

**STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY**

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

**ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009**

INTRODUCTORY SECTION

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
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 SOCORRO COUNTY HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
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STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
OFFICIAL ROSTER
JUNE 30, 2009

Board of Commissioners

Lonnie Marquez	Chairperson
Marcel Abeyta	Vice-Chair
Leo Cordova	Commissioner
Ron Lopez	Commissioner
Jose L. Vega	Commissioner

Administrative

MaryAnn Chavez	Executive Director
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FINANCIAL SECTION

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

We 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 the Socorro County Housing Authority, a component unit of Socorro County, Socorro, New Mexico, (the "Authority") as of and for the year ended June 30, 2009, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the financial statements for each of the Authority's non major enterprise funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Socorro County Housing Authority, a component unit of Socorro County, as of June 30, 2009, and the respective changes in financial position and cash flows, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT, continued

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major enterprise fund presented as supplementary information in the accompanying combining and individual fund financial statements of the Authority as of June 30, 2009, and the respective changes in financial position and cash flows, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2010, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing, of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Socorro County Housing Authority has not presented the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of the basic financial statements.

Our Audit was conducted for the purpose of forming opinions on the basic financial statements, and the combining and individual fund financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The additional schedules listed as "Supporting Schedules" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



March 19, 2010
Beckham & Penner, P.C.
Certified Public Accountants

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 STATEMENT OF NET ASSETS
 June 30, 2009

	<u>Primary Unit</u> Socorro County HOUSING AUTHORITY Business Type Activities	<u>Component Unit</u> SOCORRO VILLAGE Business Type Activities
<u>ASSETS</u>		
Cash and cash equivalents	\$ 433,534	12,145
Restricted Deposits and Funded Reserves	-	358,553
Accounts receivable, net	63,679	10,640
Prepaid expenses	58,308	2,111
Capital assets:		
Land & Construction in Progress	31,518	488,910
Other capital assets, net of depreciation	65,015	108,637
Total assets	\$ 652,054	980,996

LIABILITIES

Accounts payable	\$ 20,003	26,869
Accrued interest payable	276	294
Accrued salaries and benefits	6,692	-
Accrued compensated absences	2,944	-
Restricted Deposits-Tenant Security Deposits	-	6,892
Restricted Deposits-Construction Payables	-	102,272
Notes payable:		
Payable within one year	5,319	-
Payable in more than one year	36,051	458,546
Total liabilities	71,285	594,873

NET ASSETS

Invested in capital assets, net of related debt	55,163	-
Unrestricted	525,606	386,123
Total net assets	580,769	386,123
Total liabilities and net assets	\$ 652,054	980,996

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

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009

Function/Programs	Program Revenues				Component Unit Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Unit: Housing Authority: Business-type activities: Housing Services	\$ 1,904,293	206,622	1,526,835	-	(170,836)
Component Unit: Socorro Village: Business-type activities: Housing Services	\$ 153,421	153,819	-	96,690	97,088
General revenues: Interest on investments			897	-	-
Change in net assets			(169,939)		97,088
Net assets at beginning of year			750,708		289,035
Net assets at end of year			580,769		386,123

SEE INDEPENDENT AUDITORS' REPORTS

The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2009

	<u>14.871</u>	<u>Nonmajor</u>	<u>Totals</u>
	<u>Section 8</u>	<u>Proprietary</u>	
	<u>Housing</u>	<u>Funds</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 344,418	89,116	433,534
Accounts receivable, net	29,760	33,919	63,679
Prepaid expenses	58,308	-	58,308
Due from other funds	60,898	-	60,898
Total current assets	493,384	123,035	616,419
Capital assets:			
Land	31,518	-	31,518
Buildings and improvements	126,071	-	126,071
Vehicles	35,567	-	35,567
Equipment	29,741	-	29,741
Total capital assets	222,897	-	222,897
Less accumulated depreciation	(126,364)	-	(126,364)
Net capital assets	96,533	-	96,533
Total assets	\$ 589,917	123,035	712,952
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 5,692	14,311	20,003
Accrued interest payable	276	-	276
Accrued salaries and benefits	6,692	-	6,692
Accrued compensated absences	2,944	-	2,944
Due to other funds	-	60,898	60,898
Current portion of note payable	5,319	-	5,319
Total current liabilities	20,923	75,209	96,132
Noncurrent Liabilities			
Long-term portion of note payable	36,051	-	36,051
Total noncurrent liabilities	36,051	-	36,051
Total liabilities	56,974	75,209	132,183
Net Assets:			
Invested in capital assets, net of related debt	55,163	-	55,163
Unrestricted	477,780	47,826	525,606
Total net assets	532,943	47,826	580,769
Total liabilities and net assets	\$ 589,917	123,035	712,952

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

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 STATEMENT OF REVENUES, EXPENSES AND
 AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development			
	14.871	Nonmajor		Totals
	Section 8	Proprietary		
	Housing	Funds		
Operating revenues:				
Charges for services	\$ 206,622	-		206,622
Operating grants	1,070,422	456,413		1,526,835
Total operating revenues	1,277,044	456,413		1,733,457
Operating expenses:				
Wages & Benefits	118,761	-		118,761
Administrative	86,788	39,395		126,183
Rents & Tenant Assistance	1,231,803	43,170		1,274,973
Home Rehab Costs	-	372,054		372,054
Depreciation	8,777	-		8,777
Total operating expenses	1,446,129	454,619		1,900,748
Net operating income (loss)	(169,085)	1,794		(167,291)
Nonoperating revenues (expenses):				
Interest income	868	29		897
Interest expense	(3,545)	-		(3,545)
Total nonoperating revenues (expenses)	(2,677)	29		(2,648)
Income (loss) before transfers	(171,762)	1,823		(169,939)
Transfers in	-	-		-
Transfers out	-	-		-
Change in net assets	(171,762)	1,823		(169,939)
Net assets, at beginning of year	704,705	46,003		750,708
Net assets, at end of year	\$ 532,943	47,826		580,769

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

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development			Totals
	14.871	Nonmajor	Proprietary	
	Section 8 Housing	Funds		
Cash flows from operating activities:				
Cash received from customers/tenants	\$ 210,603	-	-	210,603
Cash received from grantors for operating purposes	1,061,638	429,820	-	1,491,458
Cash paid to and on behalf of employees	(111,267)	-	-	(111,267)
Cash paid to vendors for goods and services	(1,355,181)	(440,308)	-	(1,795,489)
Net cash flows from operating activities	<u>(194,207)</u>	<u>(10,488)</u>	<u>-</u>	<u>(204,695)</u>
Cash flows from noncapital financing activities:				
Cash transfers between funds	-	-	-	-
Due from other funds	23,175	-	-	23,175
Due to other funds	-	(23,175)	-	(23,175)
Net cash flows from noncapital financing activities	<u>23,175</u>	<u>(23,175)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Purchase of property and equipment (capital assets)	-	-	-	-
Principal payments on notes payable	(4,859)	-	-	(4,859)
Interest payments on notes payable	(3,577)	-	-	(3,577)
Net cash flows from capital and related financing activities	<u>(8,436)</u>	<u>-</u>	<u>-</u>	<u>(8,436)</u>
Cash flows from investing activities:				
Investment income received	868	29	-	897
Net cash flows from investing activities	<u>868</u>	<u>29</u>	<u>-</u>	<u>897</u>
Net increase (decrease) in cash and cash equivalents	(178,600)	(33,634)	-	(212,234)
Cash and cash equivalents, at beginning of year	523,018	122,750	-	645,768
Cash and cash equivalents, end of year	<u>\$ 344,418</u>	<u>89,116</u>	<u>-</u>	<u>433,534</u>
Noncash Capital and related financing activities:				
Transfer of capital assets	-	-	-	-

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

EXHIBIT 5, continued

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 STATEMENT OF CASH FLOWS, continued
 PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development			Totals
	14.871 Section 8 Housing	Normajor Proprietary Funds		
	\$	(169,085)	1,794	(167,291)
Net operating income (loss)		8,777	-	8,777
Adjustment to reconcile operating income (loss) to cash flows from operating activities:		(4,803)	(26,593)	(31,396)
Depreciation		(23,803)	-	(23,803)
(Increase) decrease in assets:		(12,787)	14,311	1,524
Account receivable		5,911	-	5,911
Prepaid expenses		1,583	-	1,583
Increase (decrease) in liabilities:		-	-	-
Accounts payable		-	-	-
Accrued salaries and benefits		-	-	-
Accrued compensated absences		-	-	-
Other current liabilities		-	-	-
Cash flows from operating activities	\$	(194,207)	(10,488)	(204,695)

Reconciliation Of Operating Income (loss) To Net Cash Flows
From Operating Activities

Net operating income (loss)

Adjustment to reconcile operating income (loss) to cash flows
from operating activities:

 Depreciation

 (Increase) decrease in assets:

 Account receivable

 Prepaid expenses

 Increase (decrease) in liabilities:

 Accounts payable

 Accrued salaries and benefits

 Accrued compensated absences

 Other current liabilities

Cash flows from operating activities

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

EXHIBIT 5

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
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STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Socorro County Housing Authority (the "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, are not intended to present, and does 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 Socorro County 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 is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (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 as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures issued on, before, and after November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provided the Authority the option of electing to apply FASB pronouncements issued after November 30, 1989. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

A. PROGRAM OF THE AUTHORITY

The primary purpose of the Socorro County Housing Authority is to manage the Section 8 Housing Choice Vouchers program provided by the Department of Housing and Urban Development (HUD) to aid low income families in obtaining decent, safe, and sanitary rental housing. The program provides housing assistance payments to participating owners on behalf of eligible tenants. Housing assistance payments are generally the difference between the local payment standard and 30 percent of the family's adjusted income. The Authority does not have a legally adopted budget and therefore is not required to present budgetary comparisons.

