

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

Prepared by
Marcus, Fairall, Bristol + Co., P.L.L.C.
Certified Public Accountants
6090 Surety Drive Suite 100
El Paso, Texas 79905
Telephone (915) 775-1040

INTRODUCTORY SECTION

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

**Official Roster
June 30, 2014**

Board of Commissioners

**Rodolfo Herrera
Johnny Trujillo
Sonya Dixon
Sylvia Sierra
Sharon Gonzalez**

**Chairperson
Vice-Chairperson
Commissioner
Commissioner
Commissioner**

Administration

Gloria Duran

Executive Director

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014**

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		i
Table of Contents		ii
FINANCIAL SECTION		
Independent Auditors' Report		1-2
Management's Discussion and Analysis		3-7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position – Proprietary Funds	A-1	9
Statement of Revenues, Expenditures, and Changes in Fund Net Position– Proprietary Funds	A-2	10
Statement of Cash Flows – Proprietary Funds	A-3	11-12
NOTES TO THE FINANCIAL STATEMENTS		
Notes to the Financial Statements		14-21
NON-MAJOR PROPRIETARY FUNDS		
Statement of Revenues, Expenditures, and Changes in Fund Net Position-- Budget (Non-GAAP Budgetary Basis) and Actual: Low-Rent Fund 2014	C-1	22
SUPPORTING SCHEDULES		
Schedule of Depositories	1	24
Financial Assessment Submission 2014	2	25-26
Schedule of Federal Award Expenditures		27
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 <i>Government Auditing Standards</i>		29-30
Schedule of Findings and Responses		31-32
Exit Conference		33

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STATE AUDITOR

FINANCIAL SECTION



**MARCUS,
FAIRALL,
BRISTOL + CO., PLLC**

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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, 2014 and 2013, and the related notes to the financial statements which collectively comprise the Housing Authority. We also have audited the financial statements of the Santa Clara Public Housing Authority's budgetary comparisons presented as supplementary information as of and for the years ended June 30, 2014 and 2013 as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014 and 2013, and the respective changes in financial position where applicable cash flows thereof and for respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A Firm of Certified Public Accountants
6090 SURETY, SUITE 100 • EL PASO, TX 79905 • (915) 775-1040
FACSIMILE: (915) 775-1849 • marcfair@marcfair.com
www.marcfair.com

Other Matters
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

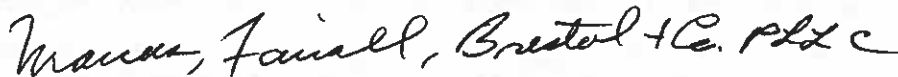
Other Information

Our audit was conducted for the purpose of forming opinions on Santa Clara Public Housing Authority's financial statements. The schedule of expenditures of federal awards as required by Office of Management and Budget Circular A-133, schedule of depositories, and financial assessment submission are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014 on our consideration of Santa Clara Public Housing 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* in considering Santa Clara Public Housing Authority's internal control over financial reporting and compliance.



Marcus, Fairall, Bristol + Co., P.L.L.C.
El Paso, Texas
November 20, 2014

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
June 30, 2014**

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, 2014. 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 \$752,120 (net position). Of this amount, \$52,648 (unrestricted net position) may be used to meet the SCPHA's ongoing obligations to tenants.
- The SCPHA's total net position decreased by \$46,255 during the fiscal year.
- As of June 30, 2014, the SCPHA had no restricted net position.

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.

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 position presents information on all of the SCPHA's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 14-21 of this report.

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of an agency's financial position. In the case of the SCPHA, net position exceeded liabilities by \$752,120 at the close of the current fiscal year.

