

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**SANTA CLARA, NEW MEXICO**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

Prepared by  
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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO  
SANTA CLARA PUBLIC HOUSING AUTHORITY  
SANTA CLARA, NEW MEXICO**

**Official Roster  
June 30, 2010**

Board of Commissioners

Rodolfo Herrera	Chairperson
Johnny Trujillo	Vice-Chairperson
Sonya Dixon	Commissioner
Stephen Miranda	Commissioner

Administration

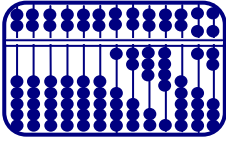
Gloria Duran	Executive Director
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**STATE OF NEW MEXICO  
SANTA CLARA PUBLIC HOUSING AUTHORITY  
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ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2010 and 2009**

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## **FINANCIAL SECTION**



MARCUS,  
FAIRALL,  
BRISTOL + CO., P.L.L.C.

Hector H. Balderas  
New Mexico State Auditor  
The Board of the Santa Clara Public Housing Authority  
Santa Clara, New Mexico

We have audited the accompanying financial statements of the business-type activities of the Santa Clara Public Housing Authority, as of and for the years-ended June 30, 2010 and 2009, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of the Santa Clara Public Housing Authority's non-major enterprise funds and budgetary comparisons presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the years ended June 30, 2010 and 2009 and as listed in the table of contents. These financial statements are the responsibility of Santa Clara Public Housing 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 with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also audited the financial statements of each of the Santa Clara Public Housing Authority's non major proprietary funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year-ended June 30, 2010 and 2009, as listed in the table of contents. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles of the United States of America 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 of the Santa Clara Public Housing Authority as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the Santa Clara Public Housing Authority as of June 30, 2010 and 2009, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major enterprise fund of the Santa Clara Public Housing Authority as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparisons for the major and non-major enterprise funds for the years ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2012 on our consideration of the Santa Clara Public Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The *Management's Discussion and Analysis* on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that are presented in the Santa Clara Housing Authority's basic financial statements, and the combining and individual fund financial statements and budgetary comparisons of the Santa Clara Public Housing Authority. The accompanying information listed as supporting Schedules 1 through 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Assessment Submission as required by the U. S. Department of Housing and Urban Development is presented for purposes of additional analysis. 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.



El Paso, Texas  
February 24, 2012

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**SANTA CLARA, NEW MEXICO**  
June 30, 2010

**Management's Discussion and Analysis**

As management of the Santa Clara Public Housing Authority (SCPHA), we offer readers of the SCPHA's financial statements this narrative overview and analysis of the financial activities of the SCPHA for the latest fiscal year-ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the financial statements and additional information provided.

**FINANCIAL HIGHLIGHTS**

- The assets of the SCPHA exceeded its liabilities at the close of the most recent fiscal year by \$854,949 (net assets). Of this amount, \$96,588 (unrestricted net assets) may be used to meet the SCPHA's ongoing obligations to tenants.
- The SCPHA's total net assets decreased by \$319,793 during the fiscal year.
- As of June 30, 2009, the SCPHA had no restricted net assets.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the SCPHA's basic financial statements. The SCPHA's basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SCPHA, like other state and local agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The SCPHA is a proprietary fund.

**Proprietary Funds.** Proprietary funds are generally used to account for services for which the SCPHA charges tenants. The business-type activity of the SCPHA is the leasing and administration of low-rent housing. The SCPHA receives grants that help offset a significant portion of the costs of providing low-rent housing. The balance of the revenue comes through rent and fees charged to tenants.

The statement of net assets presents information on all of the SCPHA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the SCPHA is improving or deteriorating. SCPHA is a component unit of the Village of Santa Clara.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 17-25 of this report.

**Analysis of Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of an agency's financial position. In the case of the SCPHA, net assets exceeded liabilities by \$854,949 at the close of the current fiscal year.



**STATE OF NEW MEXICO**  
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June 30, 20010

**Management's Discussion and Analysis**

The largest portion of the SCPHA's net assets represents the Authority's investment of \$758,361 in capital assets (e.g., improvements, buildings, machinery, and equipment). The SCPHA uses these capital assets to provide services to tenants; consequently, these assets are not available for future spending.

**SANTA CLARA PUBLIC HOUSING AUTHORITY NET ASSETS**  
**June 30,**

	2010	2009
<b>Assets</b>		
Current and Other Assets	\$ 119,724	\$ 180,545
Capital Assets, Net of Accumulated Depreciation	758,361	388,528
Total Assets	\$ 878,085	\$ 569,073
 <b>Liabilities</b>		
Current Liabilities	\$ 16,956	\$ 31,777
Long Term Liabilities	6,180	2,140
Total Liabilities	23,136	33,917
 <b>Net Assets</b>		
Invested in Capital Assets	758,361	388,528
Restricted	-	-
Unrestricted	96,588	146,628
Total Net Assets	854,949	535,156
 Total Liabilities and Net Assets	\$ 878,085	\$ 569,073

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**SANTA CLARA, NEW MEXICO**  
June 30, 20010

**Management's Discussion and Analysis**

**Changes in Net Assets**  
**For the Year-Ended June 30,**

	2010	2009
<b>Operating Revenue:</b>		
Dwelling Rental	\$ 57,480	\$ 58,880
Grant Income	412,369	26,343
Federal Low Rent Subsidies	94,590	103,003
Other Income	2,233	-
Total Operating Revenues	566,672	188,226
 <b>Operating Expenses:</b>		
Administration	72,806	64,169
Utilities	44,225	55,887
Ordinary Maintenance and Operations	42,109	34,820
Depreciation	42,535	27,342
Insurance	9,989	10,211
Personnel Services	35,215	20,083
Total Operating Expenses	246,879	212,512
 Operating Income (Loss)	319,793	(24,286)
 Net Assets-Beginning Adjusted	535,156	559,442
 Net Assets-Ending	\$ 854,949	\$ 535,156

**STATE OF NEW MEXICO  
SANTA CLARA PUBLIC HOUSING AUTHORITY  
SANTA CLARA, NEW MEXICO  
June 30, 2010**

**Management's Discussion and Analysis**

**Analysis of Changes in Net Assets (continued)**

**Revenues.** As in previous years, in the low rent fund rental revenues are the majority of the total operating revenues. During the current fiscal year, federal subsidies were in the amount of \$94,590. Grant revenues in the grant fund totaled \$412,369.