B. FINANCIAL REPORTING ENTITY

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

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 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 (Sec 8)

Non-Major Funds:

Shelter Plus Care (Shelter)

Home Rehab

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

D. BASIS OF ACCOUNTING

GOVERNMENT – WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements as are component units that are fiduciary in nature.

Socorro County Housing Authority does not have any governmental, internal service or fiduciary funds.

The statement of net assets and the statement of activities were prepared on the economic resources measurement focus and the accrual basis of accounting.

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

Proprietary fund-type operating statements present increase (e.g. revenues) and decreases (e.g. expenses) in total net assets.

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
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. FUND FINANCIAL STATEMENTS

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

Non-major funds are combined and reported in a single column in the fund financial statements. The fund financial statements do not exclude interfund activity.

The Authority reports the following major funds:

Section 8 Housing Choice Voucher (Sec 8)

The Authority reports the following combined non-major funds:

Shelter Plus Care (Shelter)
Home Rehab

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 funds principal ongoing operations. The principal operating revenues of the Authority's funds are from HUD operating grants. Operating expenses include the cost of service, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are treated as non-operating revenues and expenses.

Grants and similar items (including revenues associated with the HUD programs) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

G. CASH AND CASH EQUIVALENTS

The Authority considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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 is 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 basis 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 capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund financial statements. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Vehicles and Equipment	5-7 years
Building	40 years

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

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 revenues and expenses not related to capital and related financing, non capital financing, and excludes investing activities.

K. INTERFUND ACTIVITIES

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

During the year ended June 30, 2009, the Authority had interfund transfers. The details of interfund receivables/payables are shown in Note 3 D and G.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

M. MANAGEMENT ESTIMATES AND ASSUMPTIONS

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

N. EQUITY CLASSIFICATIONS

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

- a. Invested in capital assets, net of related debt:
Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets:
Consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. There were no restricted net assets at June 30, 2009.
- c. Unrestricted net assets:
All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY

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

A. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS

The 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 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 or the State of New Mexico.
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, 2009 the 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.

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NOTES TO FINANCIAL STATEMENTS
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2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTIBILITY, continued

B. REVENUE RESTRICTIONS

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

<u>Revenue Sources:</u>	<u>Legal Restriction 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 Authority's policies regarding deposits of cash are discussed in notes 1G and 2A. The table presented below is designed to disclose the level of custodial credit risk assumed by the Authority based upon how its deposits were insured or secured with collateral at June 30, 2009.

Total of deposits in bank	\$ 449,311
Less FDIC Coverage	<u>(449,311)</u>
Uninsured public funds	-0-
Pledged Collateral held by the pledging bank's Trust department or agent not in the Authority's name	<u>-0-</u>
Uninsured and uncollateralized	\$ <u>-0-</u>

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3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

A. CASH AND INVESTMENTS-COLLATERALIZATION, continued

An amount above identified as uninsured and uncollateralized is subject to custodial credit risk. This is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. All of the Authority's funds are on deposit with Wells Fargo Bank. All of the Authority's funds were covered by FDIC.

The various bank account balances were collateralized as shown in the following schedule:

<u>Wells Fargo Bank</u>	
Demand deposits (per bank)	\$ 449,311
Less FDIC Insurance:	
Demand deposits	(449,311)
Net uninsured balances	<u>-0-</u>
Required collateralization	
@ 50% of uninsured, per statute	-0-
Pledge Collateral held by pledging banks trust department but not in the Authority's name	<u>-0-</u>
Pledge Collateral (over) under the requirement	\$ <u>-0-</u>

The Authority did not have any investments, as defined in GASB 40, at any time during the year ended June 30, 2009, and was therefore, not subject to investment risk as described in that publication.

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NOTES TO FINANCIAL STATEMENTS
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3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

B. ACCOUNTS RECEIVABLE

All accounts receivable are considered collectible by management and no allowance for doubtful accounts is deemed necessary. The Authority's Accounts Receivable at June 30, 2009, are as follows:

HUD – Admin Fee Shortfall	\$ 8,784
Administrative Fees	20,976
NM Mortgage Finance Authority	<u>33,919</u>
Total	<u>\$ 63,679</u>

C. PREPAID EXPENSES

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

D. INTERFUND RECEIVABLES AND PAYABLES

The Authority had the following interfund receivable/payable balances at June 30, 2009:

	<u>Receivable Due From</u>	<u>Payable Due To</u>
Section 8 Housing Choice Vouchers:		
Due from Home Rehab	45,954	
Due from Shelter Plus Care	14,944	
Shelter Plus Care:		
Due to Section 8		45,944
Home Rehab:		
Due to Section 8	<u> </u>	<u>45,954</u>
Total	<u>\$ 60,898</u>	<u>\$ 60,898</u>

The receivables and payables were made for temporary cash needs that are expected to be repaid currently.

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NOTES TO FINANCIAL STATEMENTS
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3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

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

	Balance at <u>June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2009</u>
Capital Assets:				
Not being depreciated				
Land	\$ 31,518	\$ -	-	\$ 31,518
	<u>31,518</u>	<u>-</u>	<u>-</u>	<u>31,518</u>
Being depreciated:				
Buildings and Improvements	126,071	-	-	126,071
Vehicles	35,567	-	-	35,567
Equipment	29,741	-	-	29,741
	<u>191,379</u>	<u>-</u>	<u>-</u>	<u>191,379</u>
Less accumulated depreciation:				
Buildings and Improvements	(65,248)	(3,152)	-	(68,400)
Vehicles	(32,564)	(2,002)	-	(34,566)
Equipment	(19,775)	(3,623)	-	(23,398)
	<u>(117,587)</u>	<u>(8,777)</u>	<u>-</u>	<u>(126,364)</u>
Total capital assets being depreciated, net	<u>73,792</u>	<u>(8,777)</u>	<u>-</u>	<u>65,015</u>
Capital assets, net	\$ <u>105,310</u>	\$ <u>(8,777)</u>	\$ <u>-</u>	\$ <u>96,533</u>

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

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3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

F. ACCOUNTS PAYABLE

Accounts payable are for normal operating expenses. A schedule of accounts payable by fund at June 30, 2009, is as follows:

Major Fund:	
Section 8 Housing Choice Vouchers	\$ <u>5,692</u>
Non-major Funds:	
Tenant Based Rental Assistance	\$ <u> -</u>
Home Rehab	\$ <u>14,311</u>
Total Non-major funds	\$ <u>14,311</u>
Total Accounts Payable	\$ <u>20,003</u>

G. TRANSFERS

There were no transfers during the fiscal year.

H. UNRESTRICTED NET ASSETS

The unrestricted net assets of the Section 8 and Shelter Plus Care programs are only available to be used for tenants' rents and assistance.

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 NOTES TO FINANCIAL STATEMENTS
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4. OTHER NOTES

A. ANNUAL AND SICK LEAVE

It is the Authority's policy to grant annual leave and sick leave to Authority employees 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

Unused annual leave for any year may be carried over with prior approval to the following year, but if not taken by the end of that year, it is lost. The maximum amount of unused annual leave cannot exceed 104 hours. The unused annual leave is paid on termination. 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, 2009 totaled \$2,944 (at June 30, 2008, the amount was \$1,361). All of the unpaid annual leave is considered current. During the year, annual leave increased \$7,131 and decreased by \$5,548. Compensated absences amounts are accounted for in the Section 8 fund.

The following schedule details the changes in compensated absences during the year ended June 30, 2009.

	Balance June 30, 2008	<u>Increase</u>	<u>(Decrease)</u>	Balance June 30, 2009	Current Portion
Compensated Absences	\$ 1,361	7,131	(5,548)	2,944	2,944

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 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2009

4. OTHER NOTES, continued

B. NOTES PAYABLE

The following schedule details the changes in Notes Payable during the year ended June 30, 2009.

