
Ground and landscaping contracts	11,417
Other contracts	8,144
General expenses:	
Insurance	6,899
Depreciation	99,551
Total operating expenses	<u>312,751</u>
Operating income (loss)	<u>(44,422)</u>
Nonoperating revenue (expense):	
Interest income	139
Interest expense	(19,735)
Net nonoperating revenue (expense)	<u>(19,596)</u>
Change in fund net position	(64,018)
Net position, beginning of year	<u>732,310</u>
Net position, end of year	<u>\$ 668,292</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, 2014

Cash Flows from Operating Activities:	
Cash received from tenants and others for services	\$ 109,416
Cash received from operating grants	151,617
Cash paid to and on behalf of employees	(18,374)
Cash paid to vendors for goods and services	(172,040)
Net cash flows from operating activities	<u>70,619</u>
Cash flows from capital and related financing activities:	
Payments on capital debt	(34,799)
Purchase of capital assets	(14,004)
Net cash flows from capital and related financing activities	<u>(48,803)</u>
Cash flows from investing activities:	
Interest received	139
Net cash flows from investing activities	<u>139</u>
Net increase (decrease in cash and cash equivalents)	21,955
Cash and cash equivalents at beginning of year	<u>287,782</u>
Cash and cash equivalents at end of year	<u>\$ 309,737</u>
Shown as:	
Unrestricted cash and cash equivalents	\$ 149,751
Restricted cash and cash equivalents	<u>159,986</u>
	<u>\$ 309,737</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, 2014

Reconciliation of Net Income (Loss) to Net Cash Provided by Operating Activities:		
Net Operating Income (Loss)	\$	(44,422)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation		99,551
Decrease (Increase) in:		
Accounts Receivable-Tenants		63
Due from Grantor		(7,115)
Prepaid Expenses		(181)
Increase (Decrease) in:		
Accounts Payable-Trade		2,131
Due to Section 8 HCV program		22,312
Accrued salaries and benefits		(999)
Tenant Security Deposits		(245)
Compensated absences		(476)
Net Cash Provided (Used) by Operating Activities	\$	<u>70,619</u>

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

STATEMENT 3

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, 2014

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Positive (Negative) Actual to Final Budget
Revenues:					
Charges for services			17,388		17,388
Interest			2		2
HUD operating grants:					
HCV Administrative	184,560	232,060	226,614	47,500	(5,446)
HCV HAP	1,713,780	1,887,105	1,550,949	173,325	(336,156)
SPC Continuum of Care	10,648	10,648	10,648		
Family Self Sufficiency	25,000	25,000	24,789		(211)
Total Revenues	<u>1,933,988</u>	<u>2,154,813</u>	<u>1,830,390</u>	<u>220,825</u>	<u>(324,423)</u>
Expenditures:					
Administration:					
Salaries and wages	92,353	92,353	85,229		7,124
Benefits	20,804	26,804	25,705	(6,000)	1,099
Audit	16,000	21,000	21,578	(5,000)	(578)
Accounting	18,000	21,000	21,835	(3,000)	(835)
Other	62,412	89,412	93,398	(27,000)	(3,986)
Utilities		500	371	(500)	129
Maintenance	3,000	3,000	2,790		210
Insurance and other general expenses	7,639	13,639	21,375	(6,000)	(7,736)
Housing assistance payments	<u>1,713,780</u>	<u>1,887,105</u>	<u>1,824,263</u>	<u>(173,325)</u>	<u>62,842</u>
Total Expenditures	<u>1,933,988</u>	<u>2,154,813</u>	<u>2,096,544</u>	<u>(220,825)</u>	<u>58,269</u>
Net Change in Position			<u>(266,154)</u>		<u>(266,154)</u>
Reconciliation to GAAP Financial Statement					
Depreciation not budgeted			(13,536)		
Rounding					
Net Change in Position			<u>\$ (279,690)</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, 2014

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Positive (Negative)	
				Original Budget To Final	Actual to Final Budget
Revenues:					
HUD operating grant	\$ 362,852	362,852	331,315		(31,537)
Total Revenues	<u>362,852</u>	<u>362,852</u>	<u>331,315</u>		<u>(31,537)</u>
Expenditures:					
Administrative:					
Salaries and wages	8,304	17,304	18,213	(9,000)	(909)
Benefits	2,372	1,372	1,393	1,000	(21)
Other	12,275	4,275	4,936	8,000	(661)
Tenant Services	339,901	339,901	306,773		33,128
Total Expenditures	<u>362,852</u>	<u>362,852</u>	<u>331,315</u>		<u>31,537</u>
Net Change in Position	\$				