**Expenses.** As in previous years, personnel services make up the largest portion of operating expense in the low rent fund. Due to the significant investments the SCPHA has in capital assets, depreciation continues to be a large operating expense. Unlike the other expenses listed, depreciation is not a cash expense. The total expenses for the current fiscal year are 16% more than the prior fiscal year.

**FINANCIAL ANALYSIS OF THE HOUSING AUTHORITY'S FUNDS**

As noted earlier, SCPHA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

At the end of the fiscal year, the unrestricted net assets for the low rent fund were \$96,588. The total decrease transfers were \$50,040. Other factors concerning the finances of this fund have been addressed previously in the discussion of the SCPHA's business-type activities.

**Capital Asset and Debt Administration**

**Capital Assets.** The SCPHA's capital assets for its business-type activities as of June 30, 2009 amount to \$388,528 (net of accumulated depreciation). Capital assets include improvements, buildings, machinery, and equipment. There was no increase in business-type capital assets (excluding accumulated depreciation) for the current fiscal year.

**Capital Assets, Net of Depreciation  
June 30,**

	2010	2009
Buildings	\$ 134,541	\$ 155,827
Improvements	610,438	228,750
Machinery and Equipment	13,382	3,951
Capital Assets, Net of Accumulated Depreciation	\$ 758,361	\$ 388,528

For proprietary fund financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures. See Note 5 in the accompanying Notes to the Financial Statements for further information regarding capital assets.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The SCPHA's staff and Board of Commissioners consider many factors when setting the fiscal year 2010 budget. The U.S. Department of Housing and Urban Development has calculated the operating subsidy for the first six months of the most recent fiscal year to be approximately \$46,453. The SCPHA plans to keep the vacancy rate low and expenses will be closely monitored.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**SANTA CLARA, NEW MEXICO**  
June 30, 2010

**Management's Discussion and Analysis**

**SUPPLEMENTARY INFORMATION**

The SCPHA contracts a fee accountant for all accounting services. The fee accountant is responsible for the preparation of budgets and budget revisions, monthly financial reports and all REAC required submissions.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the SCPHA's finances for all of those with an interest in the proprietary fund's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Gloria Duran, Santa Clara Public Housing Authority, P.O. Box 275, Santa Clara, New Mexico, 88026.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Net Assets**  
**Proprietary Fund**  
June 30,

	Low Rent	
	2010	2009
<b>Assets:</b>		
<b>Current assets:</b>		
Cash and equivalents	\$ 16,149	\$ 83,873
Dwelling rent receivable (net of allowance for doubtful accounts)	5,044	4,440
Subsidy receivable	83,719	83,975
Prepays	11,990	5,919
Restricted cash and investments:		
Tenant deposits	2,822	2,338
Capital assets:		
Other capital assets, net of accumulated depreciation	758,361	388,528
Total assets	\$ 878,085	\$ 569,073
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 4,199	\$ 21,407
Accrued payroll	6,666	2,222
Payroll taxes payable	-	3,670
Compensated absences- current portion	3,269	2,140
Tenant security deposits	2,822	2,338
Total current liabilities	16,956	31,777
Long term liabilities:		
Compensated absences	6,180	2,140
Total long term liabilities	6,180	2,140
Total liabilities	23,136	33,917
<b>Net Assets:</b>		
Invested in capital assets	758,361	388,528
Unrestricted	96,588	146,628
Total net assets	854,949	535,156
Total liabilities and net assets	\$ 878,085	\$ 569,073

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
For the Year-Ended June 30, 2010

	Low Rent	Grant Funds	Totals
<b>Operating Revenue:</b>			
Dwelling rental	\$ 57,480	\$ -	\$ 57,480
Grant income	-	412,369	412,369
Federal subsidies	94,590	-	94,590
Other income	2,233	-	2,233
Total operating revenue	<u>154,303</u>	<u>412,369</u>	<u>566,672</u>
<b>Operating Expenses:</b>			
Admin. salaries	42,532	-	42,532
Training	3,086	-	3,086
Travel	800	-	800
Other expenses	21,519	-	21,519
Utilities	44,225	-	44,225
Maintenance salaries	9,335	-	9,335
Maintenance materials	10,873	-	10,873
Contract	21,901	-	21,901
Accounting audit fees	4,869	-	4,869
Insurance	9,989	-	9,989
Employee benefits	35,215	-	35,215
Capital outlay	-	-	-
Depreciation	42,535	-	42,535
Total operating expenses	<u>246,879</u>	<u>-</u>	<u>246,879</u>
Net change in net assets	(92,576)	412,369	319,793
Transfer	412,369	(412,369)	-
Change in net assets	<u>319,793</u>	<u>-</u>	<u>319,793</u>
Total net assets, beginning of year	<u>535,156</u>	<u>-</u>	<u>535,156</u>
Total net assets, end of year	<u>\$ 854,949</u>	<u>\$ -</u>	<u>\$ 854,949</u>

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Fund**  
For the Year-Ended June 30, 2009