	Balance June 30, 2008	Increase	(Decrease)	Balance June 30, 2009	Current Portion
Note Payable-Mortgage	\$ 46,229	-	(4,859)	41,370	5,319

The Authority purchased an office building on March 6, 1996. The mortgage is held by the Wells Fargo Bank. The original mortgage was for \$85,000. The original note was for ten years with a balloon. The mortgage was renewed in 2006 for an additional ten years. The note bears interest at 8%, requires monthly payments of \$703.04 and matures on 06/01/2016. The note is secured by the office building. A schedule of annual payments follows:

Fiscal Year	Payments	Interest	Principal	Balance
<u>Ending</u> 6/30/2010	\$ 8,436	\$ 3,117	\$ 5,319	\$ 36,051
6/30/2011	8,436	2,676	5,760	30,291
6/30/2012	8,436	2,197	6,239	24,052
6/30/2013	8,436	1,680	6,756	17,296
6/30/2014	8,436	1,119	7,317	9,979
6/30/2015	8,436	511	7,925	2,054
6/30/2016	<u>2,081</u>	<u>27</u>	<u>2,054</u>	-
Total	<u>\$ 52,697</u>	<u>\$ 11,327</u>	<u>\$ 41,370</u>	

C. ECONOMIC DEPENDENCY

Most revenues of the Authority are 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

4. OTHER NOTES, continued

D. 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.

E. 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.

5. **Component Unit – Socorro Village**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Socorro Village is a forty-unit apartment facility for the elderly and low income, located at 444 Eaton Avenue, Socorro, New Mexico. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental changes and operating methods. The project is owned by the 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 the Socorro County Housing Authority and Pioneer Socorro, LLC.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

5. Component Unit – Socorro Village, continued

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

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

Federally Subsidized Rent Income

Socorro Village has a Housing Assistance Payment (HAP) contract with the U.S. Department of Housing and Urban Development (HUD). Under the contract, Socorro Village receives rental assistance for their tenants from HUD. HUD approves the maximum allowable monthly rents that could be charged. The current maximum allowable monthly rent is \$478.00 per unit. There are forty rental units at Socorro Village; all are income-producing units. The HUD rent subsidiary amounted to \$81,930 during the nine month period ended June 30, 2009.

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 estimate 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 owner's are subject to income taxes.

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SOCORRO COUNTY HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

5. Component Unit – Socorro Village, 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 BANK:

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 part of the Construction Funds are held by the New Mexico Mortgage Finance Authority in trust for Socorro Village, LLC. The balance of the construction funds are temporarily maintained in commercial banks during the reconstruction period. The only interest bearing account is the Reserve for Replacement. All funds are FDIC insured. The current FDIC coverage is unlimited for non-interest bearing accounts and limited to \$250,000 for all other types of accounts.

	First State	Compass	
	<u>Bank</u>	<u>Bank</u>	NMMIFA
Deposits per Banks	\$ 79,107	262,013	<u>30,526</u>
Less FDIC Coverage	\$ 79,107	<u>262,013</u>	<u>30,526</u>
Uninsured Public Funds	-	-	-
Pledged Collateral	-	-	-
Uninsured & Uncollateralized	-	-	-

Note C – ACCOUNTS AND NOTES RECEIVABLE:

Tenant Accounts Receivable - \$2,295 for current rents and fees.
HUD Accounts Receivable - \$8,345 for June HAP rents.
Notes Receivable – None

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5. Component Unit – Socorro Village, continued

NOTE D – RESERVE FOR REPLACEMENT:

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

Balance, Beginning of Period (held by Capmark)	\$ 201,635
Released by Capmark in Dec. 2008	(201,635)
Established New Reserve with NMMFA	10,000
Interest Earned Net of Fees	76
Balance, End of the period	\$ 10,076

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:

	Construction			Total	
	Land	In Progress	Buildings		Equipment
Balances, Beginning of Period	\$ 53,210	\$ -	\$ 841,721	\$ 62,324	\$ 957,255
Additions	-	435,700	-	-	435,700
Deletions	-	-	-	-	-
Balances, End of Period	\$ 53,210	\$ 435,700	\$ 841,721	\$ 62,324	\$ 1,392,955

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5. Component Unit – Socorro Village, continued

	Land	Construction		Accumulated Depreciation		Total
		In Progress	Buildings	Buildings	Equipment	
Balances, Beginning of Period	\$ -	\$ -	\$ 713,810	\$ 60,861	\$ -	\$ 774,671
Provisions	-	-	20,244	493	-	20,737
Deletions	-	-	-	-	-	-
Balances, End of Period	\$ -	\$ -	\$ 734,054	\$ 61,354	\$ -	\$ 795,408
Net Book Value as of End of Period	\$ 53,210	\$ 435,700	\$ 107,667	\$ 970	\$ -	\$ 597,547

NOTE F – ACCOUNTS PAYABLE:

Trade accounts payable are from normal operations and are all current. Construction accounts payable are for the reconstruction project and are all current.

NOTE G – ACCRUED INTEREST PAYABLE:

Mortgage interest payable is accrued for the monthly mortgage payment.

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 NOTES TO FINANCIAL STATEMENTS
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5. Component Unit – Socorro Village, continued

NOTE H - MORTGAGE PAYABLE:

CAPMARK and FNMA

Long Term Debt consisted of a mortgage note payable to CAPMARK and insured by the Department of Housing and Urban Development, in the original principal amount of \$618,700 evidenced by an agreement of Consolidation and Modification dated December 30, 1974. The note, with a term of forty years, bare interest at 8 1/2% per annum and was payable in monthly installments covering principal and interest, plus deposits to the escrow accounts. The indebtedness was secured by a mortgage on all of the real estate and buildings pertaining to the project as well as all fixtures, equipment, and personal property of Socorro Village used in or installed on the premises. This mortgage was paid off on November 14, 2008.

Socorro Village participated in the Portfolio Reengineering Demonstration Program of 1997. In conjunction with this program Socorro village and FNMA entered into a modification agreement dated December 29, 1998 which resulted in a prepayment of \$240,659 on the mortgage as of December 29, 1998. Under certain conditions, the prepayment could have to be repaid by Socorro Village. The loan was then re-amortized over the remaining term. As a result of the early payoff on the mortgage, the prepayment amount became due and payable. This prepayment amount was also paid off on November 14, 2008.

	<u>CAPMARK</u>	<u>FNMA</u>
Mortgage Payable at beginning of year	\$ 117,032	\$ -
Reinstatement of Modification	-	240,659
Principle payments during fiscal year	(117,032)	(240,659)
Mortgage Payable at end of year	<u>\$ -</u>	<u>\$ -</u>

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5. Component Unit – Socorro Village, continued

Home Program Loan

On October 22, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority, for a \$800,000 Home Program Loan. The loan proceeds are from federally appropriated funds made available under Lender’s HOME Program, pursuant to Title II of the National Affordable Housing Act of 1990, as amended, and federal regulations at 24CFR Part 92 “HOME Investments Partnership Program”. The proceeds are solely for the development of the 40 unit housing project. The loan is secured by a first mortgage on the property. The mortgage loan is a non-amortizing loan with a 480 month term due at the earlier of sale on refinancing of the project or on the maturity date of the note. Monthly interest will accrue on the outstanding balance of all unpaid principal at the rate of one percent (1%). Borrower shall make 456 monthly interest-only payments beginning on the first day of the twenty fifth (25th) month following the closing date and then on the first day of each month thereafter until maturity.

	<u>Home Loan</u>
Mortgage Payable at beginning of year	\$ -
Draws on loan during fiscal year	341,072
Principal payments during fiscal year	-
Mortgage Payable at end of year	\$ 341,072

Energy Savers and Home Trust Loan

On November 10, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority, for a \$250,000 Energy Savers Loan to be used for the acquisition and installation of eligible energy efficient improvements to the 40 unit housing project. The promissory note bears interest at one percent (1%) per annum from the date of each disbursement of the loan funds. Interest shall be paid monthly during the construction period, not to exceed two years from the date of the loan closing. 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 then on the first day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and payable in full on December 1, 2040, the maturity date. The loan is secured by a second mortgage on the 40 unit housing project.

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5. Component Unit – Socorro Village, continued

On November 10, 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. Interest shall be paid monthly during the construction period, not to exceed two years from the date of the loan closing. 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 then on the first day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and payable in full 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 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 funds to payment due on the loan. See note on restricted deposits and funded reserves for reserve balance and activity.