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
June 30, 2014**

Management's Discussion and Analysis

The largest portion of the SCPHA's net position represents the Authority's investment of \$699,472 as of June 30, 2014 and \$753,410 as of June 30, 2013 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 POSITION
June 30,**

	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 70,279	\$ 116,283
Capital Assets, Net of Accumulated Depreciation	<u>699,472</u>	<u>753,410</u>
Total Assets	<u>\$ 769,751</u>	<u>\$ 869,693</u>
Liabilities		
Current Liabilities	<u>\$ 17,631</u>	<u>\$ 71,318</u>
Total Liabilities	17,631	71,318
Net Position		
Net Invested in Capital Assets	699,472	753,410
Restricted	-	-
Unrestricted	<u>52,648</u>	<u>44,965</u>
Total Net Position	<u>752,120</u>	<u>798,375</u>
Total Liabilities and Net Position	<u>\$ 769,751</u>	<u>\$ 869,693</u>

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
June 30, 2014**

Management's Discussion and Analysis

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

	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Dwelling Rental	\$ 81,466	\$ 60,952
Operating Subsidies	126,664	84,812
Capital Grant	8,429	87,752
Other Income	2,639	4,096
Total Operating Revenues	<u>219,198</u>	<u>237,612</u>
Operating Expenses:		
Administration	68,767	59,871
Audit	11,798	11,483
Utilities	50,928	51,224
Ordinary Maintenance and Operations	32,540	37,428
Insurance	9,789	8,120
Personnel Services	27,826	27,393
Total Operating Expenses	<u>201,648</u>	<u>195,519</u>
Operating Income (Loss)	17,553	42,093
Depreciation Expense	60,668	38,025
Gain on Fire Loss	<u>(1,000)</u>	<u>1,305</u>
Change in Net Position	<u>(44,115)</u>	<u>5,373</u>
Net Position-Beginning	798,375	794,102
Prior Period Adjustment	<u>(2,140)</u>	<u>(1,100)</u>
Adjusted Net Position	<u>\$ 796,235</u>	<u>\$ 793,002</u>
Net Position-Ending	<u>\$ 752,120</u>	<u>\$ 798,375</u>

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
SANTA CLARA, NEW MEXICO
June 30, 2014**

Management's Discussion and Analysis

Analysis of Changes in Net Position (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 \$126,664. Grant revenues in the grant fund totaled \$8,429.

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 increased \$6,126 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 position for the low-rent fund was \$52,648. The total increase in transfers was \$7,683. 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, 2014 amount to \$699,472 (net of accumulated depreciation). Capital assets include improvements, buildings, machinery, and equipment. There was an increase in business-type capital assets in the amount of \$6,730 (excluding accumulated depreciation) for the current fiscal year.

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

	2014	2013
Buildings	\$ 8,386	\$ 52,263
Computer Software	1,722	2,942
Improvements	684,523	690,643
Machinery and Equipment	4,841	7,562
Capital Assets, Net of Accumulated Depreciation	\$ 699,472	\$ 753,410

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 2014 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 \$19,466. 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, 2014**

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 Position
Proprietary Fund
June 30,

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets:		
Cash and equivalents	\$ 51,733	\$ 71,787
Dwelling rent receivable (net of allowance for doubtful accounts)	475	558
Accounts receivable - HUD	8,429	-
Due from insurance company	-	35,070
Prepaid expenses	6,683	6,145
Tenant deposits	2,959	2,723
Total current assets	<u>70,279</u>	<u>116,283</u>
Capital assets:		
Other capital assets, net of accumulated depreciation	699,472	753,410
Total assets	<u><u>\$ 769,751</u></u>	<u><u>\$ 869,693</u></u>
Liabilities:		
Current liabilities:		
Accounts payable	9,014	63,491
Accrued payroll	2,543	2,489
PEPA payable	-	1,082
Payroll taxes payable	2,034	1,495
Compensated absences- current portion	1,081	38
Tenant deposits	2,959	2,723
Total current liabilities	<u>17,631</u>	<u>71,318</u>
Total liabilities	<u>17,631</u>	<u>71,318</u>
Net Position:		
Net investment in capital assets	699,472	753,410
Unrestricted	52,648	44,965
Total net position	<u>752,120</u>	<u>798,375</u>
Total liabilities and net position	<u><u>\$ 769,751</u></u>	<u><u>\$ 869,693</u></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 Position
Proprietary Fund
For the Year-Ended June 30,