	Low Rent	Grant Funds	Totals
<b>Operating Revenue:</b>			
Dwelling rental	\$ 58,880	\$ -	\$ 58,880
Grant income	-	26,343	26,343
Federal subsidies	103,003	-	103,003
Total operating revenue	<u>161,883</u>	<u>26,343</u>	<u>188,226</u>
<b>Operating Expenses:</b>			
Administrative salaries	37,589	-	37,589
Legal	399	-	399
Training	900	-	900
Travel	4,981	-	4,981
Other expenses	10,513	-	10,513
Utilities	55,887	-	55,887
Maintenance salaries	8,678	-	8,678
Maintenance materials	10,593	-	10,593
Contract	15,549	-	15,549
Audit fees	9,787	-	9,787
Insurance	10,211	-	10,211
Employee benefits	20,084	-	20,084
Bad debts	-	-	-
Depreciation	27,341	-	27,341
Total operating expenses	<u>212,512</u>	<u>-</u>	<u>212,512</u>
Net change in net assets	(50,629)	26,343	(24,286)
Transfer	26,343	(26,343)	-
Change in net assets	<u>(24,286)</u>	<u>-</u>	<u>(24,286)</u>
Total net assets, beginning of year	<u>559,442</u>	<u>-</u>	<u>559,442</u>
Total net assets, end of year	<u>\$ 535,156</u>	<u>\$ -</u>	<u>\$ 535,156</u>

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



**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund**  
For the Year-Ended June 30, 2010

	Low Rent	Grant Funds	Totals
Cash flows from operating activities:			
Cash received from dwelling rentals	\$ 57,480	\$ -	\$ 57,480
Cash received from federal subsidies	94,590	-	94,590
Cash received from federal grant	(219,310)	-	(219,310)
Cash payments to suppliers and employees	-	(412,369)	(412,369)
Net cash provided by (used for) operating activities	<u>(67,240)</u>	<u>(412,369)</u>	<u>(479,609)</u>
Cash flows from capital financing activities			
Transfer from other funds	-	348,357	348,357
Cash received from federal grant	-	64,012	64,012
Net cash used for financing activities	<u>-</u>	<u>412,369</u>	<u>412,369</u>
Net (decrease) increase in cash and cash equivalents	(67,240)	-	(67,240)
Cash and cash equivalents – beginning of year	<u>86,211</u>	<u>-</u>	<u>86,211</u>
Cash and cash equivalents – end of year	<u>\$ 18,971</u>	<u>\$ -</u>	<u>\$ 18,971</u>

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund**  
For the Year-Ended June 30, 2010

	Low Rent	Grant Funds	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	\$ (92,576)	\$ -	\$ (92,576)
Change in unrestricted assets adjustments to reconcile			
Operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	42,535	-	42,535
(Increase) decrease in tenants receivable	(603)	-	(603)
(Increase) decrease in subsidy receivable	256	-	256
(Increase) decrease in prepaid expenses	(6,071)	-	(6,071)
Increase (decrease) in accounts payable	(17,208)	-	(17,208)
Increase (decrease) accounts payable-other	(3,670)	-	(3,670)
Increase (decrease) in compensated absences	5,169	-	5,169
Increase (decrease) in accrued expenses	4,444	-	4,444
Increase (decrease) in tenant security deposits	484	-	484
Net cash provided (used) by operating activities	<u>\$ (67,240)</u>	<u>\$ -</u>	<u>\$ (67,240)</u>

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund**  
For the Year-Ended June 30, 2009

	Low Rent	Grant Funds	Totals
Cash flows from operating activities:			
Cash received from dwelling rentals	\$ 52,584	\$ -	\$ 52,584
Cash received from federal subsidies	19,028	-	19,028
Cash received from federal grant	26,343	-	26,343
Cash payments to suppliers and employees	<u>(109,950)</u>	<u>-</u>	<u>(109,950)</u>
Net cash provided by (used for) operating activities	<u>(11,995)</u>	<u>-</u>	<u>(11,995)</u>
Cash flows from capital financing activities:			
Transfer from other funds	-	(26,343)	(26,343)
Cash received from federal grant	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used for financing activities	<u>-</u>	<u>(26,343)</u>	<u>(26,343)</u>
Net (decrease) increase in cash and cash equivalents	(11,995)	(26,343)	(38,338)
Cash and cash equivalents – beginning of year	<u>124,549</u>	<u>-</u>	<u>124,549</u>
Cash and cash equivalents – end of year	<u>\$ 112,554</u>	<u>\$ (26,343)</u>	<u>\$ 86,211</u>

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Statement of Cash Flows**  
**Proprietary Fund**  
For the Year-Ended June 30, 2009

	Low Rent	Grant Funds	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	\$ (24,286)	\$ -	\$ (24,286)
Change in unrestricted assets adjustments to reconcile Operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	27,342	-	27,342
(Increase) decrease in tenants receivable	(3,738)	-	(3,738)
(Increase) decrease in other receivable	-	-	-
(Increase) decrease in subsidy receivable	(34,695)	-	(34,695)
(Increase) decrease in prepaid expenses	1,054	-	1,054
Increase (decrease) in accounts payable	18,841	-	18,841
Increase (decrease) accounts payable-other	1,371	-	1,371
Increase (decrease) in compensated absences	2,600	-	2,600
Increase (decrease) in accrued expenses	-	-	-
Increase (decrease) in tenant security deposits	(484)	-	(484)
Net cash provided (used) by operating activities	<u>\$ (11,995)</u>	<u>\$ -</u>	<u>\$ (11,995)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Santa Clara Public Housing Authority (SCPHA) was established in 1976. Five commissioners who are selected by the Santa Clara Board of Trustees govern it. For financial reporting purposes only, the SCPHA is a discretely presented component unit of the Village of Santa Clara. The SCPHA was created to provide a conduit for housing funds for disadvantaged citizens.

The financial statements of SCPHA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards that, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the SCPHA's accounting policies are described below.

*A. Reporting Entity*

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The most primary standard for including or excluding a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the SCPHA is able to exercise oversight responsibilities. Based upon the application of these criteria, the SCPHA has no component units.

*B. Basis of Presentation and Accounting*

The SCPHA's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The SCPHA has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The SCPHA also has the option of following all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The SCPHA has elected not to follow FASB Statement and Interpretation issued after November 30, 1989.