	Energy Saver	Home Trust
Mortgage Payable at beginning of year	\$ -	\$ -
Draws on Loans during fiscal year	-	117,474
Principal payments during fiscal year	-	-
Mortgage Payable at end of year	\$ -	\$ 117,474

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 NOTES TO FINANCIAL STATEMENTS
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5. Component Unit – Socorro Village, 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:

Due	Principal	Interest	Total
FY 09/10	\$ -	\$ 14,900	\$ 14,900
FY 10/11	9,489	20,645	30,134
FY 11/12	14,472	20,379	34,851
FY 12/13	14,765	20,086	34,851
FY 13/14	15,065	19,786	34,851
FY 14/19	80,105	94,148	174,253
FY 19/24	88,857	85,396	174,253
FY 24/29	98,807	75,446	174,253
FY 29/34	110,141	64,112	174,253
FY 34/39	123,068	51,185	174,253
FY 39/44	35,231	40,570	75,801
FY 44/48	800,000	35,334	835,334

Total	\$ 1,390,000	\$ 541,987	\$ 1,931,987
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Current portion of mortgages	\$ -
Long-term portion of mortgages	458,546
Total mortgages payable as of June 30, 2009	\$ 458,546

NOTE I - UNRESTRICTED NET ASSETS:

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

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

The unrestricted net assets remaining from construction grants and loans are only available to be used for the re-construction project.

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JUNE 30, 2009

5. Component Unit – Socorro Village, continued

NOTE J - RENT INCREASES:

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 a management fee equal to 7.95% of maximum rents to the management agent, Socorro County Housing Authority, Mary Ann Chavez Director. In addition, the project also reimbursed the Socorro County Housing Authority for maintenance wages for the project.

NOTE M – CHANGES IN OWNERSHIP INTEREST:

Effective October 1, 2008, the former owner of the project, The Senior Citizens Club of Socorro Inc. transferred the ownership of the project to Socorro Village LLC, owned equally by the Socorro County Housing Authority and Pioneer Socorro LLC.

NOTE N – RELATED PARTY TRANSACTION:

Socorro County Housing Authority (SCHA) is a 50% owner of Socorro Village, LLC. SCHA is the Management Agent for Socorro Village, LLC. SCHA receives the management fee as described in Note L. SCHA receives a reimbursement for the services the maintenance employees provide to Socorro Village, LLC. Socorro Village, LLC does not have any employees. In addition, SCHA is receiving a construction management fee during the reconstruction phase of the project.

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. NMHCD is participating in the construction management during the reconstruction phase of the project and receives a management fee for their services.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

5. Component Unit – Socorro Village, continued

NOTE O – SUBSEQUENT EVENTS AND CONSTRUCTION IN PROGRESS:

The project is undergoing a major reconstruction of the thirty five year old property. The project cost for the project is about 2.5 million. The project is funded by loans, grants and reserve financing. As of June 30, 2009 the project was about 30% complete. The project is expected to be completed in the fall of 2010. We have evaluated the subsequent events through the date of our report.

NOTE P - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

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

SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NON MAJOR PROPRIETARY FUNDS
JUNE 30, 2009**

NON MAJOR PROPRIETARY FUNDS

SHELTER PLUS CARE –

To account for the Shelter Plus Care Program funds provided by the U.S. Department of Housing and Urban Development (HUD) grant number NM02C501001 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 grant is a five year grant for a total of \$295,980. The program is designed to link rental assistance to supportive services for hard-to-serve homeless person with disabilities.

HOME REHAB –

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

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
SOCORRO, NEW MEXICO
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUNDS - Nonmajor Funds
 June 30, 2009

	<u>Shelter Plus</u>	<u>Home Rehab</u>	<u>TOTAL Nonmajor Proprietary Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 24,103	65,013	89,116
Accounts receivable, net	-	33,919	33,919
Due from other funds	-	-	-
Total assets	<u>\$ 24,103</u>	<u>98,932</u>	<u>123,035</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	14,311	14,311
Due to other funds	14,944	45,954	60,898
Total liabilities	<u>14,944</u>	<u>60,265</u>	<u>75,209</u>
Net Assets:			
Unrestricted	9,159	38,667	47,826
Total net assets	<u>9,159</u>	<u>38,667</u>	<u>47,826</u>
Total liabilities and net assets	<u>\$ 24,103</u>	<u>98,932</u>	<u>123,035</u>

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

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS - Nonmajor Funds

For the Year Ended June 30, 2009

	Shelter Plus	Home Rehab	TOTAL Nonmajor Proprietary Funds
Operating revenues:			
Operating grants	\$ 43,141	413,272	456,413
Total operating revenues	<u>43,141</u>	<u>413,272</u>	<u>456,413</u>
Operating expenses:			
Wages & Benefits	-	-	-
Administrative	3,196	36,199	39,395
Rents & Tenant Assistant	43,170	-	43,170
Home Rehab Costs	-	372,054	372,054
Total operating expenses	<u>46,366</u>	<u>408,253</u>	<u>454,619</u>
Net operating income (loss)	<u>(3,225)</u>	<u>5,019</u>	<u>1,794</u>
Nonoperating revenues:			
Interest income	-	29	29
Total nonoperating revenues	<u>-</u>	<u>29</u>	<u>29</u>
Income (loss) before transfers	<u>(3,225)</u>	<u>5,048</u>	<u>1,823</u>
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>(3,225)</u>	<u>5,048</u>	<u>1,823</u>
Net assets, beginning of year	12,384	33,619	46,003
Net assets, end of year	<u>\$ 9,159</u>	<u>38,667</u>	<u>47,826</u>

SEE INDEPENDENT AUDITORS' REPORTS

The Accompanying Notes Are An Integral Part Of These Financial Statem

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - Nonmajor Funds
For the Year Ended June 30, 2009

	Shelter Plus	Home Rehab	TOTAL Nonmajor Proprietary Funds
Cash flows from operating activities:			
Cash received from grantors for operating purposes	\$ 50,467	379,353	429,820
Cash paid to and on behalf of employees	-	-	-
Cash paid to vendors for goods and services	(46,366)	(393,942)	(440,308)
Net cash flows from operating activities	4,101	(14,589)	(10,488)
Cash flows from noncapital financing activities:			
Transfers In (Out)	-	-	-
Due from other funds	-	-	-
Due to other funds	(20,597)	(2,578)	(23,175)
Net cash flows from noncapital financing activities	(20,597)	(2,578)	(23,175)
Cash flows from capital and related financing activities:			
Purchase of property and equipment (capital assets)	-	-	-
Cash received from grantors for capital acquisitions	-	-	-
Net cash flows from capital and related financing activities	-	-	-
Cash flows from investing activities:			
Investment income received	-	29	29
Net cash flows from investing activities	-	29	29
Net increase (decrease) in cash and cash equivalents	(16,496)	(17,138)	(33,634)
Cash and cash equivalents, at beginning of year	40,599	82,151	122,750
Cash and cash equivalents, end of year	\$ 24,103	65,013	89,116
Noncash Capital and related financing activities:			
Transfer of capital assets	-	-	-

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

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 COMBINING STATEMENT OF CASH FLOWS, continued
 PROPRIETARY FUNDS - Nonmajor Funds
 For the Year Ended June 30, 2009

	<u>Shelter Plus</u>	<u>Home Rehab</u>	<u>TOTAL Nonmajor Proprietary Funds</u>
<u>Reconciliation Of Operating Income (loss) To Net Cash Flows From Operating Activities</u>			
Net operating income (loss)	\$ (3,225)	5,019	1,794
Adjustment to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	-	-	-
(Increase) decrease in assets:			
Account receivable	7,326	(33,919)	(26,593)
Prepaid expenses	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	-	14,311	14,311
Accrued salaries and benefits	-	-	-
Accrued compensated absences	-	-	-
Other current liabilities	-	-	-
Cash flows from operating activities	<u>\$ 4,101</u>	<u>(14,589)</u>	<u>(10,488)</u>

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

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081

Socorro, New Mexico
Statement of Financial Position
As of June 30, 2009

<u>ASSETS</u>	
Current Assets:	
Cash on Hand and in Banks	\$ 12,145
Accounts Receivable-Tenants	2,295
Accounts Receivable-HUD	8,345
Prepaid Expense	2,111
Total Current Assets	<u>\$ 24,896</u>
Restricted Deposits and Funded Reserves:	
Tenant Security Deposits	6,892
Construction Funds	341,585
Reserve for Replacements	10,076
	<u>358,553</u>
Property and Equipment being Depreciated:	
Buildings & Improvements	841,721
Equipment	62,324
Less Accumulated Depreciation	(795,408)
	<u>108,637</u>
Capital Assets not being Depreciated:	
Land	53,210
Construction in Progress	435,700
	<u>488,910</u>
Total Assets	<u>\$ 980,996</u>
<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities:	
Trade Accounts Payable	\$ 26,869
Accrued Interest Payable	294
Current Portion of Notes Payable	<u>-</u>
	\$ 27,163
Restricted Deposit Liability:	
Tenant Security Deposits	6,892
Construction Payable	102,272
	<u>109,164</u>
Long Term Liabilities:	
Notes Payable, Less Current Portion	458,546
Total Liabilities	<u>594,873</u>
Net Assets	<u>386,123</u>
Total Liabilities & Net Assets	<u>\$ 980,996</u>

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

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081

Socorro, New Mexico
Statement of Activity
for the Nine Month Period Ended June 30, 2009

