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Certified Public Accountants

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING
AUTHORITY**

FINANCIAL STATEMENTS

JUNE 30, 2010

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY**

Official Roster	1
Independent Auditor's Report	2
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Statement of Net Assets	10
Government-Wide Statement of Activities	11
Government-Wide Statement of Cash Flows	12
Statement of Net Assets – Enterprise Funds	14
Statement of Revenues, Expenses and Changes in Net Assets – Enterprise Funds	15
Statement of Cash Flows – Enterprise Funds	16
Notes to Financial Statements	17
Combining and Individual Fund Statements and Schedules	
Public Housing Combining Statement of Net Assets	32
Public Housing Combining Statement of Revenues, Expenses and Changes in Net Assets	33
Public Housing Combining Statement of Cash Flows	34
Section 8 Combining Statement of Net Assets	35
Section 8 Combining Statement of Revenues, Expenses and Changes in Net Assets	36
Section 8 Combining Statement of Cash Flows	37
Capital Projects Combining Statement of Net Assets	38
Capital Projects Combining Statement of Revenues, Expenses and Changes in Net Assets	39
Capital Projects Combining Statement of Cash Flows	40
Summary of Nonmajor Funds	41
Combining Statement of Net Assets – Nonmajor Enterprise Funds	42

Combining Statement of Revenues, Expenses and Changes in Net Assets – Nonmajor Enterprise Funds	43
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	44
Schedules of Revenues, Expenses and Changes in Net Assets - Budget to Actual Housing Authority – Santa Fe	45
Housing Authority - Espanola	46
Schedules of Revenues, Expenses and Changes in Net Assets - Budget to Actual Section 8 Voucher – Santa Fe	47
Schedules of Revenues, Expenses and Changes in Net Assets - Budget to Actual Capital Projects – Santa Fe	48
Capital Projects - Espanola	49
Schedules of Revenues, Expenses and Changes in Net Assets - Budget to Actual Santa Fe Housing Development Corporation Cielo Azul	50 51
Schedules of Revenues, Expenses and Changes in Net Assets - Budget to Actual La Cieneguita Region II Voucher	52 53
Supplemental Information	
Combined Schedule of Deposits and Investments	54
Schedule of Pledged Collateral	55
Financial Data Schedule	56
Single Audit Information	
Schedule of Expenditures of Federal Awards	59
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	60
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	62
Summary Schedule of Prior Audit Findings	64
Schedule of Findings and Questioned Costs	65
Exit Conference	75

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY**

Official Roster

Board of Directors

Michael Gonzales	Chairperson
Gerard Gonzales	Co-Chairperson
John Wheeler	Board Member
Virginia Soto	Board Member
Lawrence Elmer Longacre	Board Member

Management

Ed Romero	Executive Director
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Independent Auditor's Report

To the Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Santa Fe Civic Housing Authority (the Authority), a component unit of the City of Santa Fe, as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Authority's nonmajor enterprise funds and budgetary comparisons for all the major and non-major funds presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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. 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 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 opinion.

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in financial position of each major fund and of the Authority. They do not purport to, and do not, present fairly the financial position of the entire City of Santa Fe, New Mexico as of June 30, 2010, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of June 30, 2010, and the respective changes in financial position and cash flows thereof, and the budgetary comparison for each major governmental fund's activities, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor enterprise fund of the Authority and the respective changes in financial position and cash flows thereof, and the budgetary comparison statements referred to above present fairly, in all material respects, the budgetary comparisons for the funds of the Authority for the year then ended in conformity with the budgetary basis approved by the US Department of Housing and Urban Development, and more fully described in Note 2, which is a basis of accounting consistent with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 28, 2011, on our consideration of the 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 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 inquiries 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 basic financial statements and the combining and individual fund financial statements and budgetary comparisons that collectively comprise the Authority's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Not-for-Profit Organizations*, and is not a required part of the basic financial statements. The combined schedule of deposits and investments, schedule of pledged collateral market value, and the financial data schedule are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Ricci & Company LLC

Albuquerque, New Mexico
March 28, 2011

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

This section of the Santa Fe Civic Housing Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2010. Please read it in conjunction with the Authority's financial statements, which follow this section.

Operational Highlights

The 2010 fiscal year had several significant extraordinary changes as follows:

- The Authority incorporated the Espanola Housing Authority within its Public Housing program and its Voucher program. This increased unit counts in Public Housing by 178 and Voucher by 200.
- The Authority received 3 extra ARRA Recovery Funds with the Capital fund program for an approximate increase of \$6.7 million in capital funds awarded during this period.
- The Authority demolished 104 public housing units within its Santa Fe Public Housing portfolio resulting in a loss of \$1,926,499 book value of assets during this period.
- The Authority began a redevelopment program at the site of the demolished units and is currently developing 110 apartments through separate 9% LITHC and 4% LITHC programs. The Authority is the developer and general partner in both projects.
- The Santa Fe Development refinanced its bonds through a commercial loan paying off \$1,810,000 in bonds and taking on a \$2.7 million dollar loan.
- The Cielo Azul program paid off the Church of the Holy Faith note of approximately \$500,000.

Financial Highlights

- Net assets of the Authority increased from \$11,743,165 to \$ 20,634,791 as of June 30, 2010 primarily due to the effect of those items discussed in operational highlights above. This primarily represents a net program revenue stream from operations of \$3,916,016, the net assets acquired from the Espanola Housing Authority of \$6,917,887 and a loss of \$1,926,499 from the disposition of the 104 units mentioned above. These transactions will represent a one-time spike in revenues/net assets that were the result of stimulus and development programs and now likely to happen again.
- Operating revenues of the Authority's enterprise units increased by \$6,309,563 primarily due the issues noted in the operational highlights above.
- The Authority's net capital assets increased by \$6,784,081. Again stimulus funding, development/disposition activity and consolidation of the Espanola Housing Authority programs were the driving factor in these increases.

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010

Overview of the Financial Statements

The financial statements consist of three parts - management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Authority:

- The first two statements are Government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.
- The remaining statements are fund financial statements of the Authority's six distinct programs which all follow an accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains some of the information in the Authority-wide and fund financial statements and provides more detailed data.

The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

The Authority-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes all of the Authority's assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type and are reported in its proprietary funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has one fund type:

- Proprietary Fund - The Authority's activities are in its proprietary funds, which activities are accounted for in a manner similar to businesses operating in the public sector. Funding has primarily arisen through the issuances of bonds, both tax-exempt and taxable, the proceeds of which are primarily used to make various types of loans to finance low and moderate-income housing. The net assets of these funds represent accumulated earnings since their inception and are generally restricted for program purposes.