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
SOCORRO, NEW MEXICO
PROPERTY MANAGEMENT
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2014

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Positive (Negative) Actual to Final Budget
Revenues:					
Property Management - Socorro Village	\$ 105,562	105,562	101,682		(3,880)
Property Management - Vista Montano	48,756	48,756	47,640		(1,116)
Other Fees for Services			2,693		2,693
Interest			6		6
Total Revenues	<u>154,318</u>	<u>154,318</u>	<u>152,021</u>		<u>(2,297)</u>
Expenditures:					
Administrative:					
Salaries and wages	113,908	113,908	106,706		7,202
Benefits	33,676	33,676	25,281		8,395
Other	6,734	6,734	5,968		766
General Expenses:					
Compensated absences			5,120		(5,120)
Total Expenditures	<u>154,318</u>	<u>154,318</u>	<u>143,075</u>		<u>11,243</u>
Net Change in Position	\$		<u>8,946</u>		<u>8,946</u>

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
 SOCORRO, NEW MEXICO
 HOUSING REHABILITATION GRANT
 STATEMENT OF REVENUES AND EXPENDITURES
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 For the Year Ended June 30, 2014

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original Budget	Revised Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
HUD operating grant	\$ 78,895	78,895	74,099		(4,796)
Total Revenues	<u>78,895</u>	<u>78,895</u>	<u>74,099</u>		<u>(4,796)</u>
Expenditures:					
Administrative:					
Salaries and wages	10,012	10,012	9,238		774
Benefits	936	936	707		229
Other	2,947	2,947	2,808		139
Extraordinary maintenance	<u>65,000</u>	<u>65,000</u>	<u>61,346</u>		<u>3,654</u>
Total Expenditures	<u>78,895</u>	<u>78,895</u>	<u>74,099</u>		<u>4,796</u>
Net Change in 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 7

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, 2014

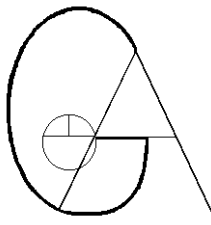
	Budgeted Amount		Actual (Budgetary Basis)	Positive (Negative)	
	Original Budget	Revised Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
Charges for Services:					
Tenant Rents	\$ 111,507	111,507	109,232		(2,275)
Other Income	1,835	1,835	505		(1,330)
Grant Revenues					
HUD Rent Subsidies	136,658	136,658	139,300		2,642
Service Coordinator	40,562	40,562	19,431		(21,131)
Total Revenues	<u>290,562</u>	<u>290,562</u>	<u>268,468</u>		<u>(22,094)</u>
Expenditures:					
Administration:					
Management fees	18,000	18,000	18,000		
Administrative fees	12,000	12,000	12,000		
Audit fees	9,500	9,500	9,452		48
Accounting fees	10,000	10,000	9,229		771
Service Coordinator Salary	31,408	31,408	15,456		15,952
Service Coordinator Benefits	2,420	2,420	1,443		977
Other administrative costs	13,734	13,734	9,609		4,125
Utilities:					
Gas/Water/Sewer	34,000	34,000	28,742		5,258
Electricity	19,000	19,000	17,598		1,402
Maintenance:					
Contract - Salaries & Wages	42,000	42,000	41,733		267
Benefits Contract	12,000	12,000	11,575		425
Repairs	13,500	13,500	6,404		7,096
Landscaping	12,000	12,000	11,417		583
Supplies	10,000	10,000	9,763		237
Other Services	8,000	8,000	3,880		4,120
General:					
General liability insurance	2,000	2,000	1,516		484
Property insurance	6,000	6,000	5,383		617
Debt Service:					
Principal	15,100	15,100			15,100
Interest	19,900	19,900	19,735		165
Total expenditures	<u>290,562</u>	<u>290,562</u>	<u>232,935</u>		<u>57,627</u>
Net Change in Position	\$ <u> </u>	<u> </u>	35,533		<u>35,533</u>
Reconciliation to GAAP Financial Statement					
Depreciation not budgeted			(99,551)		
Net Change in Position			\$ <u>(64,018)</u>		

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

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COMPLIANCE SECTION

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Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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Fax (505) 268-6618

**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, 2014, 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 September 22, 2014.

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 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
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.