The accounts of the SCPHA are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the SCPHA's assets, liabilities, net assets, revenues and expenses.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*B. Basis of Presentation and Accounting (continued)*

Enterprise funds account for activities; (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the SCPHA's cost of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges rather than with taxes or similar revenues; or (3) that the pricing policies of the SCPHA establish fees and charges designed to recover its costs, including capital costs, such as depreciation or debt service.

The accounting and financial reporting treatment applied to the SCPHA is determined by its measurement focus. The transactions of the SCPHA are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets, such as total assets net of total liabilities, are segregated into invested in unrestricted resources are available for use; it is the SCPHA's policy to use restricted resources first, then unrestricted resources as they are needed.

The SCPHA distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the SCPHA's principal ongoing operations. The principal operating revenues are rental income and federal grants. Operating expenses for the fund includes the cost of maintenance, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by U.S. Department of Housing and Urban Development (HUD) have been met. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

*C. Budgets*

The SCPHA adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
2. Capital expenditures for the Capital Fund Program (CFP) are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net assets. The SCPHA does not budget for depreciation expense.
3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
4. The executive director submits the budget to the SCPHA's Board of Commissioners for approval.
5. The Board of Commissioner's approves the budget.

This budget is a guideline to operations but is not a legally enforceable document.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*C. Budgets (continued)*

The following is reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis by fund type.

	Low Rent Fund	
	June 30, 2010	June 30, 2009
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)	\$ (92,576)	\$ (24,286)
Adjustments:		
To adjust expenditures for payables, payroll taxes, prepaid expenses and other accruals	23,136	27,342
Excess (deficiency) of revenues and other sources (uses) over expenditures (Budget Basis)	\$ (69,440)	\$ 3,056

*D. Cash and Cash Equivalents*

The SCPHA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the SCPHA to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions and the State Treasurer's Investment Pool. New Mexico Statutes require that financial institutions with public monies, in an amount not less than 50% of the uninsured public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the SCPHA. The pledged securities remain in the name of the financial institution. There were no short-term investments held at June 30, 2010.

*E. Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from grants and tenants. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. Changes in the valuation allowance have not been material to the financial statements. All accounts are considered collectible; therefore, an allowance was not provided.

*F. Prepaid Items*

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



**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*G. Capital Assets*

Capital assets, which include buildings, improvements, and equipment, are valued and reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The SCPHA defines capital assets including computer software as assets with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements of \$5,000 or more are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. No computer software is developed in-house.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. During 2010 and 2009, no interest was included as part of the cost of capital assets under construction.

Buildings, improvements, and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements	12-25
Furniture, equipment and vehicles	5-10

*H. Compensated Absences*

Vested or accumulated vacation leave that is expected to be liquidated with expendable available resources, is reflected as a liability of the SCPHA. In accordance with the provisions of Governmental Accounting Standards Board, Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Annual leave is earned according to the following schedule:

- After the first year anniversary date, an employee will acquire ten days, two weeks of annual leave per year. This schedule is for employees employed by the SCPHA for the first seven years of employment.
- After seven years of employment, an employee will acquire fifteen days, three weeks of annual leave per year.
- After fifteen years of employment, an employee will acquire twenty days, four weeks of annual leave per year.
- One personal day per year will be given, including those employees on a probationary period.

Upon termination, any unused annual vacation leave shall be paid.

*I. Net Assets*

Net assets comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions, net assets are classified in the following three components:

The invested in capital assets consists of capital assets, net of accumulated depreciation.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*I. Net Assets (continued)*

Restricted net assets consist of constraints imposed by creditors, such as through debt covenants; grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets.”

*J. Cash Flows*

For the purpose of the statement of cash flows, the SCPHA considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

*K. Inter-Fund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other inter-fund transactions, except quasi-external transactions and reimbursements are reported as transfers. All other inter-fund transfers are reported as operating transfers.

*L. Use of Estimates*

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 CASH**

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposits of funds may be made in interest or non-interest bearing checking accounts. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer’s investment pool or in securities that are issued by the state or by the United States government or by their departments or agencies and which are either direct obligations of the state or the United States or are backed by the full faith and credit of those governments.

*Cash Deposited with Financial Institutions.* The SCPHA maintains cash in one financial institution. The SCPHA’s deposits are carried at cost.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 2 CASH (continued)**

The amounts reported as cash for the SCPHA within the financial statement is displayed as:

	2010	2009
Cash	\$ 16,147	\$ 104,479
Tenant Deposits	2,822	2,338
Total	\$ 18,969	\$ 106,817

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the SCPHA. The Federal Deposit Insurance Corporation (FDIC) insures all deposits.

Wells Fargo Bank  
New Mexico, N.A.

	2010	2009
Checking	\$ 18,969	\$ 106,817
Less FDIC checking	(18,969)	(106,817)
Uninsured public funds	\$ -	\$ -

**NOTE 3 CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the SCPHA's deposit may not be returned to it. The SCPHA does not have a deposit policy for custodial risk. As of June 30, 2009, all of the SCPHA's deposits were insured; therefore, the SCPHA'S was not exposed to custodial risk.

**NOTE 4 RECEIVABLES**

Receivables as of June 30, 2010, are as follows:

	Low Income Housing
Dwelling rent receivable	\$ 5,044
Subsidy receivable	83,719
Totals-net of allowance for doubtful accounts	\$ 88,763

Receivables as of June 30, 2009, are as follows:

	Low Income Housing
Dwelling rent receivable	\$ 4,440
Subsidy receivable	83,975
Totals-net of allowance for doubtful accounts	\$ 88,415

The above receivables are deemed 100% collectible within one year.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 5 CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2010 and June 30, 2009. Land is not subject to depreciation.