	2014	2013
Operating Revenue:		
Dwelling rental	\$ 81,466	\$ 60,952
Grant income	8,429	87,752
Federal subsidies	126,664	84,812
Other income	2,639	4,096
Total operating revenue	<u>219,198</u>	<u>237,612</u>
Operating Expenses:		
Administrative salaries	48,920	43,008
Bad debt	(565)	969
Legal	672	196
Training	695	764
Travel	1,498	84
Other expenses	17,809	15,090
Auditing fee	11,798	11,843
Utilities	50,928	51,224
Maintenance salaries	13,000	7,956
Maintenance materials	7,735	7,091
Contract	11,540	21,781
Insurance	9,789	8,120
Employee benefits	27,826	27,393
Total operating expenses	<u>201,645</u>	<u>195,519</u>
Operating income (loss)	17,553	42,093
Depreciation expense	(60,668)	(38,025)
Gain from fire loss	(1,000)	1,305
Change in net position	<u>(44,115)</u>	<u>5,373</u>
Total net position, beginning of year	798,375	794,102
Prior year net audit adjustments not posted	<u>(2,140)</u>	<u>(1,100)</u>
Adjusted net position beginning of year	<u>796,235</u>	<u>793,002</u>
Total net position, end of year	<u>\$ 752,120</u>	<u>\$ 798,375</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,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from dwelling rentals	\$ 81,466	\$ 60,952
Cash received from federal subsidies	126,664	84,812
Other income	2,639	4,096
Gain on fire loss	(1,000)	1,305
Cash payments to suppliers and employees	<u>(222,857)</u>	<u>(165,503)</u>
Net cash provided by (used for) operating activities	<u>(13,088)</u>	<u>(14,338)</u>
Cash flows from capital financing activities		
Purchase of capital assets	-	87,752
Cash payments to suppliers	<u>(6,730)</u>	<u>(87,752)</u>
Net cash used for financing activities	<u>(6,730)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(19,818)	(14,338)
Cash and cash equivalents – beginning of year	<u>74,510</u>	<u>88,848</u>
Cash and cash equivalents – end of year	<u>\$ 54,692</u>	<u>\$ 74,510</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, 2014

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	\$ 17,553	\$ 42,093
Change in unrestricted assets adjustments to reconcile		
Capital grant prior period adjustments		(87,752)
Gain on fire loss	(1,000)	1,305
Prior period adjustment	(2,140)	3,922
Operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in tenants receivable	83	778
(Increase) decrease in subsidy receivable	-	5,312
(Increase) decrease in accounts receivable - HUD	(8,429)	-
(Increase) decrease in fire loss receivable	-	3,772
(Increase) decrease due from insurance	35,070	(35,070)
(Increase) decrease in prepaid expenses	(538)	2,032
Increase (decrease) in accounts payable	(54,477)	56,494
Increase (decrease) PERA payable	(1,082)	(3,808)
Increase (decrease) in compensated absences	1,043	(5,064)
Increase (decrease) in payroll taxes payable	539	870
Increase (decrease) in accrued payroll	54	815
Increase (decrease) in tenant security deposits	236	(37)
	<u>236</u>	<u>(37)</u>
Net cash provided (used) by operating activities	<u>\$ (13,088)</u>	<u>\$ (14,338)</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, 2014

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 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 position, revenues and expenses.

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.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Accounting (continued)

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 position. Net position, 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 position. 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.

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, 2014 and 2013, respectively.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2014 and 2013, 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

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 five days, one week 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 15 years of employment, an employee will acquire 20 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 Position

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

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

Restricted 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 assets consist of net position that does not meet the definition of "restricted" or "net investment in capital assets."

L. 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.

M. 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.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

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.