Financial Analysis of the Authority as a Whole

Net Assets. The combined net assets of the Authority increased by \$8,891,626 from the June 30, 2009 amount. The following table shows a summary of changes from prior year amounts.

Santa Fe Civic Housing Authority
(A Component Unit of the City of
Santa Fe)
Management's Discussion and Analysis (Continued)

	Analysis Tables		Proprietary		Increase (Decrease)	
	2010	2009	Amt	%		
Cash and investments	\$6,964,339	\$4,279,395	2,684,944	63%		
Accounts receivable	92,438	52,372	40,066	77%		
Federal grants receivable	628,798	28,951	599,847	2072%		
Other receivables	1,135,700	1,055,365	80,335	8%		
Other current assets	117,263	114,298	2,965	3%		
Total current assets	8,938,538	5,529,381	3,409,157	62%		
Other assets	82,269	0	82,269	n/a		
Fixed assets (net)	17,396,624	10,612,543	6,784,081	64%		
Total assets	26,417,431	16,141,924	10,275,507	64%		
Accounts payable	312,405	91,614	220,791	241%		
Compensated absences payable	181,353	163,271	18,082	11%		
Tenant security deposits	75,739	64,268	11,471	18%		
Bonds and notes payable	781,036	948,624	(167,588)	18%		
Escrows and deposits	136,096	96,100	39,996	42%		
Deferred revenue	507,963	47,742	460,221	964%		
Accrued interest	0	55,625	(55,625)	(100)%		
Total current liabilities	1,994,592	1,467,244	527,338	36%		
Notes payable	3,788,048	1,121,515	2,666,533	238%		
Bonds payable long term	0	1,810,000	(1,810,000)	(100)%		
Total liabilities	5,782,640	4,398,759	1,383,881	31%		
Net assets	<u>\$20,634,791</u>	<u>\$11,743,165</u>	<u>8,891,626</u>	<u>76%</u>		

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010

Cash and investments increased \$2,684,944 primarily due to the integration of Espanola housing and refinancing of Santa Fe Development.

Combining Statement of Revenues, Expenses and Changes in Net Assets. This statement shows the sources of the Authority's changes in net assets as they arise from the seven programs and functions. The increase in net assets occurred primarily from the items in the operation section above. All programs demonstrated positive cash flow activities prior to depreciation.

A condensed Statement of Revenues, Expenses and Changes in Net Assets for the fiscal years ended June 30, 2010 and 2009 is shown in the table below.

Santa Fe Civic Housing Authority's
Statement of Revenues, Expenses
and Changes in Net Assets

	2010	2009	Increase (Decrease) Amount	%
Facility rentals	\$ 2,252,801	1,977,471	275,330	14%
HUD grant and subsidy	13,226,840	7,192,607	6,034,233	84%
Other revenue	385,129	302,610	82,519	27%
Total operating revenue	15,864,770	9,472,688	6,392,082	67%
Housing Program	11,563,625	9,898,074	1,665,551	17%
Operating income	4,301,145	(425,386)	(4,726,531)	1,111%
Total non-operating revenues (expenses)	(1,867,185)	60,428	(1,927,613)	(3,190)%
Change in net assets	2,433,960	(364,958)	2,798,918	767%
Capital contributions	6,457,666	0	6,457,666	n/a
Total change in net assets	\$ 8,891,626	(364,958)	9,256,584	2,536%

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010

Facility rental income increased by \$275,330 due to the integration of Espanola Housing Authority. All other programs remained stable. Other revenue increases were the result of one-time grant programs with corresponding increases in operating expenses while core recurring programs remained stable.

Operating expenses increased \$1,665,551. The Public Housing Program (Espanola) program accounted for most of this amount.

Budgetary Highlights

There were two budget adjustments occurring during this fiscal year in Housing Authority and Cielo Azul. In all the funds, except for the Espanola Housing Authority fund, budgeted expenditures exceeded actual expenditures. The primary reason why the Housing Authority is over budget is because the project was transferred over to SFCHA in September 2010 but effective July 1, 2009 making a budget adjustment impossible.

Net Asset Analysis

Program	Increase (Decrease)
Housing Authority	\$ 1,925,443
SF Housing Development	(20,065)
Section 8	428,951
Cielo Azul	150,144
Non-Major Funds	(50,513)
Capital Projects	<u> -</u>
 Total operational increase	 <u>\$ 2,433,960</u>

Again operational items noted in the first paragraph were the primary factor in these increases.

SANTA FE CIVIC HOUSING AUTHORITY
(A Component Unit of the City of Santa Fe)
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2010

The increase in Section 8 Voucher was the result of no recapture of excess HAP funds occurred during this cycle. As such, the Authority recognizes that most of the fund balance in the Voucher programs could be affected by HUD recapturing such balances in future years.

Capital Asset and Debt Administration

- Capital assets increased by approximately \$6,784,081 primarily from the Espanola and stimulus funding in the capital fund.
- The Santa Fe Development refinanced its bonds through a commercial loan paying off \$1,810,000 in bonds and taking on a \$2.7 million dollar loan. In addition, the Cielo Azul program paid off the Church of the Holy Faith note of approximately \$500,000. All other debt arrangements followed the scheduled payments.

Economic Factors and Next Year's Budgets

Funding is determined at the federal level and 2011 budgets have not been appropriated by HUD at this time. It is anticipated that funding will significantly decrease from 2010 which was at 100%.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information would be addressed to the Executive Director, 664 Alta Vista, Santa Fe, NM 87501.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
June 30, 2010

ASSETS

Current Assets

Cash, investments and equivalents	\$ 6,454,010
Tenant receivable, net	96,440
Other receivables	1,135,700
Federal grants receivable	628,798
Prepaid expenses	99,805
Inventory	13,456
Cash, investments and equivalents - restricted	<u>510,329</u>

Total current assets 8,938,538

Capital Assets

Land	1,142,589
Construction in progress	3,765,612
Buildings and improvements	31,625,927
Furniture and fixtures	882,914
Machinery, equipment and vehicles	198,875
Vehicles	379,090
Accumulated depreciation	<u>(20,598,383)</u>

Total capital assets (net of accumulated depreciation) 17,396,624

Other Assets

Loan issuance costs, net	<u>82,269</u>
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Total assets \$ 26,417,431