<b>Business-Like Activities</b>	Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Capital assets being depreciated				
Buildings	\$ 625,592	\$ -	\$ -	\$ 625,592
Improvements	366,873	398,600	-	765,473
Furniture, equipment, vehicles	47,612	13,769	-	61,381
Total	<u>1,040,077</u>	<u>412,369</u>	<u>-</u>	<u>1,452,446</u>
Accumulated depreciation				
Building	463,625	27,426	-	491,051
Improvements	144,263	10,772	-	155,035
Furniture, equipment, vehicles	43,661	4,337	-	47,998
Total	<u>651,549</u>	<u>42,535</u>	<u>-</u>	<u>694,084</u>
Net book value	<u>\$ 388,528</u>	<u>\$ 369,834</u>	<u>\$ -</u>	<u>\$ 758,362</u>

Depreciation expense relating to business-like activities for the year-ended June 30, 2010 totaled \$42,535 and June 30, 2009 was \$27,341.

**NOTE 6 INTER-FUND GRANT TRANSFERS**

Transfers to/from other funds at June 30, consist of the following:

2010	2009	From	To	Reason
<b>Capital Projects Funds</b>				
\$ -	\$ 26,343	Project #NM02P029501-07	Low rent fund	To transfer prior year funds for capital expensed items
303,393	-	Project #NM025029501-09	Appropriation from standard NM for Colonias Grant	To transfer funds for operations
64,012	-	Project #NM025029501-09	ARRA Grant CDPA 64.012	To transfer current year funds for capital expenditures
21,055	-	Project #NM02P9501-08	HUD Grant	To transfer current year funds for capital expenditures
10,140	-	Project #NM02P902950107	HUD Grant	To transfer current year funds for capital expenditures
13,769	-	Project #NM02P902950107	HUD Grant	To transfer current year funds for capital expenditures
<u>\$412,369</u>	<u>\$ 26,343</u>	Total transfers		

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 7 COMPENSATED ABSENCES**

The following changes occurred in the compensated absences liabilities reported in the statement of net assets:

Balance June 30,2008	Additions	Decreases	Balance June 30,2009	Additions	Decreases	Balance June 30,2010	Due Within One Year
\$ 1,680	\$ 5,408	\$ (2,808)	\$ 4,280	\$ 6,805	\$ (1,636)	\$ 9,449	\$ 3,269

The low-rent fund has been used to liquidate the compensated absence liability.

**NOTE 8 OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

Generally accepted accounting principles require disclosures as part of the Combining Statements – overview of certain information concerning individual funds including:

There were no funds reflecting a deficit fund balance as of June 30, 2010.

**NOTE 9 PERA PENSION PLAN**

*Plan Description.* All of SCPHA’s full-time employees participate in a defined benefit contributory retirement plan through the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978) of the State of New Mexico, a cost sharing, multiple-employer defined benefit retirement system. The Public Employees Retirement Association (PERA) is the administrator of the plan. The plan provides for retirement, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123.

*Funding Policy.* For covered employees, participants were required to contribute 7% of their gross salary to the plan. The SCPHA contributes a required matching contribution of 7% of each participant’s gross salary. The SCPHA’s contributions to PERA for the years ended June 30, 2010, 2009 and 2008 were \$9,449, \$1,646, and \$2,918 equal to the amount of the required contributions for the years, respectively.

**NOTE 10 POST EMPLOYMENT BENEFITS**

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978, provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The SCPHA has elected not to participate in the post-employment health insurance plan.

**NOTE 11 RISK MANAGEMENT**

The SCPHA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters.

The SCPHA is a member and is insured through the State of New Mexico self-insurance program. The SCPHA pays an annual premium to the Authority based on claim experience and the status of the pool. The Risk Management Program includes Workers’ Compensation, General and Automobile Liability, Automobile Physical Damage and Property and Crime coverage. The SCPHA is not liable for more than the premiums paid. Total premiums paid for the years ending June 30, 2010 and 2009 are \$9,993 and \$10,211 respectively.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Notes to Financial Statements**  
June 30, 2010

**NOTE 12     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 amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the SCPHA expects such amounts, if any to be immaterial.

The Executive Director has accumulated approximately 800 hours of compensated time for working beyond the 40 hours required for her position. The Board of Commissioners has not made a determination of how she will be compensated. The approximate value of this contingency liability is \$12,000 based on her current hourly rate.

**NOTE 13     FEDERAL GRANTS**

In the normal course of operations, the SCPHA receives grant funds from U.S. Department of Housing and Urban Development (HUD). Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement, which may arise as a result of these audits, is not believed to be material. During the years ending June 30, 2010 and 2009, HUD awarded \$412,369 and \$129,346 as low-rent subsidies.

**NOTE 14     SUBSEQUENT EVENTS**

The SCPHA has contracts and grant awards for construction projects in various stages of completion. Such contracts, funded principally by federal agencies constitute future commitments.

**NOTE 15     INTERGOVERNMENTAL TRANSACTIONS**

During the years ended June 30, 2010 and 2009, the SCPHA paid approximately \$13,091 and \$23,703, respectively, for water expenses to the Village of Santa Clara.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Proprietary Fund**  
**Low Rent Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Budget (Non-GAAP Basis) and Actual**  
For the Year-Ended June 30, 2010

	<u>Budgeted Amounts</u>			Variances With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tenant rental income	\$ 60,800	\$ 60,800	\$ 57,480	\$ (3,320)
Federal grant revenue	425,000	425,000	412,369	(12,631)
Federal subsidies	95,000	95,000	94,590	(410)
Other non rental income	1,500	1,500	2,233	733
Total revenues	<u>582,300</u>	<u>582,300</u>	<u>566,672</u>	<u>(15,628)</u>
Add: Beginning cash	<u>121,727</u>	<u>121,727</u>		
	<u>\$ 704,027</u>	<u>\$ 704,027</u>		
Expenses:				
Administrative salaries	40,560	40,560	42,532	(1,972)
Legal	500	500	-	500
Staff training	3,500	3,500	3,086	414
Travel	1,000	1,000	800	200
Accounting fees	3,500	3,500	3,179	321
Auditing fees	10,000	10,000	1,690	8,310
Other admin expenses	11,000	11,000	21,519	(10,519)
Water	11,200	11,200	13,091	(1,891)
Electricity	18,800	18,800	15,262	3,538
Gas	12,900	12,900	15,872	(2,972)
Maintenance salaries	8,320	8,320	9,335	(1,015)
Materials	10,000	10,000	10,873	(873)
Contract costs	6,700	24,114	21,901	2,213
Insurance	8,700	8,700	9,989	(1,289)
Employee benefit contributions	20,576	20,576	35,215	(14,639)
Total expenses	<u>167,256</u>	<u>184,670</u>	<u>204,344</u>	<u>(19,674)</u>
Excess (deficiency) of revenues over expenditures			362,328	
Differences between GAAP and Non-GAAP				
Depreciation		<u>(42,535)</u>	<u>(42,535)</u>	
Net changes in fund balance			319,793	
Total net assets - beginning of year			<u>535,156</u>	
Total net assets – end of year			<u>\$ 854,949</u>	