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

	2014	2013
Cash	\$ 51,733	\$ 71,787
Tenant Deposits	2,959	2,723
Total	\$ 54,692	\$ 74,510

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.

	2014	2013
Checking	\$ 54,692	\$ 74,510
Less FDIC checking	(54,692)	(74,510)
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, 2014 and 2013, respectively, 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, are as follows:

	Low Income Housing	
	2014	2013
Dwelling rent receivable	\$ 475	\$ 558
Totals-net of allowance for doubtful accounts	\$ 475	\$ 558

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, 2014

NOTE 5 CAPITAL ASSETS

The following is a summary of capital assets and changes occurring during the years-ended June 30, 2014 and June 30, 2013. Land is not subject to depreciation.

Business-Like Activities	Balance			Balance
	June 30, 2012	Additions	Deletions	June 30, 2013
Capital assets being depreciated				
Buildings	\$ 625,592	\$ -	\$ -	\$ 625,592
Improvements	896,088	6,730	-	902,818
Computer Software	6,100	-	-	6,100
Furniture, equipment, vehicles	61,381	-	-	61,381
Total	<u>1,589,161</u>	<u>6,730</u>	<u>-</u>	<u>1,595,891</u>
Accumulated depreciation				
Building	573,329	43,877	-	617,206
Computer Software	3,158.00	1,220	-	4,378
Improvements	205,545	12,750	-	218,295
Furniture, equipment, vehicles	53,719	2,821	-	56,540
Total	<u>835,751</u>	<u>60,668</u>	<u>-</u>	<u>896,419</u>
Net book value	<u>\$ 753,410</u>	<u>\$ (53,938)</u>	<u>\$ -</u>	<u>\$ 699,472</u>

Depreciation expense relating to business-like activities for the years-ended June 30, 2014 and June 30, 2013 totaled \$60,668 and \$38,075, respectively.

NOTE 6 COMPENSATED ABSENCES

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

Balance			Balance	Due
June 30,2013	Additions	Decreases	June 30,2014	Within
				One Year
<u>\$ 38</u>	<u>\$ 1,081</u>	<u>\$ 38</u>	<u>\$ 1,081</u>	<u>\$ 1,081</u>

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

NOTE 7 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, 2014 and 2013.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 8 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, 2014 and 2013 were \$4,656 and \$3,727 equal to the amount of the required contributions for the years, respectively.

NOTE 9 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 10 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, 2014 and 2013 are \$10,328 and \$8,120, respectively.

NOTE 11 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. Two units were destroyed by fire. The insurance company is in the process of determining the total loss. The amount of the loss is estimated to be approximately \$196,443 at June 30, 2013 of which all but \$35,070 has been reimbursed by the insurance company. The loss was reimbursed during the year ending June 30, 2014 in the amount of \$35,070.

NOTE 12 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, 2014 and 2013, HUD awarded \$126,664 and \$84,812 as operating subsidies.

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 13 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 14 INTERGOVERNMENTAL TRANSACTIONS

During the years ended June 30, 2014 and 2013, the SCPHA paid approximately \$26,621 and \$16,300, respectively, for water expenses to the Village of Santa Clara.