2014-001

Late filling of Annual Performance Report

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 an instance of noncompliance or other matters that is required to be reported under Section 12-6-5 NMSA 1978 and Rule 2.2.2.10 I (1) (b) issued by the Office of the State Auditor that does not rise to the level of a significant deficiency:

2014-002

Incomplete Tenant File Records

The Agency's Response to Finding

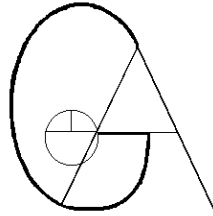
The Agency's responses to findings identified in my audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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
September 22, 2014



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2014. 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, 2014.

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:

2014-001	Late filing of Annual Performance Report
----------	--

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:

2014-001	Late Filing of Annual Performance Report that I consider to be a significant deficiency.
----------	--

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.

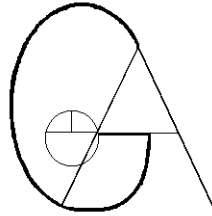
The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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, 2014, and have issued my report thereon dated September 22, 2014, 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
September 22, 2014



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, 2014 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, 2014, 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
September 22, 2014

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, 2014

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	\$ 1,811,186
Section 8 Housing Choice Voucher	14.871	NM077AF	226,614
Shelter Plus Care	14.238	NM02C5	20,398
Shelter Plus Care	14.238	NM0054C6B011102	15,000
Shelter Plus Care	14.238	NM0054L6B011203	210,883
Shelter Plus Care	14.238	NM0067C6B011000	85,034
Non-major program:			
Family Self Sufficiency	14.877	2013-HCV-FSS-NM077	24,789
Indirect grant passed through NMMFA			
Non-major program:			
Home Investment Partnership Program	14.239	12-01-erc-hor-001	26,755
Home Investment Partnership Program	14.239	13-01-erc-hor-001	47,344
Continuum of Care	14.238	13-02-SOC-COC-001	10,648
Total El Camino Real Housing Authority			<u>2,478,651</u>
Socorro Village:			
Direct grants from U.S. Department of Housing and Urban Development			
Non-major program:			
Housing Assistance Program	14.195	NM16M000081	139,300
Coordinator Grant Program	14-195	NM02HS10005	19,431
Total Socorro Village			<u>158,731</u>
Total U.S. Dept. of Housing and Urban Development			<u>\$ 2,637,382</u>
Total Expenditures of Federal Awards			<u>\$ 2,637,382</u>

- 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, 2014.
- 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, 2014.

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, 2014

Bank Name	Account Name	Acct. Type	Bank Balance	Deposits in Transit	Outstanding Checks	Rounding	Book Balance
Wells Fargo Bank	El Camino Real Housing Authority	2	\$ 85,570	10,730	-10,649	(1)	85,650
Wells Fargo Bank	Housing Rehab	1	12,253				12,253
Wells Fargo Bank	Administrative Fees	2	35,804				35,804
Wells Fargo Bank	FFS Escrow Deposits	1	24,950	1,390	(10,730)		15,610
Wells Fargo Bank	Shelter Plus Care	1	84,437		(1,702)		82,735
Wells Fargo Bank	El Camino Real Housing Authority CD	2	16,537				16,537
First State Bank	Socorro Village LLC	1	150,367		(1,134)		149,233
First State Bank	Socorro Village Security/Pet Deposits	2	8,413		(398)		8,015
First State Bank	Socorro Village Operating Reserve	1	93,540				93,540
Compass Bank	NM MFA - Replacement Reserve	3	58,950				58,950
Total with financial institutions			\$ 570,821	12,120	(24,613)	(1)	558,327

	El Camino		Totals
	Real H.A.	Socorro Village	
Shown on Statement of Net Assets as:			
Unrestricted cash and cash equivalents	\$ 231,901	149,751	381,652
Restricted cash and cash equivalents	1,079		1,079
FSS escrow accounts	15,610		15,610
Debt and operating reserves		152,490	152,490
Security and pet deposits		7,496	7,496
	\$ 248,590	309,737	558,327

Account Types:

- 1 Demand Deposits (non-interest bearing)
- 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, 2014

<u>Bank Name</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value at 6/30/2014</u>	<u>Location of Safekeeper</u>
Wells Fargo Bank	Not applicable - Fully insured by FDIC				