Operating Revenue:	
Rent	\$ 152,793
Financial	276
Other	750
Total Operating Revenues	<u>\$ 153,819</u>
Operating Expenses:	
Project Services:	
Administrative	37,426
Utilities	39,312
Operating and Maintenance	22,973
Taxes and Insurance	5,753
Mortgage Interest	27,220
Depreciation	20,737
Total Operating Expenses	<u>153,421</u>
Net Operating Income (Loss)	398
Nonoperating Revenues and (Expenses):	
Grant- Enterprise Green Grant	25,000
Sale of Affordable Housing Tax Credits	312,349
Reinstatement of FNMA Loan Modification	<u>(240,659)</u>
Total Nonoperating Revenues and (Expenses)	<u>96,690</u>
Change in Net Assets	97,088
Net Assets, Beginning of Year	<u>289,035</u>
Net Assets, End of Year	<u><u>\$ 386,123</u></u>

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

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081

Socorro, New Mexico

Statement of Cash Flows

for the Nine Month Period Ended June 30, 2009

Cash Flows from Operating Activities:

Receipts:	
Rental Receipts- Tenants	\$ 69,673
Rental Receipts-HUD	73,585
Interest Receipts	276
Other Receipts	750
Total Receipts	<u>144,284</u>

Disbursements:

Administration	21,070
Utilities	32,277
Operating & Maintenance	23,506
Tenant Security Deposits	216
Taxes & Insurance	6,976
Mortgage Interest	27,755
Total Disbursements	<u>111,800</u>

Net Cash Provided by Operating Activities

\$ 32,484

Cash Flows from Investing Activities:

Building and Capital Improvements	
Construction in Progress	\$ (435,700)
Construction Payables	<u>102,272</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (333,428)</u>

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

SOCORRO VILLAGE, LLC
HUD PROJECT NO. NM16M000081

Socorro, New Mexico

Statement of Cash Flows (Continued)
for the Nine Month Period Ended June 30, 2009

Cash Flows from Financing Activities:	\$	341,072
Draws on NMMFA Home Program Loan		117,474
Draws on NMMFA Home Trust Loan		312,349
Sale of Affordable Housing Credits		25,000
Enterprise Green Grant		(240,659)
Reinstatement of FNMA Loan Modification		(117,032)
Mortgage Principle Payments		438,204
Net Cash Provided (Used) by Financing Activities		<u>137,260</u>
Net Increase (Decrease) in Cash		<u>233,438</u>
Cash-Beginning of Year		<u>370,698</u>
Cash-End of Year		<u><u>370,698</u></u>
Cash Reported in the Statement of Financial Position:		\$ 12,145
Cash on Hand and in Banks		6,892
Restricted Deposits and Funded Reserves:		341,585
Tenant Security Deposits		10,076
Construction Funds		370,698
Reserve for Replacement		<u>370,698</u>
Total Cash		<u><u>370,698</u></u>
Reconciliation of Net Income (Loss) to		
Net Cash Provided by Operating Activities:		\$ 398
Net Operating Income (Loss)		<u>20,737</u>
Adjustments to Reconcile Net Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation		(8,345)
Decrease (Increase) in :		(1,190)
Accounts Receivable-HUD		(1,321)
Accounts Receivable-Tenants		(10,856)
Prepaid Expenses		22,956
Increase (Decrease) in:		(216)
Accounts Payable-Trade		(535)
Tenant Security Deposits		22,205
Accrued Interest Payable		<u>22,205</u>
Net Cash Provided (Used) by Operating Activities		<u><u>32,484</u></u>

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

SUPPORTING SCHEDULES

SCHEDULE I

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF DEPOSIT ACCOUNTS –Housing Authority
JUNE 30, 2009

The following schedule is presented to comply with the requirements of New Mexico State Statute 12-6-5 NMSA, 1978, as interpreted by the State Auditor Rule 2.2.2 NMAC.

<u>Bank Name</u>	<u>Type</u>	<u>Balance</u>	<u>in Transit</u>	<u>Checks</u>	<u>Balance</u>
Wells Fargo Bank	1	\$ 334,711	10	\$ 6,887	\$ 327,834
Wells Fargo Bank	1	24,103	-	-	24,103
Wells Fargo Bank	1	17	-	-	17
Wells Fargo Bank	1	73,943	-	8,930	65,013
Wells Fargo Bank	2	<u>16,537</u>	-	-	<u>16,537</u>
Total Cash in Bank		<u>\$ 449,311</u>	<u>10</u>	<u>\$ 15,817</u>	<u>433,504</u>
Cash on Hand					<u>30</u>
Total Cash					<u>\$ 433,534</u>

Account types:

- 1 Non-Interest Bearing Accounts
- 2 Interest Bearing Accounts

Cash Reported in Statement of Net Assets:

Cash and Cash Equivalents

\$ 433,534

Restricted Assets:

Cash and Cash Equivalents

-

Total

\$ 433,534

Cash Reported in Financial Statements by Fund:

Major Funds:

Section 8 Housing Choice Voucher Program

\$ 344,418

Non-major funds:

Shelter Plus Care

24,103

Home Rehab

65,013

Total Non-major Funds

89,116

Total

\$ 433,534

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

SCHEDULE II

**STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF DEPOSIT ACCOUNTS – Socorro Village
JUNE 30, 2009**

The following schedule is presented to comply with the requirements of New Mexico State Statute 12-6-5 NMSA, 1978, as interpreted by the State Auditor Rule 2.2.2 NMAC.

<u>Bank Name</u>	<u>Type</u>	<u>Balance</u>	<u>in Transit</u>	<u>Checks</u>	<u>Balance</u>
First State Bank	1	\$ 32,985	\$ -	\$ -	\$ 32,985
First State Bank	1	33,843	-	-	33,843
First State Bank	1	12,117	-	187	11,930
First State Bank	1	162	-	-	162
Compass Bank	1	262,013	-	911	261,102
NM Mortgage Finance Authority	1	20,450	-	-	20,450
NM Mortgage Finance Authority	2	10,076	-	-	10,076
Total Cash in Bank		<u>\$ 371,646</u>	<u>\$ -</u>	<u>\$ 1,098</u>	<u>\$ 370,548</u>
Cash on Hand					<u>150</u>
Total Cash					<u>\$ 370,698</u>

Account types:

- 1 Non-Interest Bearing Accounts
- 2 Interest Bearing Accounts

Cash Reported in Statement of Net Assets:

Cash and Cash Equivalents	\$ 12,145
Restricted Deposits and Funded Reserves:	
Cash and Cash Equivalents	358,553
Total	<u>\$ 370,698</u>

Cash Reported in Financial Statements by Fund:

General Funds:	
General Operating Accounts	\$ 12,145
Restricted Deposits and Funded Reserves:	
Tenant Security Deposits	\$ 6,892
Construction Funds	341,585
Reserve For Replacement	10,076
Total Restricted Deposits and Funded Reserves	<u>358,553</u>
Total	<u>\$ 370,698</u>

SEE INDEPENDENT AUDITORS' REPORT

The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A Component Unit of Socorro County
 SOCORRO, NEW MEXICO
 Financial Data Schedule
 For the Year Ended June 30, 2009

Schedule III
 Page 1 of 2

Section 8

Line Item No.	Choice Voucher Program 14,871	Shelter Care Plus Program 14,238	Home Rehabilitation Program 14,239	Total
111	Cash - Unrestricted	\$ 24,103	\$ 65,013	\$ 433,534
113	Cash - Restricted	-	-	-
100	Total Cash	344,418	65,013	433,534
125	Accounts Receivable - Miscellaneous	29,760	33,919	63,679
126.1	Allowance for Doubtful Accounts	-	-	-
120	Total Receivables, Net	29,760	33,919	63,679
142	Prepaid Expenses and Other Assets	58,308	-	58,308
144	Interprogram Due From	60,898	-	60,898
150	Total Current Assets	493,384	98,932	616,419
161	Land	31,518	-	31,518
162	Buildings	126,071	-	126,071
164	Furniture, Equipment & Machinery	65,308	-	65,308
166	Accumulated Depreciation	(126,364)	-	(126,364)
160	Total Fixed Assets, Net	96,533	-	96,533
180	Total Non Current Assets	96,533	-	96,533
190	Total Assets	\$ 589,917	\$ 24,103	\$ 98,932
312	Accounts Payable ≤ 90 Days	\$ 5,692	\$ 14,311	\$ 20,003
321	Accrued Wage/Payroll Taxes Payable	6,692	-	6,692
322	Accrued Compensated Absences - Current Portion	2,944	-	2,944
325	Accrued Interest Payable	276	-	276
347	Interprogram Due To	-	45,954	60,898
348	Loan Liability - Current	5,319	-	5,319
310	Total Current Liabilities	20,923	60,265	96,132
352	Long Term Debt, Net of Current Portion	36,051	-	36,051
350	Total Noncurrent Liabilities	36,051	-	36,051
300	Total Liabilities	56,974	60,265	132,183
508.1	Invested in Capital Assets, Net of Related Debt	55,163	-	55,163
512.1	Unrestricted Net Assets	477,780	38,667	525,606
513	Total Equity/Net Assets	532,943	38,667	580,769
600	Total Liabilities and Equity/Net Assets	\$ 589,917	\$ 24,103	\$ 98,932
				\$ 712,952