NOTE 15 PRIOR PERIOD ADJUSTMENT

During the fiscal year ending June 30, 2011, \$2,191 was paid to relocate the residence of the unit that was destroyed by fire. Prior period Audit Adjustments were posted the net amount of \$2,140 during the year ending June 30, 2014.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Proprietary Fund
Low Rent Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
Budget (Non-GAAP Basis) and Actual
For the Year-Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variances With Final Budget over (under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Tenant rental income	\$ 63,500	\$ 80,000	\$ 81,466	\$ 1,466
Federal grant revenue	-	-	8,429	8,429
Federal subsidies	103,000	126,000	126,664	664
Other non rental income	19,130	2,250	2,639	389
Total revenues	<u>185,630</u>	<u>208,250</u>	219,198	<u>10,948</u>
Add: Beginning cash	71,827	71,871		
	<u>\$ 257,457</u>	<u>\$ 280,121</u>		
Expenses:				
Administrative salaries	47,250	49,000	48,920	(80)
Bad debts	-	-	(565)	(565)
Legal	250	675	672	(3)
Staff training	400	700	695	(5)
Travel	2,790	1,500	1,498	(2)
Accounting fees	3,370	4,050	4,050	-
Auditing fees	10,300	11,800	11,798	(2)
Other admin expenses	6,290	8,390	13,759	5,369
Water	13,600	14,110	16,423	2,313
Electricity	19,100	22,320	22,319	(1)
Gas	8,000	7,450	7,434	(16)
Sewer	4,200	4,760	4,751	(9)
Maintenance salaries	13,000	13,000	13,000	-
Materials	6,000	9,500	7,734	(1,766)
Contract costs	7,500	11,550	11,540	(10)
Insurance	10,000	9,790	9,790	-
Employee benefit contributions	23,000	27,900	27,827	(73)
Total expenses	<u>175,050</u>	<u>196,495</u>	<u>201,645</u>	<u>(5,150)</u>
Excess (deficiency) of revenues over expenditures			17,553	
Differences between GAAP and Non-GAAP				
Depreciation		(60,668)		
Gain on fire loss		<u>(1,000)</u>		
			<u>(61,668)</u>	
Net changes in fund balance			(44,115)	
Total net position - beginning of year			798,375	
Prior period adjustment			<u>(2,140)</u>	
Total net position - end of year			<u>\$ 752,120</u>	

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

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Schedule of Depositories
June 30, 2014

	<u>Type</u>	<u>Amount Per Bank</u>	<u>Plus DIT</u>	<u>Less O/S Cks</u>	<u>Balance Per Books</u>
Wells Fargo Operating	CK	<u>\$ 53,711</u>	<u>\$ 1,150</u>	<u>\$ 169</u>	<u>\$ 54,692</u>

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, 2014

Line Item No.	Account Description	2014	2013
111	Cash-Unrestricted	\$ 51,733	\$ 71,787
112	Cash-Restricted-Modernization	-	-
114	Cash-Tenant Security Deposits	2,959	2,723
100	Total Cash	54,692	74,510
122	Accts Receivable – HUD Other	8,429	35,070
125	Accts Receivable – Miscellaneous	-	-
126	Accts Receivable – Tenants – Rents	880	1,527
126.1	Allowance for Doubtful Accts-Rents	(405)	(969)
126.2	Allowance for Doubtful Accts -Other	-	-
120	Total Receivables, net of allowances	8,904	35,628
	Prepaid Insurance	6,683	6,145
144	Interprogram Due From	-	-
150	Total Current Assets	70,279	116,283
161	Land	-	-
162	Buildings	625,592	625,592
164	Furniture, Equipment & Machinery	67,481	61,381
165	Leasehold Improvements	902,818	902,188
166	Accumulated Depreciation	(896,419)	(835,751)
160	Total Fixed Assets, Net of Acc. Dep.	699,472	753,410
180	Total Non-Current Assets	-	-
190	Total Assets	769,751	869,693
312	Accounts Payable <= 90 Days	9,014	63,491
321	Accrued Wage/Payroll Taxes Payable	4,577	5,066
322	Accrued Compensated Absences-Cur.	1,081	38
333	Accounts Payable-Other Govt.	-	-
341	Tenant Security Deposits	2,959	2,723
347	Interprogram Due To	-	-
310	Total Current Liabilities	17,631	71,318
350	Total Non-Current Liabilities	-	-
300	Total Liabilities	17,631	71,318
508	Total Contributed Capital		
508.1	Net Invested in Capital Assets	699,472	753,410
511	Total Reserved Fund Balance		
511.1	Restricted Assets		
512.1	Unrestricted Assets	52,648	44,865
513	Total Equity/Net Position	752,120	798,375
600	Total Liabilities and Equity/Net Position	\$ 769,751	\$ 869,693