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

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Proprietary Fund**  
**Low Rent Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Budget (Non-GAAP Basis) and Actual**  
For the Year-Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variances With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tenant rental income	\$ 60,800	\$ 60,800	\$ 58,800	\$ (1,920)
Federal subsidies	95,000	95,000	129,346	34,346
Total revenues	<u>155,800</u>	<u>155,800</u>	188,146	32,426
Add: Beginning cash	<u>121,727</u>	<u>121,727</u>		
	<u>\$ 277,527</u>	<u>\$ 277,527</u>		
Expenses:				
Administrative salaries	40,560	40,560	37,589	2,971
Legal	500	500	399	101
Staff training	3,500	3,500	900	2,600
Travel	1,000	1,000	4,981	(3,981)
Accounting fees	3,500	3,500	310	3,190
Auditing fees	10,000	10,000	9,477	523
Other admin expenses	11,000	11,000	10,513	487
Water	11,200	11,200	23,703	(12,503)
Electricity	18,800	18,800	19,939	(1,139)
Gas	12,900	12,900	12,245	655
Maintenance salaries	8,320	8,320	8,678	(358)
Materials	10,000	10,000	10,593	(593)
Contract costs	6,700	24,114	15,549	8,565
Insurance	8,700	8,700	10,211	(1,511)
Employee benefit contributions	20,576	20,576	20,083	493
Collection losses	500	500	-	500
Total expenses	<u>167,756</u>	<u>185,170</u>	<u>185,170</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures			3,056	
Differences between GAAP and Non-GAAP				
Depreciation		<u>(27,342)</u>	<u>(27,342)</u>	
Net changes in fund balance			(24,286)	
Total net assets - beginning of year			<u>559,442</u>	
Total net assets – end of year			<u>\$ 535,156</u>	

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



## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Schedule of Depositories**  
June 30, 2010

	Type	Amount Per Bank	Plus DIT	Less O/S Cks	Balance Per Books
Wells Fargo					
Operating	CK	\$ 35,543	\$ 171	\$ (16,743)	\$ 18,971

Type:  
CK=checking

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Financial Assessment Submission**  
June 30, 2010

Line Item No.	Account Description	Low Rent Public Housing
111	Cash-Unrestricted	\$ 16,149
112	Cash-Restricted-Modernization	
114	Cash-Tenant Security Deposits	2,822
100	<b>Total Cash</b>	18,971
122	Accts Receivable – HUD Other	83,719
125	Accts Receivable – Miscellaneous	
126	Accts Receivable – Tenants – Rents	5,044
126.1	Allowance for Doubtful Accts-Rents	
126.2	Allowance for Doubtful Accts -Other	
120	<b>Total Receivables, net of allowances</b>	88,763
	Prepaid Insurance	9,160
	Prepaid Support	2,830
144	Interprogram Due From	
150	<b>Total Current Assets</b>	119,723
161	Land	
162	Buildings	625,592
164	Furniture, Equipment & Machinery	61,381
165	Leasehold Improvements	765,473
166	Accumulated Depreciation	(694,084)
160	<b>Total Fixed Assets, Net of Acc. Dep.</b>	758,362
180	<b>Total Non-Current Assets</b>	758,362
190	<b>Total Assets</b>	878,085
312	Accounts Payable <= 90 Days	4,199
321	Accrued Wage/Payroll Taxes Payable	6,666
322	Accrued Compensated Absences-Cur.	9,449
333	Accounts Payable-Other Govt.	
341	Tenant Security Deposits	2,822
347	Interprogram Due To	
310	<b>Total Current Liabilities</b>	23,136
350	<b>Total Non-Current Liabilities</b>	
300	<b>Total Liabilities</b>	23,136
508	Total Contributed Capital	
508.1	Invested in Capital Assets, Net of Related Debt	758,361
511	Total Reserved Fund Balance	
511.1	Restricted Net Assets	
512.1	Unrestricted Net Assets	96,588
513	Total Equity/Net Assets	854,949
600	<b>Total Liabilities and Equity/Net Assets</b>	\$ 878,085

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Financial Assessment Submission**  
June 30, 2010

Line Item No.	Account Description	Low Rent Public Housing
703	Net Tenant Rental Revenue	57,480
705	<b>Total Tenant Revenue</b>	57,480
706	HUD PHA Operating Grants	412,369
706.1	Capital Grants	
	Federal subsidies	94,590
711	Investment Income-Unrestricted	
713	Proceeds from Disposition of Assets Held for Sale	
713.1	Cost of Sale of Assets	
715	Other Revenue	2,233
720	Investment Income-Restricted	
700	<b>Total Revenue</b>	566,672
911	Administrative Salaries	42,532
912	Auditing Fees	1,690
914	Compensated Absences	-
915	Employee Benefit Contributions-Adm	35,215
916	Other Operating –Administrative	28,607
931	Water	13,091
932	Electricity	15,261
933	Gas	9,615
938	Other Utilities Expense	6,237
941	Ordinary Maintenance and Ops-Labor	9,334
942	Ordinary Maintenance and Ops-Mat.	10,872
943	Ordinary Maintenance and Ops-Cont.	21,901
961	Insurance Premiums	9,989
964	Bad Debt-Tenant Rents	-
969	<b>Total Operating Expenses</b>	204,344
970	Excess Operating Revenue over Operating Expense:	-
974	Depreciation Expense	42,535
900	<b>Total Expenses</b>	246,879
1001	Operating Transfers In	-
1002	Operating Transfers Out	-
1010	Total Other Financing Sources (Uses)	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	319,793
1102	Debt Principal Payments – Enterprise	
1103	Beginning Equity	535,156
1120	Unit Months Available	-
1121	Number of Unit Months Leased	-