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A Component Unit of Socorro County
SOCORRO, NEW MEXICO
Financial Data Schedule
For the Year Ended June 30, 2009

Schedule III
Page 2 of 2

Line Item No.	Section 8				Total
	Choice Voucher Program	Shelter Care Plus Program	Home Rehabilitation Program		
70600	HUD PHA Operating Grants	\$ 1,191,770	\$ 43,141	\$ 413,272	\$ 1,648,183
71100	Investment Income - Unrestricted	868	-	29	897
71500	Other Revenue	85,274	-	-	85,274
70000	Total Revenue	<u>1,277,912</u>	<u>43,141</u>	<u>413,301</u>	<u>1,734,354</u>
91100	Administrative Salaries	98,407	-	-	98,407
91200	Audit Fees	10,901	-	-	10,901
91400	Advertising and Marketing	-	-	-	-
91500	Employee Benefit Contributions	20,354	-	-	20,354
91600	Office Expenses	33,060	-	-	33,060
91700	Legal	-	-	-	-
91800	Travel	3,852	-	-	3,852
91900	Other Administrative Operating Costs	29,799	3,196	36,199	69,194
93100	Water	42	-	-	42
93200	Electricity	98	-	-	98
94200	Ordinary Maintenance - Materials	477	-	-	477
94300	Ordinary Maintenance - Contracts	640	-	372,054	372,694
96120	Liability Insurance	3,205	-	-	3,205
96130	Workmen's Compensation	4,714	-	-	4,714
96710	Interest on Mortgage Payable	3,545	-	-	3,545
96900	Total Operating Expenses	<u>209,094</u>	<u>3,196</u>	<u>408,253</u>	<u>620,543</u>
97300	Housing Assistance Payments	1,231,803	43,170	-	1,274,973
97400	Depreciation Expense	8,777	-	-	8,777
90000	Total Expenses	<u>1,449,674</u>	<u>46,366</u>	<u>408,253</u>	<u>1,904,293</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(171,762)	(3,225)	5,048	(169,939)
10010	Operating Transfers In	-	-	-	-
10020	Operating Transfers Out	-	-	-	-
11030	Beginning Equity	<u>704,705</u>	<u>12,384</u>	<u>33,619</u>	<u>750,708</u>
	Ending Equity	<u>\$ 532,943</u>	<u>\$ 9,159</u>	<u>\$ 38,667</u>	<u>\$ 580,769</u>

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

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
STATEMENT OF FINANCIAL POSITION DATA
June 30, 2009

Account No.	ASSETS
CURRENT ASSETS	
1120	Cash -Operations 12,145
1121	Construction Cash Account 341,585
1130	Tenants Accounts Receivable 2,295
1135	Accounts Receivable - HUD 8,345
1200	Prepaid Expenses 2,111
1100T	Total Current Assets 366,481
1191	Tenant Deposits Held in Trust 6,892
RESTRICTED DEPOSITS	
1320	Replacement Reserve 10,076
PROPERTY AND EQUIPMENT	
1410	Land 53,210
1420	Building 841,721
1420	Building - Construction in Progress 435,700
1440	Equipment 62,324
1400T	Total Fixed Assets 1,392,955
1495	Accumulated Depreciation (795,408)
1400N	Net Fixed Assets 597,547
1000T	Total Assets 980,996

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
STATEMENT OF FINANCIAL POSITION DATA
June 30, 2009

Account No.		
LIABILITIES AND NET ASSETS		
	CURRENT LIABILITIES	
2110	Accounts Payable - Operations	26,869
2111	Accounts Payable - Construction	102,272
2131	Accrued Interest Payable	294
2122T	Total Current Liabilities	<u>129,435</u>
2191	TENANT SECURITY DEPOSITS HELD IN TRUST	<u>6,892</u>
	MORTGAGE PAYABLE	
2320	Mortgage - HOME Loan Program	341,072
2320	Mortgage - Home Trust Fund	117,474
2300T	Total Long Term Liabilities	<u>458,546</u>
2000T	Total Liabilities	594,873
	NET ASSETS	
3131	Unrestricted Net Assets	386,123
2033T	Total Liabilities and Net Assets	<u><u>980,996</u></u>

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

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico

STATEMENT OF ACTIVITIES DATA

For the Nine Month Period Ending June 30, 2009

Account No.	REVENUES
RENT REVENUES	
5120 Rent Revenue - Gross Potential	90,150
5121 Tenant Assistance Payments	81,930
5100T Total Rent Revenue	172,080
VACANCIES	
5220 Apartments	(19,287)
5152N Net Rental Revenue (Rent Revenue Less Vacancies)	152,793
FINANCIAL REVENUE	
5410 Revenue from Investments - Project Operations	200
5440 Revenue from Investments - Replacement Reserve	76
5920 OTHER REVENUE Tenant Charges	750
5000T Total Revenue	153,819
EXPENSES	
ADMINISTRATIVE EXPENSES	
6210 Advertising and Marketing	1,148
6250 Other Renting Expenses	4,218
6320 Management Fee	29,308
6351 Bookkeeping Fees / Accounting Services	2,752
6263T Total Administrative Expenses	37,426

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico

STATEMENT OF ACTIVITIES DATA (Continued)
For the Nine Month Period Ending June 30, 2009

Account No.		
	UTILITIES EXPENSES	
6450	Electricity	16,840
6451	Water	3,509
6452	Gas	14,005
6453	Sewer	4,958
6400T	Total Utilities Expense	<u>39,312</u>
	OPERATING AND MAINTENANCE EXPENSES	
6515	Operating and Maintenance Expenses	22,973
6500T	Total Operating and Maintenance Expenses	<u>22,973</u>
	TAXES AND INSURANCE	
6720	Property & Liability Insurance (Hazard)	5,753
6700T	Total Taxes and Insurance	<u>5,753</u>
	FINANCIAL EXPENSES	
6820	Interest on Mortgage	27,220
6800T	Total Financial Expenses	<u>27,220</u>
6000T	Total Cost of Operations Before Depreciation	132,684
5060T	Change in Net Assets Before Depreciation	<u>21,135</u>
6600	Depreciation Expenses	20,737
5060N	Change in Total Net Assets from Operations	<u><u>398</u></u>

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico

STATEMENT OF ACTIVITIES DATA (Continued)
For the Nine Month Period Ending June 30, 2009

Account No.		
S1000-010	Total Mortgage Principal Payments Required During the Year.	<u>117,032</u>
S1000-030	Total of 12 Monthly Deposits During the Year into the Replacement Reserve Account, as Required by the Regulatory Agreement.	<u>-</u>
S1100-060	Previous Year Unrestricted Net Assets	289,035
S1100-065	Other Changes in Net Assets:	96,690
	Construction Grant - Enterprise Green Grant	25,000
	Sale of Affordable Housing Tax Credits	312,349
	Reinstatement of FNMA Loan Modification	(240,659)
3247	Change in Unrestricted Net Assets from Operations	398
3131	Unrestricted Net Assets	<u>386,123</u>

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico

STATEMENT OF CASH FLOWS DATA

For the Nine Month Period Ending June 30, 2009

Acct No.		
	Cash Flow from Operating Activities:	
S1200-010	Rental Receipts	143,258
S1200-020	Interest Receipts	276
S1200-030	Other Operating Receipts	750
S1200-040	Total Receipts	<u>144,284</u>
S1200-050	Administrative	21,070
S1200-090	Utilities	32,277
S1200-110	Operating and Maintenance	23,506
S1200-150	Miscellaneous Taxes and Insurance	6,976
S1200-180	Interest on Mortgage	27,755
S1200-230	Total Disbursements	<u>111,584</u>
S1200-240	Net Cash Provided by Operating Activities	<u>32,700</u>
	Cash Flow from Investing Activities:	
S1200-245	Net Deposits to Escrow Deposits	10,028
S1200-250	Net Deposits to Reserve for Replacement	191,559
S1200-330	Construction in Progress	(435,700)
S1200-330	Construction in Progress Payables	102,272
S1200-350	Net Cash Used in Investing Activities	<u>(131,841)</u>
	Cash Flow from Financing Activities:	
S1200-360	Principal Payments -CAPMARK	(117,032)
S1200-365	Proceeds from NMMFA HOME Program Loan	341,072
S1200-365	Proceeds from NMMFA HOME Trust Loan	117,474
S1200-450	Grant - Enterprise Green Grant	25,000
S1200-450	Sale of Affordable Housing Credits	312,349
S1200-450	Reinstatement of FNMA Loan Modification	(240,659)
S1200-460	Net Cash Used in Financing Activities	<u>438,204</u>

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico
STATEMENT OF CASH FLOWS DATA (Continued)
For the Nine Month Period Ending June 30, 2009

Account No.			
S1200-470	Net Increase (decrease) in Cash	339,063	
S1200-480	Beginning of Period Cash	14,667	
S1200T	End of Period Cash	<u>353,730</u>	
3250	Reconciliation of Net Profit (Loss) to Net Cash Provided by Operating Activities: Change in Total Net Assets from Operations	398	
6600	Adjustments to Reconcile Net Profit (Loss) to Net Cash Provided by Operating Activities: Depreciation Expenses	20,737	
S1200-490	Decrease (Increase) in Tenant A/R	(1,190)	
S1200-500	Decrease (Increase) in HUD A/R	(8,345)	
S1200-520	Decrease (Increase) in Prepaid Expenses	(1,321)	
S1200-540	Increase (Decrease) in Accounts Payable	22,956	
S1200-570	Increase (Decrease) in Accrued Interest	(535)	
S1200-610	Net Cash Provided by Operating Activities	<u>32,700</u>	

SEE INDEPENDENT AUDITORS' REPORT.