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,

Line Item No.	Account Description	2014	2013
703	Net Tenant Rental Revenue	\$ 81,466	\$ 60,952
705	Total Tenant Revenue	81,466	60,952
706	HUD PHA Operating Grants	-	-
706.1	Capital Grants	8,429	87,752
	Federal subsidies	126,664	84,812
711	Investment Income-Unrestricted	-	-
713	Proceeds from Disposition of Assets Held for Sale	-	-
713.1	Cost of Sale of Assets	-	-
715	Other Revenue	2,639	5,401
720	Investment Income-Restricted	-	-
700	Total Revenue	219,198	238,917
911	Administrative Salaries	48,920	43,008
912	Auditing Fees	11,798	11,843
914	Compensated Absences	-	-
915	Employee Benefit Contributions-Adm	27,826	27,393
916	Other Operating –Administrative	13,759	16,134
931	Water	16,423	16,300
932	Electricity	22,319	23,370
933	Gas	7,434	6,934
938	Other Utilities Expense	4,751	4,620
941	Ordinary Maintenance and Ops-Labor	13,000	7,956
942	Ordinary Maintenance and Ops-Mat.	7,734	7,091
943	Ordinary Maintenance and Ops-Cont.	11,540	21,781
961	Insurance Premiums	9,790	8,120
964	Bad Debt-Tenant Rents	(565)	969
969	Total Operating Expenses	201,645	195,519
970	Excess Operating Revenue over Operating Expenses	1,755	43,398
974	Depreciation Expense	60,668	38,025
1001	Operating Transfers In	-	-
1002	Operating Transfers Out	-	-
1010	Total Other Financing Sources (Uses)	1,000	1,100
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(44,115)	4,273
1102	Debt Principal Payments – Enterprise		
1103	Beginning Equity	\$ 798,375	\$ 794,102
1120	Unit Months Available	384	384
1121	Number of Unit Months Leased	366	360

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
June 30, 2014**

Federal Grantor/Pass Through Grantor Program	Federal CFDA Number	Grant Number	Award Amount	Current Federal Expenditure	Remaining Balance
US Department of Housing and Urban Development	14.850	NM024000095	\$ 126,664	\$ 126,664	\$ -
US Department of Housing and Urban Development	14.850	NM02PO2950112	\$ 1,726	\$ 1,726	\$ -
US Department of Housing and Urban Development	14.850	NM02PO2950113	\$ 7,003	\$ 7,003	\$ -
Total Expenditures of Federal Awards			<u>\$ 135,393</u>	<u>\$ 135,393</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

COMPLIANCE SECTION



**MARCUS,
FAIRALL,
BRISTOL + CO., PLLC**

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities and the budgetary comparison of Santa Clara Public Housing Authority of and for the years-ended June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise Santa Clara Public Housing Authority 's basic financial statements and have issued our report thereon dated November 20, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Clara Public Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of Santa Clara Public Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

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

Marcus, Fairall, Bristol, + Co., P.L.L.C.
El Paso, Texas
November 20, 2014

STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Schedule of Findings and Responses
June 30, 2014

Prior Year Reportable Findings and Questioned Costs – Financial Statement Findings

Finding 06-2012 – Recording Audit Adjustment Entries – Resolved

Finding 06-02-2013 – Noncompliance of Submission of the Audit Contract – Resolved

Finding 06-2012 – Failure to Properly Account for Fire Loss – Resolved

Current Year Reportable Findings and Questioned Costs – Financial Statement Findings

None to be Reported

**STATE OF NEW MEXICO
SANTA CLARA PUBLIC HOUSING AUTHORITY
Exit Conference
June 30, 2014**

EXIT CONFERENCE

As exit conference was held on November 21, 2014, with Jack Fairall, CPA of Marcus, Fairall, Bristol + Co., PLLC with the following SCPHA officials:

Sharon Gonzalez-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 is Sherry Karlin with Quality Accounts, LLC.