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, 2014

FDS Line #	Accounts Description	Housing Choice Vouchers	Shelter Plus Care Program	Property Management	Home Rehabilitation Program	Eliminations	Total
ASSETS:							
111	Cash - Unrestricted	80,903	82,735	56,010	12,253		231,901
112	Cash - Restricted - Modernization and Development						
113	Cash - Other Restricted	16,689					16,689
114	Cash - Tenant Security Deposits						
115	Cash - Restricted for Current Liabilities						
100	Total Cash	97,592	82,735	56,010	12,253		248,590
121	Accounts Receivable - PHA Projects	2,662	28,989				31,651
122	Accounts Receivable - HUD Other Projects						
124	Accounts Receivable - Other Government	15,357					15,357
125	Accounts Receivable - Miscellaneous			33,908			33,908
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	18,019	28,989	33,908			80,916
131	Investments - Unrestricted						
132	Investments - Restricted						
135	Investments - Restricted for Payment of Current Liability						
142	Prepaid Expenses and Other Assets	2,369					2,369
143	Inventories						
143.1	Allowance for Obsolete Inventories						
144	Inter Program Due From	56,606		44,844		(101,450)	
145	Assets Held for Sale						
150	Total Current Assets	174,586	111,724	134,762	12,253	(101,450)	331,875
161	Land						
162	Buildings						
163	Furniture, Equipment & Machinery - Dwelling						
164	Furniture, Equipment & Machinery - Administration	112,709					112,709
165	Leasehold Improvements						
166	Accumulated Depreciation	(71,141)					(71,141)
167	Construction in Progress						
168	Infrastructure						
160	Total Fixed Assets, Net of Accumulated Depreciation	41,568					41,568
180	Total Non-Current Assets	41,568					41,568
190	Total Assets	216,154	111,724	134,762	12,253	(101,450)	373,443

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2014

FDS Line #	Accounts Description	Housing Choice Vouchers	Shelter Plus Care Program	Property Management	Home Rehabilitation Program	Eliminations	Total
LIABILITIES:							
311	Bank Overdraft						
312	Accounts Payable < 90 Days	3,931					3,931
313	Accounts Payable - 90 Days Past Due						
321	Accrued Wage/Payroll Taxes Payable	12,241		2,678			14,919
322	Accrued Compensated Absences - Current	775		396			1,171
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	Unearned Revenue	71,205	22,527				93,732
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		89,197		12,253	(101,450)	
348	Loan Liability - Current						
310	Total Current Liabilities	88,152	111,724	3,074	12,253	(101,450)	113,753
351	LTD, Net of Current - Capital Projects/Mortgage Revenue						
352	Long-term Debt, Net of Current - Operating Borrowings						
353	Non-current Liabilities - Other	15,610					
354	Accrued Compensated Absences - Non Current	3,875		1,983			
355	Loan Liability - Non Current						
356	FASB 5 Liabilities						
357	Accrued Pension and OPEB Liabilities						
350	Total Noncurrent Liabilities	19,485		1,983			
300	Total Liabilities	107,637	111,724	5,057	12,253	(101,450)	113,753
508.1	Invested in Capital Assets, Net of Related Debt	41,568					41,568
509.2	Fund Balance Reserved						
511.1	Restricted Net Position	1,079					1,079
511.2	Unreserved Designated Fund Balance						
512.1	Unrestricted Net Position	65,870		129,705			195,575
512.2	Unreserved Undesignated Fund Balance						
513	Total Equity/Net Assets	108,517		129,705			238,222
600	Total Liabilities and Equity/Net Assets	216,154	111,724	134,762	12,253	(101,450)	351,975

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2014

FDS Line #	Accounts Description	Housing Choice Vouchers	Shelter Plus Care Program	Property Management	Home Rehabilitation Program	Eliminations	Total
REVENUE:							
703	Net Tenant Rental Revenue						
704	Tenant Revenue - Other						
705	Total Tenant Revenue						
706	HUD PHA Operating Grants	1,813,000	331,315		74,099		2,218,414
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	1,813,000	331,315		74,099		2,218,414
708	Other Government Grants						
711	Investment Income - Unrestricted	2		6			8
712	Mortgage Interest Income						
713	Proceeds from Disposition of Assets Held for Sale						
713.1	Cost of Sale of Assets						
714	Fraud Recovery	1,971					1,971
715	Other Revenue	15,417		152,015			167,432
716	Gain or Loss on Sale of Capital Assets						
720	Investment Income - Restricted						
700	Total Revenue	1,830,390	331,315	152,021	74,099		2,387,825
EXPENSES:							
911	Administrative Salaries	85,229	18,213	106,706	9,238		219,386
912	Auditing Fees	21,578					21,578
913	Bookkeeping Fees	21,835					21,835
914	Advertising and Promotion	906					906
915	Employee Benefit Contributions - Administrative	25,705	1,393	25,281	707		53,086
916	Office Expenses	60,856					60,856
917	Legal	1,135					1,135
918	Travel	19,130	120	3,110			22,360
918.1	Allocated Overhead						
919	Other	14,532	4,816	2,858	2,808		25,014
910	Total Operating - Administrative	250,906	24,542	137,955	12,753		426,156
920	Asset Management Fee						
921	Tenant Services - Salaries						
922	Relocation Costs						
923	Employee Benefit Contributions - Tenant Services						
924	Tenant Services - Other		306,773				306,773
925	Total Tenant Services		306,773				306,773