LIABILITIES

Current Liabilities

Accounts payable	\$ 312,405
Tenant security deposits	75,739
Compensated absences payable	181,353
Bonds payable	-
Notes payable	781,036
Escrows and deposits	136,096
Deferred revenue	507,963
Accrued interest	<u>-</u>

Total current liabilities 1,994,592

Noncurrent Liabilities

Bonds payable, less current portion	-
Notes payable, less current portion	<u>3,788,048</u>

Total liabilities \$ 5,782,640

NET ASSETS

Invested in capital assets, net of related debt	\$ 12,827,540
Unrestricted	<u>7,807,251</u>

Total net assets \$ 20,634,791

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

Program expenses	
Housing	\$ 11,563,625
	<hr/>
Program revenues	
Charges for services	2,252,801
Operating grants and contributions	13,226,840
Total program revenues	<hr/> 15,479,641 <hr/>
	<hr/>
Net program expense	<hr/> 3,916,016 <hr/>
	<hr/>
General revenues	
Interest income	59,314
Other revenues	385,129
Loss on disposal of assets	(1,926,499)
Total general revenues	<hr/> (1,482,056) <hr/>
	<hr/>
Change in net assets	2,433,960
	<hr/>
Net assets, beginning	11,743,165
Equity transfers	(460,221)
Capital contributions - Espanola Housing net assets, beginning	6,917,887
	<hr/>
Net assets, ending	<hr/> \$ 20,634,791 <hr/>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF CASH FLOWS
Year Ended June 30, 2010

Cash Flows From Operating Activities	
Cash received from customers and grantors	\$ 14,363,929
Cash payments to suppliers for goods and services	(8,001,633)
Cash payments to employees for services	<u>(1,785,403)</u>
Net cash provided by operating activities	<u>4,576,893</u>
Cash Flows From Capital and Related Financing Activities	
Insurance reimbursements	-
Acquisition and construction of capital assets	<u>(4,266,820)</u>
Net cash used by capital and related financing activities	<u>(4,266,820)</u>
Cash Flows From Noncapital Financing Activities	
Cash transfers from other funds	100,664
Proceeds from long-term debt	3,191,855
Principal paid on debt maturities	(2,765,855)
Interest paid on debt	<u>(19,198)</u>
Net cash provided by noncapital financing activities	<u>507,466</u>
Cash Flows From Investing Activities	
Loans made to other entities	765,298
Interest and dividends on investments	<u>59,314</u>
Net cash provided by investing activities	<u>824,612</u>
Net decrease in cash and cash equivalents	1,642,151
Cash investments and cash equivalents at beginning of year	<u>5,322,188</u>
Cash investments and cash equivalents at end of year	<u><u>\$ 6,964,339</u></u>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2010

Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 4,050,514
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,541,028
Change in assets and liabilities	
Accounts receivable	(972,231)
Prepaid expenses	1,037
Due from other funds	(120,779)
Other current assets	-
Accounts payable	220,790
Accrued interest	(59,627)
Escrow and deposits	39,996
Compensated absences payable	2,597
Deposits	(21,481)
Due to other funds	(112,581)
Due to HUD	-
Deferred revenues	(374)
Total adjustments	518,375
Net cash provided by operating activities	\$ 4,568,889

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

	Housing Authority	Section 8 Voucher	Capital Projects	SF Housing Development Corporation	Cielo Azul	Nonmajor Funds	Total
ASSETS							
Current Assets							
Cash, investments and equivalents	\$ 1,641,404	1,749,018	-	2,330,663	139,402	593,523	6,454,010
Tenant receivable	91,629	-	-	809	-	4,002	96,440
Federal grants receivable	628,798	-	-	-	-	-	628,798
Other receivable	788,993	21,507	-	300,000	25,200	-	1,135,700
Due from other funds	305,695	1,504,514	-	-	4,625	39,815	1,854,649
Prepaid expenses	80,706	-	-	9,134	4,853	5,112	99,805
Inventory	13,456	-	-	-	-	-	13,456
Cash, investments and equivalents - restricted	510,329	-	-	-	-	-	510,329
Total current assets	4,061,010	3,275,039	-	2,640,606	174,080	642,452	10,793,187
Capital Assets							
Land	299,637	-	-	268,652	300,000	274,300	1,142,589
Construction in progress	3,765,612	-	-	-	-	-	3,765,612
Buildings and improvements	24,994,146	-	-	3,708,510	1,300,000	1,623,271	31,625,927
Furniture and fixtures	682,336	-	-	200,578	-	-	882,914
Machinery and equipment	191,553	-	-	2,907	-	4,415	198,875
Vehicles	379,090	-	-	-	-	-	379,090
Accumulated depreciation	(17,091,948)	-	-	(2,897,467)	(259,998)	(348,970)	(20,598,383)
Total capital assets (net of depreciation)	13,220,426	-	-	1,283,180	1,340,002	1,553,016	17,396,624
Other Assets							
Loan issuance costs, net	-	-	-	82,269	-	-	82,269
Due from other funds	-	-	-	500,000	-	-	500,000
Total assets	\$ 17,281,436	3,275,039	-	4,506,055	1,514,082	2,195,468	28,772,080
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 245,856	60,000	-	6,500	-	49	312,405
Tenant security deposits	56,090	-	-	14,343	-	5,306	75,739
Compensated absences payable	181,353	-	-	-	-	-	181,353
Notes payable	500,000	-	-	63,032	211,596	6,408	781,036
Escrows and deposits	136,096	-	-	-	-	-	136,096
Due to other funds	426,942	466,052	-	505,280	25	456,350	1,854,649
Deferred revenue	-	507,963	-	-	-	-	507,963
Accrued interest	-	-	-	-	-	-	-
Total current liabilities	1,546,337	1,034,015	-	589,155	211,621	468,113	3,849,241
Noncurrent Liabilities							
Notes payable	-	-	-	3,058,934	638,352	90,762	3,788,048
Due to other funds	-	-	-	-	500,000	-	500,000
Total noncurrent liabilities	-	-	-	3,058,934	1,138,352	90,762	4,288,048
Total liabilities	\$ 1,546,337	1,034,015	-	3,648,089	1,349,973	558,875	8,137,289
NET ASSETS							
Invested in capital assets, net of related debt	\$ 12,720,426	-	-	(1,838,786)	490,054	1,455,846	12,827,540
Unrestricted	3,014,673	2,241,024	-	2,696,752	(325,945)	180,747	7,807,251
Total net assets	\$ 15,735,099	2,241,024	-	857,966	164,109	1,636,593	20,634,791