The Accompanying Notes Are An Integral Part of These Financial Statements.

SOCORRO VILLAGE LLC
HUD PROJECT NO. NM16M000081
Socorro, New Mexico

For the Nine Month Period Ending June 30, 2009

Account No.		
	RESERVE FOR REPLACEMENT	
1320P	Beginning Balance	201,635
1320INT	Interest on Reserve Account	76
1320WT	Approved Withdrawals	<u>(191,635)</u>
1320	Ending Balance	<u>10,076</u>

COMPUTATION OF SURPLUS CASH

S1300-010	Cash-Operations	19,037
1135	Accounts Receivable HUD	8,345
S1300-040	Total Available	<u>27,382</u>
	Current Obligations	
S1300-050	Accrued Mortgage Interest Payable	(294)
S1300-075	Accounts Payable Due Within 30 Days	(26,869)
2191	Tenant Security Deposits	<u>(6,892)</u>
S1300-140	Total Current Obligations	<u>(34,055)</u>
S1300-150	Surplus Cash (Deficiency)	<u><u>(6,673)</u></u>

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

COMPLIANCE SECTION

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

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

We have audited the financial statements of the business-type activities, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and the combining and individual funds presented as supplemental information of the Socorro County Housing Authority, a component unit of Socorro County, Socorro, New Mexico (the "Authority") as of and for the year ended June 30, 2009, and have issued our report thereon dated March 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's

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

financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items; FS07-6, FS07-7, SV09-1, SV09-2, SV09-3 and SV09-4.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider the following items; SV09-1, SV09-3, and SV09-4, to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items; FS02-2, SV09-5 and SV09-6.

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

This report is intended solely for the information and use of management, the Board of Commissioners, the New Mexico State Auditor, the New Mexico Legislature, and the Department of Housing and Urban Development, and is not intended to be and should not be used by anyone other than these specified parties.



March 19, 2010

Beckham & Penner, P.C.

Certified Public Accountants

FEDERAL FINANCIAL ASSISTANCE

Beckham & Penner, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

103 6TH ST. N.E., P.O. BOX 179

SOCORRO, NEW MEXICO 87801

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Hector Balderas, Auditor
The Office of Management and Budget
Members of the Board of Commissioners
Socorro County Housing Authority
Socorro, New Mexico

Compliance

We have audited the compliance of Socorro County Housing Authority, a component unit of Socorro County, Socorro, New Mexico, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Socorro County Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Socorro County Housing Authority's management. Our responsibility is to express an opinion on Socorro County Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Socorro County Housing Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Socorro County Housing Authority's compliance with those requirements.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, continued**

In our opinion, Socorro County Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned cost as item FA 02-01.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133, continued**

Socorro County Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Socorro County Housing Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, the New Mexico State Auditor, the New Mexico Legislature, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 19, 2010
Beckham & Penner, P.C.
Certified Public Accountants

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

Federal Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<u>Socorro County Housing Authority:</u>			
Direct Programs:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 1,353,151
Shelter Plus Care	14.238	N/A	46,366
Total Direct Programs:			<u>1,399,517</u>
Pass-Through Program From:			
State of New Mexico Mortgage Finance Authority:			
Home Investment Partnerships Program :			
Home Rehab	14.239	02-01-SOC-HOR-001	137,072
Home Rehab	14.239	07-01-SOC-HOR-001	87,858
Home Rehab	14.239	07-01-SOC-HOR-002	159,945
Minor Home Repair	14.239	06-05-SOC-MHR-001	23,378
Total Pass-Through Programs:			<u>408,253</u>
<u>Socorro Village:</u>			
Direct Programs:			
Housing Assistance Program	14.871	N/A	<u>81,930</u>
Pass-Through Program From:			
State of New Mexico Mortgage Finance Authority:			
Home Investment Partnerships Program :			
HOME Program Loan	14.239	N/A	<u>341,072</u>
Total U.S. Department of Housing Development			<u>2,230,772</u>
Total Expenditures of Federal Awards			<u>\$ 2,230,772</u>

* Major Program

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2009

Notes To Schedule Of Expenditures Of Federal Awards

1. Basis of Presentation

The accompanying schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Socorro County Housing Authority and the component unit Socorro Village. The Schedule is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of states, Local Government and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Subrecipients

The Socorro County Housing Authority did not provide any federal awards to subrecipients during the year.

3. Non-Cash Assistance

The Socorro County Housing Authority did not receive any non monetary assistance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,230,772
Plus non federal expenditures funded by other sources	168,014
Less expenditures of federal awards capitalized on construction projects	(341,072)
Total expenditures	<u>\$ 2,057,714</u>
Socorro County Housing Authority	\$ 1,904,293
Socorro Village	153,421
Total expenditures	<u>\$ 2,057,714</u>

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2009

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 2. Internal Control over financial reporting: | |
| a. Material weakness identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted | Yes |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of auditors' report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes |

4. Identification of major programs:

CFDA	
<u>Number</u>	<u>Federal Program</u>
14.871	Section 8 Housing Choice Vouchers Program

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
 SOCORRO COUNTY HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2009

Section II:

Prior Year Findings

Socorro County Housing Authority:

Financial Statements:

FS 02-2 Audit Report not timely submitted to State Auditor	Repeated
FS 07-2 Voided checks carried as outstanding	Resolved
FS 07-4 Penalties and Interest paid on late Payroll Tax payments	Resolved
FS 07-6 Inaccurate classification of expenses	Repeated
FS 07-7 Ineffective use of separate bank accounts	Repeated

Status

Federal Awards:

FA 02-01 Audit Report not timely submitted to HUD	Repeated
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Current Year Findings

Socorro County Housing Authority:

Financial Statements:

FS 02-2 Audit Report not timely submitted to State Auditor
FS 07-6 Inaccurate classification of expenses
FS 07-7 Ineffective use of separate bank accounts

Socorro Village:

Financial Statements:

SV09-1 Tenants Security Deposit Bank Account
SV09-2 Accounts Payable and Management Fee Accruals
SV09-3 Trust Accounts held by NMMFA
SV09-4 Posting of Accounting Records
SV09-5 Submission of Required Information to HUD
SV09-6 Submission of Owner Certified Financials (REAC)

Section III:

Federal Awards:

FA 02-01 Audit Report not timely submitted to HUD

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro County Housing Authority
FS 02-2 AUDIT REPORT NOT TIMELY SUBMITTED TO STATE AUDITOR

Condition: The Socorro County Housing Authority did not issue the audit report until March 2009.

Criteria: The Authority was required to submit the audit reports for the year ended June 30, 2009 on or before November 15 subsequent to the entities' fiscal year end in accordance with State Statute (Chapter 12, Section 6: NMSA 1978) and Section 2.2.2.9.A (1)(c and g) of the State Auditor Rule.

Cause: The Authority was unable to submit the June 30, 2009 audit report on a timely basis as a result of the component unit, Socorro Village's, financial data was not available for audit until late January 2010.

Effect: The Authority is not in compliance with the New Mexico State Auditor Rules and Regulations. Furthermore, the entities' federal award funding may be affected by the late submission of yearend audit reports.

Auditors' Recommendation: The Authority must ensure that all future audit reports are filed in a timely manner. The Authority should ensure this process is timely in the future through communication with the monthly fee accountant and the auditor.

Management Response: The Authority is working with the monthly fee accountant to ensure all the financial data is current and will communicate with the auditors to complete and submit audit reports in a timely manner.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro County Housing Authority
FS 07-6 INACCURATE CLASSIFICATION OF EXPENSES

Condition: During our examination of expenses we noted inaccurate classification of administrative expenses, Shelter Plus Care tenant rents, and Rehab expenses. These inaccurate classifications were corrected as part of the audit journal entries.