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2014

FDS Line #	Accounts Description	Housing Choice Vouchers	Shelter Plus Care Program	Property Management	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						
943	Ordinary Maintenance and Operations - Contracts						
945	Employee Benefit Contributions - Ordinary Maintenance						
940	Total Maintenance						
961.1	Property Insurance	7,241					7,241
961.2	Liability Insurance						
961.3	Workman's Compensation	6,229					6,229
961.4	All Other Insurance						
961	Total Insurance Premiums	13,470					13,470
962	Other General Expenses						
962.1	Compensated Absences	7,905		5,120			13,025
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	7,905		5,120			13,025
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	272,281	331,315	143,075	12,753		759,424
970	Excess Operating Revenue over Operating Expenses	1,558,109		8,946	61,346		1,628,401

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
FINANCIAL DATA SCHEDULE
June 30, 2014

FDS Line #	Accounts Description	Housing Choice Vouchers	Shelter Plus Care Program	Property Management	Home Rehabilitation Program	Eliminations	Total
EXPENSES:							
971	Extraordinary Maintenance				61,346		61,346
972	Casualty Losses - Non-capitalized						
973	Housing Assistance Payments	1,811,186					1,811,186
973.5	HAP Portability-In	13,077					13,077
974	Depreciation Expense	13,536					13,536
975	Fraud Losses						
976	Capital Outlays - Governmental Funds						
977	Debt Principal Payment - Governmental Funds						
978	Dwelling Units Rent Expense						
900	Total Expenses	<u>2,110,080</u>	<u>331,315</u>	<u>143,075</u>	<u>74,099</u>		<u>2,658,569</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>(279,690)</u>		<u>8,946</u>			<u>(270,744)</u>
1102	Required Annual Debt Principal Payments						
1103	Beginning Equity	432,221					432,221
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	(44,014)		120,759			76,745
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	107,438					107,438
1118	Housing Assistance Payments Equity	1,079					1,079

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 FINANCIAL DATA SCHEDULE
 June 30, 2014

FDS <u>Line #</u>	<u>Accounts Description</u>	<u>Housing Choice Vouchers</u>	<u>Shelter Plus Care Program</u>	<u>Property Management</u>	<u>Home Rehabilitation Program</u>	<u>Eliminations</u>	<u>Total</u>
1119	Unit Months Available	5,856					5,856
1121	Number of Unit Months Leased	4,180					4,180
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, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

1. Type of auditors' report issued Unmodified

Internal control over financial reporting:

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

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
14.238	Shelter Plus Care

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, 2014**

SECTION II- FINDINGS

PRIOR YEAR AUDIT FINDINGS

CURRENT STATUS

Compliance and Other Matters

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

Internal Control over Compliance – Federal Programs

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

CURRENT YEAR AUDIT FINDINGS

Internal Control over Compliance – Federal Programs

2014-001 (SD) – Late Annual Performance Reports
 2014-002 (O) – Incomplete Tenant File Records

**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, 2014**

2014-001 Significant Deficiency

LATE FILING OF ANNUAL PERFORMANCE REPORTS

US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA # 14.238 SHELTER PLUS CARE

NM0054L6B011203

Statement of Condition:

El Camino Real Housing Authority was late filing the required Annual Performance Report (APR) for grant NM0054L6B011203. Grant NM0054L6B011023 has an effective grant date of June 11, 2013.

Criteria:

Per 24 CFR section 582.300 (d) the APR is due within 90 days after the end of its operating year. HUD has interpreted the operating year as one year beginning with the effective date of the grant (date signed by HUD). For grant NM0054L6B011203 the APR report was due on September 9, 2014.