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Housing Authority	Section 8 Voucher	Capital Projects	SF Housing Development Corporation	Cielo Azul	Nonmajor Funds	Total
Operating Revenues							
Facilities rentals	\$ 1,200,507	-	-	761,226	148,829	142,239	2,252,801
HUD grant and subsidy	1,863,821	7,148,070	3,774,322	-	-	-	12,786,213
Other revenue	247,119	13,383	-	28,406	86,797	9,424	385,129
Total operating revenues	3,311,447	7,161,453	3,774,322	789,632	235,626	151,663	15,424,143
Operating Expenses							
Salaries, wages and benefits	901,842	590,411	-	171,047	-	69,075	1,732,375
Community welfare	143,817	5,906,280	-	-	-	-	6,050,097
Contractual services and utilities	394,915	25,705	228,665	65,427	24,650	25,801	765,163
Repairs and maintenance	601,075	-	-	89,798	5,306	12,430	708,609
Depreciation and amortization expense	1,148,301	-	-	277,842	43,333	71,552	1,541,028
Insurance	121,054	-	-	24,010	42,406	7,420	194,890
Other	155,302	172,455	-	29,206	6,608	13,894	377,465
Total operating expenses	3,466,306	6,694,851	228,665	657,330	122,303	200,172	11,369,627
Operating income (loss)	(154,859)	466,602	3,545,657	132,302	113,323	(48,509)	4,054,516
Nonoperating Revenues (Expenses)							
Interest on investments	20,517	12,349	-	18,404	4,733	3,311	59,314
Interest expense	-	-	-	(170,771)	(17,912)	(5,315)	(193,998)
State grants	440,627	-	-	-	-	-	440,627
Loss on disposition of assets	(1,926,499)	-	-	-	-	-	(1,926,499)
Operating transfers in	3,545,657	-	-	-	50,000	-	3,595,657
Operating transfers out	-	(50,000)	(3,545,657)	-	-	-	(3,595,657)
Total nonoperating revenues (expenses)	2,080,302	(37,651)	(3,545,657)	(152,367)	36,821	(2,004)	(1,620,556)
Change in net assets	1,925,443	428,951	-	(20,065)	150,144	(50,513)	2,433,960
Net assets, beginning of year	13,809,656	2,272,294	-	878,031	13,965	1,687,106	18,661,052
Equity transfer	-	(460,221)	-	-	-	-	(460,221)
Net assets, end of year	\$ 15,735,099	2,241,024	-	857,966	164,109	1,636,593	20,634,791

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Housing Authority	Section 8 Voucher	Capital Projects	SF Housing Development Corporation	Cielo Azul	Nonmajor Funds	Total
Cash Flows from Operating Activities							
Cash received from customers and grantors	\$ 2,708,280	7,139,946	3,774,322	360,302	233,792	147,287	14,363,929
Cash payments to suppliers for goods and services	(1,104,829)	(6,348,790)	(228,665)	(200,199)	(79,645)	(39,505)	(8,001,633)
Cash payments to employees for services	(899,245)	(590,411)	-	(226,672)	-	(69,075)	(1,785,403)
Net cash provided (used) by operating activities	704,206	200,745	3,545,657	(66,569)	154,147	38,707	4,576,893
Cash Flows from Capital Financing Activities							
Insurance reimbursement	-	-	-	-	-	-	-
Acquisition and construction of capital assets	(4,266,820)	-	-	-	-	-	(4,266,820)
Net cash used by capital financing activities	(4,266,820)	-	-	-	-	-	(4,266,820)
Cash Flows from Noncapital Financing Activities							
Cash transfers (to) from other funds	3,646,321	(50,000)	(3,545,657)	-	50,000	-	100,664
Proceeds from long-term debt	500,000	-	-	2,691,855	-	-	3,191,855
Principal paid on debt maturities	-	-	-	(2,203,034)	(557,050)	(5,771)	(2,765,855)
Interest paid on debt	-	-	-	(170,771)	156,888	(5,315)	(19,198)
Net cash provided (used) by noncapital financing activities	4,146,321	(50,000)	(3,545,657)	318,050	(350,162)	(11,086)	507,466
Cash Flows from Investing Activities							
Loans made to other entities	440,627	324,671	-	-	-	-	765,298
Interest and dividends on investments	20,517	12,349	-	18,404	4,733	3,311	59,314
Net cash provided by investing activities	461,144	337,020	-	18,404	4,733	3,311	824,612
Net Increase (decrease) in cash and cash equivalents	1,044,851	487,765	-	269,885	(191,282)	30,932	1,642,151
Cash investments and cash equivalents at beginning of year	1,106,882	1,261,253	-	2,060,778	330,684	562,591	5,322,188
Cash investments and cash equivalents at end of year	\$ 2,151,733	1,749,018	-	2,330,663	139,402	593,523	6,964,339
Reconciliation of operating income to net cash provided by operating activities							
Operating (loss) income	\$ (154,859)	466,602	3,541,655	132,302	113,323	(48,509)	4,050,514
Adjustments to reconcile operating income to net cash provided by operating activities							
Depreciation/amortization	1,148,301	-	-	277,842	43,333	71,552	1,541,028
Change in assets and liabilities	-	-	-	-	-	-	-
Accounts receivable	(646,334)	(21,507)	-	(298,554)	(1,834)	(4,002)	(972,231)
Prepaid expenses	(362)	-	-	3,283	(573)	(1,311)	1,037
Due from other funds	155,914	(276,751)	-	-	(127)	185	(120,779)
Other current assets	-	-	-	-	-	-	-
Accounts payable	155,782	60,000	-	4,959	-	49	220,790
Accrued interest	-	-	(4,002)	(55,625)	-	-	(59,627)
Escrow and deposits	39,996	-	-	-	-	-	39,996
Compensated absences payable	2,597	-	-	-	-	-	2,597
Deposits	(20,184)	-	-	(1,297)	-	-	(21,481)
Due to other funds	23,355	(27,599)	-	(129,479)	25	21,117	(112,581)
Due to HUD	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	(374)	(374)
Total adjustments	859,065	(265,857)	(4,002)	(198,871)	40,824	87,216	518,375
Net cash provided (used) by operating activities	\$ 704,206	200,745	3,537,653	(66,569)	154,147	38,707	4,568,889

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity. The Santa Fe Civic Housing Authority (Authority) serves all the citizens of the City of Santa Fe (City) by providing safe and affordable housing. The City is financially accountable for the component unit since the mayor, with approval of the City Council, appoints a voting majority of the governing board and can impose will on the entity.