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Financial Assessment Submission**  
June 30, 2009

Line Item No.	Account Description	Low Rent Public Housing
111	Cash-Unrestricted	\$ 121,727
112	Cash-Restricted-Modernization	
114	Cash-Tenant Security Deposits	2,822
100	<b>Total Cash</b>	124,549
122	Accts Receivable – HUD Other	49,280
125	Accts Receivable – Miscellaneous	
126	Accts Receivable – Tenants – Rents	702
126.1	Allowance for Doubtful Accts-Rents	
126.2	Allowance for Doubtful Accts -Other	
120	<b>Total Receivables, net of allowances</b>	49,982
	Prepaid Insurance	6,973
144	Interprogram Due From	
150	<b>Total Current Assets</b>	181,504
161	Land	
162	Buildings	599,249
164	Furniture, Equipment & Machinery	47,612
165	Leasehold Improvements	366,873
166	Accumulated Depreciation	(624,208)
160	<b>Total Fixed Assets, Net of Acc. Dep.</b>	389,526
180	<b>Total Non-Current Assets</b>	389,526
190	<b>Total Assets</b>	571,030
312	Accounts Payable <= 90 Days	2,565
321	Accrued Wage/Payroll Taxes Payable	4,521
322	Accrued Compensated Absences-Cur.	1,680
333	Accounts Payable-Other Govt.	
341	Tenant Security Deposits	2,822
347	Interprogram Due To	
310	<b>Total Current Liabilities</b>	11,588
350	<b>Total Non-Current Liabilities</b>	
300	<b>Total Liabilities</b>	11,588
508	Total Contributed Capital	
508.1	Invested in Capital Assets, Net of Related Debt	389,526
511	Total Reserved Fund Balance	
511.1	Restricted Net Assets	
512.1	Unrestricted Net Assets	169,916
513	Total Equity/Net Assets	559,442
600	<b>Total Liabilities and Equity/Net Assets</b>	\$ 571,030

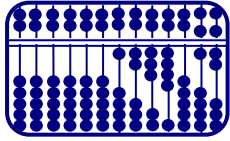
The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Financial Assessment Submission**  
June 30, 2009

Line Item No.	Account Description	Low Rent Public Housing
703	Net Tenant Rental Revenue	58,880
705	<b>Total Tenant Revenue</b>	58,880
706	HUD PHA Operating Grants	
706.1	Capital Grants	
	Federal subsidies	103,003
711	Investment Income-Unrestricted	
713	Proceeds from Disposition of Assets Held for Sale	
713.1	Cost of Sale of Assets	
715	Other Revenue	
720	Investment Income-Restricted	
700	<b>Total Revenue</b>	161,883
911	Administrative Salaries	37,589
912	Auditing Fees	9,477
914	Compensated Absences	-
915	Employee Benefit Contributions-Adm	20,083
916	Other Operating –Administrative	17,102
931	Water	23,703
932	Electricity	19,939
933	Gas	12,245
938	Other Utilities Expense	-
941	Ordinary Maintenance and Ops-Labor	8,678
942	Ordinary Maintenance and Ops-Mat.	10,593
943	Ordinary Maintenance and Ops-Cont.	15,549
961	Insurance Premiums	10,211
964	Bad Debt-Tenant Rents	-
969	<b>Total Operating Expenses</b>	185,169
970	Excess Operating Revenue over Operating Expenses	(23,286)
974	Depreciation Expense	27,342
900	<b>Total Expenses</b>	212,511
1001	Operating Transfers In	-
1002	Operating Transfers Out	
1010	Total Other Financing Sources (Uses)	-
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(50,628)
1102	Debt Principal Payments – Enterprise	
1103	Beginning Equity	590,913
1120	Unit Months Available	408
1121	Number of Unit Months Leased	371

The accompanying notes are an integral part of these financial statements

## **COMPLIANCE SECTION**



MARCUS,  
FAIRALL,  
BRISTOL + CO., P.L.L.C.

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 (Material Weaknesses and  
Significant Deficiencies and Reportable Instances of Noncompliance and  
Other matters Identified)*

Hector H. Balderas  
New Mexico State Auditor  
The Board of Commissioners  
Santa Clara Public Housing Authority  
Santa Clara, New Mexico

We have audited the financial statements of Santa Clara Public Housing Authority (SCPHA) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated February 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control Over Financial Reporting***

Management of Santa Clara Public Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Santa Clara Public Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Clara Public Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Santa Clara Public Housing Authority's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying *schedule of findings and responses*, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses *and other deficiencies that we consider to be significant deficiencies*.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course or performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be material weaknesses as 06-2, 07-1, 08-1 and 10-1.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying *schedule of findings and responses* to be significant deficiencies as 06-6.



### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Santa Clara Public Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and the New Mexico Legislature, the New Mexico Department of Finance and Administration, and the Office of the New Mexico State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Marcus, Fairall, Bristol & Co. P.L.L.C." The signature is written in a cursive, slightly slanted style.

Marcus, Fairall, Bristol, & Co., P.L.L.C.