Effect:

Information needed by HUD to evaluate the effectiveness of the program, including, but not limited to, demonstrating the housing authority's success in serving the targeted homeless population was delayed.

Cause:

The method employed by HUD to accumulate the information required on the APR has been reworked and, although the process has been improved, unfamiliarity with the new process caused some delay in submitting the report timely. Also, ECRHA was unclear about the actual due date imposed by HUD.

Recommendation:

Required information for submittal in the APR should be compiled each month and retained for insertion in the report. Training on how to use the APR reporting system, if needed, should be taken prior to the grant's year end.

Agency Response:

The APR that was due on September 9, 2014, we thought that it was due on September 30, 2014. It will be submitted by September 25, 2014.

**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, 2014**

**2014-002 OTHER
MISSING INFORMATION IN TENANT FILES**

Statement of Condition:

During the audit for FYE June 30, 2014 a total of 20 Section 8 Housing Choice Voucher (HCV) and 10 Shelter Plus Care (S+C) tenant files were selected for examination to determine that the files contained evidence that El Camino Real Housing Authority (ECRHA) was in compliance with HUD regulations in the following areas: 1) Activities Allowed or Un-allowed, 2) Allowable Costs – Cost Principles, 3) Eligibility and 4) Special Tests and Provisions. The examination of the tenant files produced the following findings:

For HCV files: No exceptions were noted for items tested for Activities Allowed or Un-allowed nor Allowable Costs/Cost Principles. Two (2) possible exceptions were noted under Eligibility. In one case, one of the 20 tenant files contained a note from the tenant stating that 2 children were leaving the residence which would have cause a change in the family composition. Upon lease re-certification the two children were included as members of the household and the file didn't include an explanation as to why the children were still included as members of the household. In a second case, one tenant file did not include Electronic Income Verification (EIV) information on one of the children included as a family member. The lack of information on this child was due to the child having legally changed its name between re-certification dates. Under special tests and provisions one of the 20 dwelling units had failed its initial inspection. The tenant file did not include documentation that the re-inspection had been performed and the unit had passed at re-inspection.

For S+C files: No exceptions were noted for items tested for Activities Allowed or Un-allowed nor Allowable Costs/Cost Principles. Three (3) possible exceptions were noted under Eligibility. The three separate exceptions included (1) No copy of one family member's Social Security card (2) Tenant rent calculation in error because general assistance (food stamps) were included as income. (3) Re-certification was performed and changes were made to HAP and tenant rents but the tenant file did not include the required supporting documentation. Unsigned documents were located in ECRHA's electronic system. One (1) possible exception was noted under Special Tests and Provisions. One of the tenant files did not include a copy of the HQS inspection.

**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, 2014**

**2014-002 OTHER
MISSING INFORMATION IN TENANT FILES, Continued**

Criteria:

The criteria for these two programs are detailed in 24 CFR Section 982 for HCV and 24 CFE Part 582 for S+C.

Effect:

When tenant file are incomplete or when the files are not being reviewed adequately error could be made. If errors are not timely noted and corrected, immediate and future erroneous assistance payments could occur.

Cause:

Although employees appear adequately trained and knowledgeable about the work to be performed HUD's requirements are numerous, tenant files are voluminous and time constraints are tight. Many of HUD's requirements require the cooperation and participation by the tenant and landlord who may, or may not, have work schedules that are similar to those of ECRHA's employees.

Recommendation:

In the future, a greater emphasis should be placed on the quality control system. This emphasis may require that a greater percentage of the tenant files be reviewed for accuracy and completeness before the 50058 forms are submitted to HUD and changes to rents are made. All reviewed files should be included in the documented quality control listings to demonstrate that the files have been checks for compliance issues.

Agency Response:

Quality Control procedures will be done on at least 20% of all files and on all Initial (new) files.

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
EXIT CONFERENCE
June 30, 2014**

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

The passed auditor adjustments were attached to the representation letter.

Exit Conference

An exit conference was held at the offices of the El Camino Real Housing Authority on September 22, 2014. In attendance were the following:

Representing El Camino Real Housing Authority:

Mary Ann Chavez-Lopez	Executive Director
Bob Tacker	Vice-Chairperson of the Board
Rick Penner, CPA	Fee Accountant

Representing the Audit Firm:

Gary E. Gaylord, CPA	Auditor-in-Charge
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