The financial statements present only the financial position, results of operations and cash flows of the Authority and are not intended to present fairly the City's financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America. The Housing Authority had no blended or discrete component units during the fiscal year ended June 30, 2010.

Government-Wide and Fund Financial Statements. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Housing Authority had no governmental-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment and include depreciation expense. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

When resources are available from both restricted and unrestricted sources, the Housing Authority spends restricted resources first.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The Housing Authority had no fiduciary funds.

Measurement Focus, Basis of Accounting and Basis of Presentation. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their entity-wide statements, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

Enterprise funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with propriety fund's principal ongoing operations.

The County reports the following major governmental funds:

The *Housing Authority Fund* is comprised of the Authority's primary operating fund. It accounts for all the financial resources of the entity, except those required to be accounted for separately. The activity from Santa Fe and Espanola has been combined to create one major fund.

The *Section 8 Voucher Fund* is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Section 8 program. The activity from Santa Fe and Espanola has been combined to create one major fund.

The *SF Housing Development Corporation Fund* is used to account for the Section 8 property on Camino Consuelo Street.

The *Capital Projects Fund* is used to account for the activities of the Capital Projects Grant. This fund was also created to ease compliance with the HUD requirements. The activity from Santa Fe and Espanola has been combined to create one major fund.

The *Cielo Azul Fund* is used to account for the activity of an affordable housing project purchased in October 2005. The primary function is to house residents whose income is less than or equal to 80% of the area's median income.

Estimates. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Assets

Cash, Investments and Equivalents. For financial statement presentation, all demand deposits, money market accounts, petty cash funds, and short-term financial instruments with original maturities of three months or less are considered to be cash and cash equivalents.

Interfund Receivables and Payables. Short-term amounts owed between funds are classified as “due to/from other funds”. Interfund loans are classified as “advances to/from other funds” and are offset by a fund balance reserve account. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Accounts Receivable. All trade receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

Grant receivables are considered to be 100% collectible and an allowance was not created.

Inventories. The inventories held consist of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditure at the time of consumption. Inventories for the Authority are valued at cost. Inventories are included as part of current assets.

Prepaid Items. Prepaid balances are for payments made by the Authority in the current year to provide services that are applicable to future accounting periods.

Capital Assets. Property, plant and equipment owned by the Authority are recorded at cost or, if contributed property, at their fair market value at contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. Assets capitalized have an original cost of \$5,000 or more. Depreciation has been calculated on each class of depreciable property using the straight-line method, and included as a direct expense in the government-wide statements. Estimated useful lives are as follows:

	Years
Structures and improvements	40
Furniture and fixtures	5-7
Vehicles	5-8
Machinery and equipment	5-7

Compensated Absences. The Authority’s policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement.

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information. Annual budgets are adopted on a basis consistent with accounting principles approved by the US Department of Housing and Urban Development (HUD). This basis is consistent with principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all of the Authority's funds.

Due to no activity, the Mainstream Vouchers and Mora County funds were not budgeted in the current year.

Prior to June 1, the Authority's Director submits to the Board of Directors and HUD a proposed operating budget for the subsequent fiscal year. The operating budget includes proposed expenditures and the budgeted revenues.

The Authority's Director is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Authority's Board of Directors.

Formal budgetary integration is employed as a management control device during the year for all funds. The Authority at the functional level performs this budgetary control. The legal level of budgetary control is at the fund level.

NOTE 3. DEPOSITS AND INVESTMENTS

Cash and investments held by the Authority consist of cash on deposit with financial institutions and certificates of deposit. Deposits are secured by both federal depository insurance and collateral pledged in the Authority's name. Under New Mexico law, all deposits with financial institutions must be collateralized in an amount not less than 50% (102% for overnight deposits) of the uninsured balance. Market values of all cash and deposits approximate the cost of those assets.

Depository Accounts	
Insured	\$ 3,908,763
Collateral held by pledging bank's trust department not in the Authority's name	2,364,194
Uninsured and uncollateralized	<u>1,113,540</u>
Total deposits	<u>\$ 7,386,497</u>

Interest Rate Risk. The Authority's investment policy requires investment maturities to be scheduled to meet projected cash flow.

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$3,477,734 of the Authority's bank balance of \$7,386,497 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,113,540
Uninsured and collateral held by pledging bank's trust department not in the Authority's name	<u>2,364,194</u>
Total	<u>\$ 3,477,734</u>

The Authority’s funds shall be invested in accordance with New Mexico Statute 6-10-36. Funds that are declared excess due to the inability of local financial institutions to accept these deposits may be invested in U.S. government securities, or as otherwise provided by law. The Authority will diversify use of investment instruments to avoid incurring unreasonable risks inherent to over-investing in specific instruments, individual financial institutions or maturities.

At June 30, 2010, the Housing Authority had the following investments. All the investments are part of the SF Housing Development Corporation. Investments are valued at fair value based on quoted market prices as of June 30, 2010.

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Certificates of deposit		
Los Alamos Nat’l Bank	10/30/10	\$ 50,000
First Community Bank	7/17/10	<u>510,329</u>
Total certificates of deposit		<u>560,329</u>
Petty cash and other imprest		225
Bank deposits (book value)		<u>6,403,785</u>
Total deposits and other		<u>\$ 6,964,339</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4. TENANT RECEIVABLE

The Authority has a policy of allowing for all tenant receivables that are from participants that are no longer in the program. Tenant receivables are considered past due after 30 days. Interest is not accrued on past-due receivables. The tenant receivable and allowance for each fund are as follows:

	Tenant Receivable	Allowance	Net Tenant Receivable
Housing Authority	\$ 284,333	192,704	91,629
SF Housing Development Corp	809	-	809
La Cieneguita	4,002	-	4,002
Total tenant receivables	\$ 289,144	192,704	96,440

NOTE 5. INTERFUND ACTIVITY

The composition of interfund balances as of June 30, 2010, is as follows:

Receivable		Payable	
Fund	Amount	Fund	Amount
Current			
Housing Authority	\$ 282,155	Section 8 Voucher	\$ 113,759
		Housing Development Corp.	105,280
		La Cieneguita	38,341
		Espanola Section 8 Voucher	24,750
		Cielo Azul	25
Section 8 Voucher	1,140,927	Region II Voucher	416,256
		Housing Development Corp.	400,000
		Espanola Section 8 Voucher	324,671
Cielo Azul	4,625	Section 8 Voucher	2,872
		La Cieneguita	1,753
Region II Voucher	39,815	Housing Authority	39,815
Espanola Section 8 Voucher	363,587	Espanola Housing Operating	363,587
Espanola Housing Operating	23,540	Housing Authority	23,540

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5. INTERFUND ACTIVITY (CONTINUED)

Noncurrent			
Housing Development Corp	\$ 500,000	Cielo Azul	\$ 500,000
Total	\$2,354,649		\$2,354,649

The interfund balances are related to various deposits and disbursements made into or from the general bank account in which the activity is related to a different fund.