February 24, 2012

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Schedule of Findings and Responses**  
**June 30, 2010**

Prior Year Reportable Findings and Questioned Costs – Financial Statement Findings:

06-2 General Ledger, Accounting Records, and Reconciliations – Repeated and Modified  
06-6 Audit Report Submission to the New Mexico State Auditor – Repeated and Modified  
07-1 Failure to File Accurate Payroll Tax Reports-Repeated  
08-1 Failure to Report Rent Subsidies on GAAP Basis- Repeated  
08-2 Actual Expenditures in Excess of Budgeted Expenditures for Fiscal Year- Resolved

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings:

Finding 06-2 General Ledger, Accounting Records, and Reconciliations (Material Weakness)

Condition

During the course of the audit, we noted several accounting errors in the general ledger and accounts are not reconciled. Opening balances were not carried forward in the amount of \$113,972.26. The cash account was overstated by \$63,230.00 and liabilities for payroll taxes were overstated by \$8,422.59.

Criteria

New Mexico State Statute Section 6-6-3 provides that every local body shall keep all the books, records, and accounts, including subsidiary ledgers, timely, completely, and accurately.

Cause

The SCPHA does not reconcile their source documents to the general ledger and journal entries posted to the general ledger are not accurately reflecting financial transactions and are not reviewed and approved by SCPHA management.

Effect

If accounting records are not being reconciled, it could result in improper financial reporting and does not follow State Statutes.

Recommendation

The SCPHA needs to ensure that the general ledger is complete and accurate and properly reconciled.

Response

The SCPHA will adhere to the auditor's recommendation.

Finding 06-6 Audit report submission to The New Mexico State Auditor (Other)

Condition

The audit report was not completed and forwarded to the New Mexico State Auditor in a timely manner. The report was delivered on February 29, 2012.

Criteria

As per SAO 2.2.2.9, (A) (1) (d), the New Mexico State Audit contract calls for this audit report to be delivered by December 1, 2008.

Cause

The audit was not submitted to the SCPHA until May 13, 2010. The current year auditor's contract was not awarded in the normal course of distribution. Also, additional time was needed by the auditor to assemble the necessary financial information. SCPHA had to change fee accountants in order to complete the accounting process subsequent to June 30, 2009.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Schedule of Findings and Responses**  
**June 30, 2010**

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings (continued):

Finding 06-6 Completion of Audit Report (continued)

Effect

Violation of the State Auditor's Rule. Audited financial information is not available for the SCPHA to use and distribute as necessary.

Recommendation

The SCPHA, along with the auditor, must implement procedures that would produce a timely audit. Proper accounting control must be established where the SCPHA staff is able to produce financial information for the auditor that has been properly reconciled.

Response

The SCPHA will work along with the auditor to implement procedures that will produce a timely audit. In the future because a new fee accountant has been contracted to maintain the records on a timely basis.

Finding 07-1 Failure to File Accurate Payroll Tax Reports (Material Weakness)

Condition

Third quarter payroll tax report was under reported by \$7,079.15.

Criteria

In accordance with the Internal Revenue Service, payroll contributions shall accrue and become payable for each calendar year in which the payments of contributions become due. (IRS Publication 15).

Cause

The payroll tax quarterly reports were being prepared without reconciling the quarterly payroll tax reports with the salaries and wages recorded in the general ledger.

Effect

The gross wages on the 941's did not match the gross wages in the Authority's general ledger. Undetermined penalties may be charged after the corrected quarterly reports are filed.

Recommendation

We recommend that management closely review the quarterly tax reports and compare them to the payroll journal on a timely basis each quarter.

Response

The SCPHA will adhere to auditor's recommendations.

Finding 08-1 Failure to Report Rent Subsidies on GAAP Basis (Material Weakness)

Condition

Net operating subsidy of \$85,719 was incorrectly reported as rent subsidy for the FYE 6/30/10.

Criteria

Rent subsidies are to be reported on GAAP basis. Due to the late filing of the required reports due to HUD, the rent subsidies were delayed in being sent to Santa Clara Public Housing Authority.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**Schedule of Findings and Responses**  
**June 30, 2010**

Finding 08-1 Failure to Report Rent Subsidies on GAAP Basis (continued)

Cause

The audit report of Village of Santa Clara was not filed in a timely manner as was the Santa Clara Public Housing Authority, the component unit. As a result, there was a delay in funds being available for distribution to the Santa Clara Public Housing Authority.

Effect

The revenues were not matched against expenses in accordance with GAAP.

Recommendation

The audit report needs to be filed on a timely basis.

Response

The SCPHA will adhere to auditor's recommendations.

Finding 10-1 Failure to Record Accounts Payable at the Close of the Fiscal Year (Material Weakness)

Condition

The fee accountant did not record the outstanding accounts payable in the amount of \$4,199.00.

Criteria

GAAP requires that all unrecorded liabilities outstanding at the end of the accounting period be accounted for in the period that the expenditure was incurred.

Cause

The outstanding invoices and purchase orders outstanding at the end of the accounting period be reviewed to determine whether or not they must be recorded on a timely basis.

Response

The SCPHA will adhere the auditor's recommendation.

**STATE OF NEW MEXICO  
SANTA CLARA PUBLIC HOUSING AUTHORITY  
Exit Conference  
June 30, 2010**

**EXIT CONFERENCE**

As exit conference was held on February 28, 2012, with Jack Fairall, CPA of Marcus, Fairall, Bristol + Co., PLLC with the following SCPHA officials:

Sonya Dixon-Board Member  
Steven Miranda-Board Member  
Gloria Duran-Executive Director

**COMPILATION OF FINANCIAL STATEMENTS**

The financial statements presented in this report were compiled by the auditors, Marcus, Fairall, Bristol + Co., PLLC. However, the contents remain the responsibility of Santa Clara Public Housing Authority. The individuals responsible for the accounting and reporting function possess the skills and knowledge to apply generally accepted accounting principles in recording the agency's financial transactions or preparing its financial statements.

**STATE OF NEW MEXICO**  
**SANTA CLARA PUBLIC HOUSING AUTHORITY**  
**PASSED JOURNAL ENTRIES**  
June 30, 2010

There were passed journal entries as of June 30, 2010.