Criteria: Generally accepted accounting principles require all activity be accurately recorded in the financial records. All transactions are required to be properly recorded in accordance with the 1978 NMSA Section 6.6.3.

Cause: The Authority did not properly reconcile their program reporting to the general ledger. Additionally, the Authority replied too much on the fee accountant without applying the proper oversight for reviewing the resulting financial records.

Effect: The financial records did not reflect accurate reporting of expenses and did not agree with the program reports prepared.

Auditors' Recommendation: The Authority should exercise proper oversight of the financial reports prepared by the fee accountant. Additionally, all program reports should be reconciled to the financial records.

Management Response: We concur with the auditors' recommendation and will implement procedures for oversight of the financial records and reconciliation of the programs reports to the financial records.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro County Housing Authority
FS 07-7 INEFFECTIVE USE OF SEPARATE BANK ACCOUNTS

Condition: the Authority established a separate bank account for the Shelter Plus Care (SPC) program. All revenues were deposited into that separate bank account; however, some expenses were paid out of their general operating bank account. The Due To and Due From accounts were not properly maintained.

Criteria: Proper internal control policies and procedures that established a separate bank account be used for program funds, require that all program activity be maintained within that separate bank account and Due To and Due From accounts be properly maintained when funds are advanced from another account.

Cause: The Authority did not establish adequate internal control policies and procedures to ensure that program expenses be paid out of the separate bank account, or properly maintain the Due To and Due From accounts.

Effect: The program expenses were properly identified and classified in the financial records, however, they were paid out of the wrong bank account without maintaining the proper Due To and Due From accounts.

Auditors' Recommendation: Effective internal control policies and procedures should be established to ensure that expenses are paid out of the proper bank account. A transfer of funds should be initiated to correct the effected bank accounts.

Management Response: The contract, which is a reimbursable program, does not require that we establish a separate bank account, as long as we can track the funds.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro Village
2009-1 Tenants Security Deposit Bank Account

Statement of Conditions:

The Tenant Security Deposit Bank Account was not properly maintained. Some tenants rents were deposited into this account. Some tenants' security deposit refunds were made out of the operating account.

Criteria:

HUD requires that Tenant Security Deposit bank accounts be maintained separate from all other funds. Tenant Security Deposits should not be comingled with other funds.

Effect:

The Tenant Security Deposit Bank Account has comingled funds. The Tenant Security Deposit bank account had a balance of \$33,844 as of June 30, 2009, whereas the actual Tenant Security Deposits only amounted to \$6,892.

Cause:

The wrong bank deposit slips were used to make deposits and then the bank account was not reconciled to the detail list of Tenant Security Deposits.

Recommendations:

Deposits should be verified prior to taken to the bank and monthly reconciliations should be prepared to verify the bank balance agrees with the detail records of the individual tenant security deposits. Excess funds now in the bank account should be identified and transferred to the proper bank accounts.

Response:

The management agent will establish internal control procedures to properly maintain the Tenant Security Deposits bank account and transfer excess funds to the proper accounts.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro Village
2009-2 Accounts Payable and Management Fee Accruals

Statement of Condition:

Accounts payable and management fee accruals were not properly recorded in the accounting records. Furthermore, management fees and vendor payments have not been remitted on a regular timely basis.

Criteria:

Generally accepted accounting principles and HUD regulations require that payables and accruals be properly recorded and maintained in the accounting records.

Effect:

The users of the financial statements such as management, owners, and HUD did not have complete and accurate information. Vendors received delinquent payments.

Cause:

The accounting records were not being timely posted and some of the accrual information was not provided to the fee accountant. Vendor bills were not being timely processed and management agent invoice were not timely prepared.

Recommendations:

Management fees should be billed and paid along with the vendor bills in a timely routine manner. Information should be provided to the fee accountant for the accounting records to be properly maintained.

Response:

The management agent will implement procedures to ensure that the management fees, accounts payable and accounting records are timely maintained.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro Village
2009-3 Trust Accounts held by NMMFA

Statement of Condition:

The Trust Accounts held by New Mexico Mortgage Finance Authority for the Reserve of Replacement and part of the Construction funds were not set up in the accounting records.

Criteria:

Generally accepted accounting principles and HUD regulations require that all financial activity of the organization be included and properly reflected in the accounting records.

Effect:

The financial statements did not reflect the assets and related expenses associated with these two accounts.

Cause:

The existence of these accounts was not provided to the fee accountant to be properly included in the accounting records.

Recommendations:

All financial records should be properly included in the financial records.

Response:

The management agent will provide all financial records to the fee accountant to be properly included in the accounting records.

STATE OF NEW MEXICO
SOCORRO COUNTY HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2009

Socorro Village
2009-4 Posting of Accounting Records

Statement of Conditions:

The accounting records for the fiscal year end were not completed and ready for audit until late January.

Criteria:

Generally accepted accounting principles and HUD regulations require that the accounting records be maintained in a timely manner.

Effect:

The users of the financial statements did not have timely information and the audit process was delayed.

Cause:

The fee accountant did not receive the construction accounts activity in a timely manner to be posted to the accounting records.

Recommendations:

All financial data should be provided to the fee accountant in a timely manner and management should review the financial statements to ensure all the transactions have been properly included.

Response:

The management agent will implement procedures to ensure that all of the financial records will be timely provided to the fee accountant and that the resulting financial statements be reviewed for completeness.

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Socorro Village
2009-5 Submission of Required Information to HUD

Statement of Condition:

The monthly Housing Assistance Payments (HAP) for the months of June 2009 through December 2009 were not received until February 2010.

Criteria:

HUD regulations require that all required information to process the HAP payments be timely submitted.

Effect:

The delay on the receipt of the monthly HAP payments seriously affected the cash flow and ability to pay vendors on a timely basis.

Cause:

The required information was not timely submitted to HUD for them to process the HAP payments.

Recommendations:

All required information should be timely submitted to HUD and the HAP payments should be monitored to ensure that they are timely received.

Response:

The management agent was not aware that there was a hold up on the HAP payments. Once they knew there was a problem, they promptly submitted the required information to HUD and the HAP payments were received.

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Socorro Village
2009-6 Submission of Owner Certified Financials (REAC)

Statement of Condition:

The Owner Certified Financial Statements were not timely submitted to HUD through the REAC submission process.

Criteria:

HUD regulations require that Owner Certified Financial Statements be submitted through REAC within 90 days from the end of the fiscal year.

Effect:

Noncompliance with HUD regulations and the management, owners, HUD and others did not have timely financial information to utilize.

Cause:

The accounting records were not complete and ready to be submitted within the required time.

Recommendations:

Accounting records should be timely maintained, financial statements should be reviewed by management, and REAC submissions should be timely processed.

Response:

The management agent will implement procedures to ensure that the accounting records are timely maintained, financial statements reviewed, and monitor the submission of the REAC report.

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SECTION III- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FA 02-1 – Audit Report Not Timely Submitted to HUD

Federal program information:

Funding agency:	U.S. Department of Housing and Urban Development
Title:	Section 8 Housing Choice Vouchers
CFDA number:	14.871
Award year and number:	06-30-09

Condition: The Authority issued the Audit report subsequent to the November 15, 2009 deadline required by the State Auditor and just prior to the March 31, 2010 deadline for submitting the data collection form required by OMB Circular A-133. The State Auditor received the report on March 22, 2010.

Criteria: The Authority is required to submit the audit report for the year ended June 30, 2009 no later than 9 months following the Authority’s fiscal year end or March 31, 2010 in accordance with U.S. Office of Management and Budget (OMB) Circular A-133 Section 320 and NMAC 2.2.2.10J (3)(c)(ii) when receiving federal funds in excess of \$500,000.

Questioned Costs: None

Cause: The Authority was unable to submit the June 30, 2009 audit report on a timely basis as a result not having completed financial records on the component unit, Socorro Village, until late January 2010.

Effect: The Authority is not in compliance with the U.S. Office of Management and Budget (OMB) Circular A-133 for entities receiving federal awards. Non-compliance with the reporting requirement of U.S. Office of Management and Budget (OMB) Circular A-133 may affect the Authority’s federal award future funding.

Auditors’ Recommendation: The Authority must ensure that all future audit reports are filed in a timely manner. The Authority should ensure this process is timely in the future through timely contracting with an auditor and communication with the auditor.

Management Response: The Authority is working with the auditors to correct the matter and submit future audit reports in a timely manner.

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Preparation of Financial Statements

The accompanying financial statements were substantially prepared by the Auditors; however, management acknowledges and accepts responsibility for the financial statements.

EXIT CONFERENCE

An exit conference was held on March 19, 2010 at the Socorro County Housing Authority office.

In attendance for the Authority:

Jose L. Vega
Rick Courtney
Mary Ann Chavez

Commissioner
Socorro Village LLC
Executive Director

In attendance for the Auditor:

Rick Penner, CPA

Auditor