The composition of interfund transfers are related to grant activity and are as follows:

Santa Fe Capital Projects Fund to Housing Authority	\$2,579,187
Espanola Capital Projects to Housing Authority	966,470
Section 8 Voucher to Cielo Azul	50,000

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Espanola Contributions	Additions	Deletions/ Reclasses	Ending Balance
Capital assets, not being depreciated					
Land	\$ 865,152	277,437	-	-	1,142,589
Construction in progress	28,952	579,712	3,774,321	617,373	3,765,612
Total	894,104	857,149	3,774,321	617,373	4,908,201
Capital assets being depreciated					
Buildings and improvements	28,740,522	10,824,142	1,004,890	8,943,627	31,625,927
Furniture and fixtures	243,761	639,153	-	-	882,914
Machinery and equipment	236,391	-	4,318	41,834	198,875
Vehicles	240,331	138,759	-	-	379,090
Total	29,461,005	11,602,054	1,009,207	8,985,461	33,086,806
Less accumulated depreciation	19,742,566	6,379,628	1,535,151	7,058,962	20,598,383
Total capital assets being depreciated, net	9,718,439	5,222,426	(525,943)	1,926,499	12,488,423
Total capital assets	\$ 10,612,543	6,079,575	3,248,378	2,543,872	17,396,624

Depreciation expense for the year ended June 30, 2010 totaled \$1,541,028. The entire amount has been included in the Statement of Activities as a Housing Program expenditure.

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 6. CAPITAL ASSETS (CONTINUED)

Construction Commitments

The Authority has active construction projects as of June 30, 2010. The projects are either new housing developments or are housing development related. At year end the Authority's commitments with contractors are as follows:

<u>Project</u>	<u>Source</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Espanola – various housing	2005-2009 CFRG	\$ 1,674,182	98,000
Santa Fe sidewalk replacements	2008 CFP	75,103	-
Make Ready / Units	2008 CFP	121,716	-
Villa Alegre	2009 CFP CFRC	1,172,315	4,165,685
Alta Vista, Luisa/Hopewell windows and plaster	2008, 2009 CFP & 2009 CFRG	<u>722,296</u>	<u>280,000</u>
	TOTAL	<u>\$ 3,765,612</u>	<u>4,543,685</u>

NOTE 7. LONG-TERM DEBT

Bonds Payable

On December 9, 1993, the Santa Fe Housing Development Corporation (SFHDC) issued the SFHDC Multi-Family Mortgage Revenue Refunding Bond Series 1993A, issue amount of \$3,365,000 at 5.5% to 6% interest with a maturity date of February 1, 2018. These bonds were paid off during the year by acquiring a commercial mortgage on the property. The total principal and interest paid for the current year were \$1,955,000 and \$79,945, respectively.

Notes Payable

The Housing Authority entered into a note, a commercial mortgage with a bank, for the purpose of acquiring the Cielo Azul property for \$700,000 at 6% interest with a maturity date of October 2034, secured by property.

The Housing Authority assumed a \$109,620 note with MFA upon being granted ownership of Region II Vouchers. The note has an interest rate of 5.0% with a maturity date of December 2021.

The Housing Authority assumed a \$390,000 note with MFA, for the purpose of rehabilitating or constructing La Resolana units. The note has an interest rate of 3.0% with a maturity date of June 17, 2028.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7. LONG-TERM DEBT (CONTINUED)

The Housing Authority entered into a commercial mortgage with a Los Alamos National Bank, for the purpose of paying off the SFHDC 1993A Bonds and the \$200,000 commercial renovation note for \$2,780,000 at 4.25% interest with a maturity date of October 15, 2024 and has monthly payments of \$13,676.

The Housing Authority entered into a note, with a Santa Fe church, for the purpose of acquiring the Cielo Azul property for \$500,000 at 3% interest. No payment of interest or principal shall be required until October 2009, secured by property. The Authority accrued a total of \$71,250 of interest for the note. The total payoff required by the Church was \$546,050. The difference in interest of \$25,200 was applied against the current year interest expense.

The Housing Authority entered into an agreement with First Community Bank in the form of a note payable on July 1, 2009 in the original principal amount of \$500,000 for the purpose of additional working capital. The note has an interest rate of 3.55% and matures on September 29, 2010. The principal amount of the note is secured by the assignment of a deposit account in the form of a certificate of deposit described in Note 3 above.

The balances as of June 30, 2010 are as follows:

Bank note (Housing Authority)	\$ 500,000
Due to MFA note 2 (SFHDC)	373,096
Commercial mortgage (SFHDC)	2,748,870
Commercial mortgage (Cielo Azul)	649,948
Casas Buena Ventura note (Cielo Azul)	200,000
Due to MFA note 1 (Region II)	<u>97,170</u>
Total debt	4,569,084
Current portion	<u>(781,036)</u>
Total long-term debt	<u>\$ 3,788,048</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7. LONG-TERM DEBT (CONTINUED)

Total aggregate maturing of the notes payable at June 30, 2010, is as follows:

Year	<u>Commercial Mortgage</u>		<u>Commercial Mortgage</u>	
	Principal	Interest	Principal	Interest
2011	\$ 11,596	38,770	48,217	115,895
2012	12,311	38,055	50,307	113,805
2013	13,070	37,296	52,487	111,625
2014	13,876	36,490	54,762	109,350
2015	14,732	35,634	57,135	106,977
2016 – 2020	88,464	163,365	325,032	495,528
2021 – 2025	119,325	132,504	2,160,930	367,943
2026 – 2030	160,952	90,877	-	-
2031 – 2035	215,622	34,729	-	-
Total	\$ 649,948	607,720	2,748,870	1,421,123

Year	<u>FSB Note</u>		<u>Casas Note</u>	
	Principal	Interest	Principal	Interest
2011	\$ 500,000	-	200,000	-
2012	-	-	-	-
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016 – 2020	-	-	-	-
2021 – 2025	-	-	-	-
2026 – 2030	-	-	-	-
2031 – 2035	-	-	-	-
Total	\$ 500,000	-	200,000	-

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7. LONG-TERM DEBT (CONTINUED)

Year	MFA Note 1		MFA Note 2		Total Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 6,408	4,708	14,815	11,141	781,036	170,514
2012	6,736	4,380	15,270	10,686	84,624	166,926
2013	7,081	4,036	15,739	10,217	88,377	163,174
2014	7,443	3,673	16,222	9,734	92,303	159,247
2015	7,824	3,292	16,720	9,236	96,411	155,139
2016 – 2020	45,549	10,032	91,626	38,154	550,671	707,078
2021 – 2025	16,129	643	106,585	23,195	2,402,969	524,285
2026 – 2030	-	-	96,119	6,158	257,071	97,035
2031 – 2035	-	-	-	-	215,622	34,729
Total	\$ 97,170	30,764	373,096	118,521	4,569,084	2,178,127

Changes in Long-Term Liabilities. During the year ended June 30, 2010, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance			Balance	Due Within
	June 30, 2009	Additions	Deletions		
Bonds payable	\$ 1,955,000	-	(1,955,000)	-	-
Notes payable	1,925,139	3,480,000	(836,055)	4,569,084	781,036
Compensated absences	163,271	181,353	(163,271)	181,353	181,353
Total	\$ 4,043,410	3,661,353	(2,954,326)	4,750,437	962,389

For the year ended June 30, 2010, the Authority incurred \$193,998 of interest expense that has been included in the Statement of Activities as a Housing Program expenditure.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 8. RELATED PARTY TRANSACTIONS

The Authority assisted in the establishment of the not-for-profit entity, Casas Buena Ventura. This entity maintains a separate Board. However, there are certain Authority employees who sit on the Board. The Authority exercises no authority over this not-for-profit organization. In addition, the individual contracted to maintain the records for the Housing Development Fund is related by marriage to the Executive Director. The contract was awarded via competitive bid by the past Executive Director.

NOTE 9. CONTINGENCIES AND RISK MANAGEMENT

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

The Authority is involved in various legal actions arising from the ordinary course of operations. With respect to these actions, their counsel believes the outcome will not have a material adverse effect on the Authority's financial position. The Authority mitigates the risk of loss by purchasing commercial insurance. The Authority has the following policies:

- Worker's Compensation
- Property
- General Liability
- Auto Liability
- Employee Theft/Dishonesty/Crime Blanket Coverage
- Director's Liability Coverage
- Civil Rights

The Authority has not had any claims for which the settlement amount exceeded the insurance coverage during the past three years. However, should a claim be filed against the Authority which exceeds the insurance coverage, the Authority would be responsible for a loss in excess of the coverage amounts. There has not been any significant change in coverage from the previous years.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10. PENSION PLAN - PUBLIC EMPLOYEES' RETIREMENT

Plan Description. Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, 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 for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 13.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the Legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2010, 2009 and 2008 were \$97,097, \$89,196, and \$84,960, respectively, which equal the amount of the required contributions for each fiscal year.

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN

Plan Description. The Authority contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit post-employment health care plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the health care plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2010

NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment health care plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding Policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for health care benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer’s RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary. Each participating employee is required to contribute .65% of their salary.

In the fiscal years ending June 30, 2011 through June 30, 2013, the contribution rates for employees who are not members of an enhanced retirement plan will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY11	1.666%	.833%
FY12	1.834%	.917%
FY13	2.000%	1.000%

Employers joining the program after January 1, 1998 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Authority's contributions to the RHCA for the years ended June 30, 2010, 2009 and 2008 were \$13,795, \$12,673 and \$12,071, respectively, which equal the required contributions for each year.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 12. CONDUIT DEBT

As of June 30, 1999, there were two series of multi-family housing revenue bonds outstanding, or which were issued prior to July 1, 1998. The aggregate principal amount payable for the two series issued after July 1, 1998 was \$9,520,000. The first series, Tax Exempt – Series 1998A – with a principal amount payable of \$7,500,000 and Taxable – Series 1998B – with a principal amount payable of \$2,020,000 are for the purpose of financing all or part of the costs of the acquisition and construction of The Tuscany at St. Francis Project and certain costs in connection with the authorization, issuance and sale of the bonds. The Authority has no obligation to repay these bonds.

NOTE 13. BUDGET DEFICIT

Actual expenses exceeded budgeted expenses for the Espanola Public Housing Authority and Cielo Azul funds. The Authority was able to make up the shortfall by using cash that existed in each fund.

NOTE 14. CAPITAL GRANT CLOSEOUT

The following are the Public Housing Capital Fund expenditures that were incurred by the Authority:

NM02P010501-07	
1406 Operations	\$ 45,665
1410 Administration	50,000
1411 Audit	5,000
1450 Site Improvement	145,835
1470 Non-Dwelling Structures	<u>370,873</u>
Total grant expenditures	<u>\$ 617,373</u>

NOTE 15. ESPANOLA HOUSING AUTHORITY

In December 2008, at the direction of the U.S. Department of Housing and Urban Development (HUD), the Housing Authority began the management function of the Espanola Housing Authority (ESPHA). At this time, the ESPHA was designated by HUD as “troubled” due to both operational and financial issues. The Agreement was for the Authority to manage the ESPHA while HUD processed and approved the transfer of the Authority and its assets to the SFCHA. The Voucher Program was transferred in January 2009 with an effective date of July 1, 2009. The Public Housing Program transfer was approved in September 2010, retroactive to July 1, 2009.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

	Santa Fe Housing Authority	Espanola Housing Authority	Total
ASSETS			
Current Assets			
Cash, investments and equivalents	\$ 1,175,373	466,031	1,641,404
Tenant receivable	62,863	28,766	91,629
Federal grants receivable	277,805	350,993	628,798
Other receivable	788,993	-	788,993
Due from other funds	282,155	23,540	305,695
Prepaid expenses	30,083	50,623	80,706
Inventory	13,456	-	13,456
Cash, investments and equivalents - restricted	510,329	-	510,329
Total current assets	3,141,057	919,953	4,061,010
Capital Assets			
Land	22,200	277,437	299,637
Construction in progress	2,091,430	1,674,182	3,765,612
Buildings and improvements	14,170,004	10,824,142	24,994,146
Furniture and fixtures	43,183	639,153	682,336
Machinery and equipment	191,553	-	191,553
Vehicles	240,331	138,759	379,090
Accumulated depreciation	(10,364,159)	(6,727,789)	(17,091,948)
Total capital assets (net of depreciation)	6,394,542	6,825,884	13,220,426
Other Assets			
Due from other funds	-	-	-
Total assets	\$ 9,535,599	7,745,837	17,281,436
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 239,428	6,428	245,856
Tenant security deposits	42,880	13,210	56,090
Compensated absences payable	162,961	18,392	181,353
Bonds payable	-	-	-
Notes payable	500,000	-	500,000
Escrows and deposits	136,096	-	136,096
Due to other funds	63,355	363,587	426,942
Deferred revenue	-	-	-
Accrued interest	-	-	-
Total current liabilities	1,144,720	401,617	1,546,337
Noncurrent Liabilities			
Bonds payable	-	-	-
Notes payable	-	-	-
Due to other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	\$ 1,144,720	401,617	1,546,337
NET ASSETS			
Invested in capital assets, net of related debt	\$ 5,894,542	6,825,884	12,720,426
Unrestricted	2,496,337	518,336	3,014,673
Total net assets	\$ 8,390,879	7,344,220	15,735,099

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Housing Authority	Espanola Housing Authority	Total
Operating Revenues			
Facilities rentals	\$ 971,287	229,220	1,200,507
HUD grant and subsidy	1,442,313	421,508	1,863,821
Other revenue	179,003	68,116	247,119
Total operating revenues	2,592,603	718,844	3,311,447
Operating Expenses			
Salaries, wages and benefits	636,744	265,098	901,842
Community welfare	143,817	-	143,817
Contractual services and utilities	309,014	85,901	394,915
Repairs and maintenance	529,672	71,403	601,075
Depreciation expense	800,139	348,162	1,148,301
Insurance	121,054	-	121,054
Other	123,662	31,640	155,302
Total operating expenses	2,664,102	802,204	3,466,306
Operating loss	(71,499)	(83,360)	(154,859)
Nonoperating Revenues (Expenses)			
Interest on investments	13,438	7,079	20,517
Interest expense	-	-	-
State grant	440,627	-	440,627
Loss on disposition of assets	(1,926,499)	-	(1,926,499)
Operating transfers in	2,579,187	966,470	3,545,657
Operating transfers out	-	-	-
Total nonoperating revenues	1,106,753	973,549	2,080,302
Change in net assets	1,035,254	890,189	1,925,443
Net assets, beginning of year	7,355,625	6,454,031	13,809,656
Net assets, end of year	\$ 8,390,879	7,344,220	15,735,099

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Housing Authority	Espanola Housing Authority	Total
Cash Flows from Operating Activities			
Cash received from customers and grantors	\$ 2,312,621	395,659	2,708,280
Cash payments to suppliers for goods and services	(916,291)	(188,538)	(1,104,829)
Cash payments to employees for services	(637,054)	(262,191)	(899,245)
Net cash provided (used) by operating activities	759,276	(55,070)	704,206
Cash Flows from Capital Financing Activities			
Insurance reimbursement	-	-	-
Acquisition and construction of capital assets	(3,172,349)	(1,094,471)	(4,266,820)
Net cash used by capital financing activities	(3,172,349)	(1,094,471)	(4,266,820)
Cash Flows from Noncapital Financing Activities			
Cash transfers (to) from other funds	2,679,851	966,470	3,646,321
Proceeds from long-term debt	500,000	-	500,000
Principal paid on debt maturities	-	-	-
Interest paid on debt	-	-	-
Net cash provided by noncapital financing activities	3,179,851	966,470	4,146,321
Cash Flows from Investing Activities			
Proceeds from state grants	440,627	-	440,627
Interest and dividends on investments	13,438	7,079	20,517
Net cash provided by investing activities	454,065	7,079	461,144
Net increase (decrease) in cash and cash equivalents	1,220,843	(175,992)	1,044,851
Cash investments and cash equivalents at beginning of year	464,859	642,023	1,106,882
Cash investments and cash equivalents at end of year	\$ 1,685,702	466,031	2,151,733
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (71,499)	(83,360)	(154,859)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation/amortization	800,139	348,162	1,148,301
Change in assets and liabilities			
Accounts receivable	(343,265)	(303,069)	(646,334)
Prepaid expenses	50,261	(50,623)	(362)
Due from other funds	111,313	44,601	155,914
Other current assets	-	-	-
Accounts payable	149,354	6,428	155,782
Accrued interest	-	-	-
Escrow and deposits	39,996	-	39,996
Compensated absences payable	(310)	2,907	2,597
Deposits	(68)	(20,116)	(20,184)
Due to other funds	23,355	-	23,355
Due to HUD	-	-	-
Deferred revenues	-	-	-
Total adjustments	830,775	28,290	859,065
Net cash provided (used) by operating activities	\$ 759,276	(55,070)	704,206

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SECTION 8 COMBINING STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

	Santa Fe Section 8 Voucher	Espanola Section 8 Voucher	Total
ASSETS			
Current Assets			
Cash, investments and equivalents	\$ 1,262,167	486,851	1,749,018
Tenant receivable	-	-	-
Federal grants receivable	21,507	-	21,507
Other receivable	-	-	-
Due from other funds	1,140,927	363,587	1,504,514
Prepaid expenses	-	-	-
Inventory	-	-	-
Total current assets	2,424,601	850,438	3,275,039
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Buildings and improvements	-	-	-
Furniture and fixtures	-	-	-
Machinery and equipment	-	-	-
Vehicles	-	-	-
Accumulated depreciation	-	-	-
Total capital assets (net of depreciation)	-	-	-
Other Assets			
Due from other funds	-	-	-
Total assets	\$ 2,424,601	850,438	3,275,039
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 60,000	-	60,000
Tenant security deposits	-	-	-
Compensated absences payable	-	-	-
Bonds payable	-	-	-
Notes payable	-	-	-
Escrows and deposits	-	-	-
Due to other funds	116,631	349,421	466,052
Deferred revenue	507,963	-	507,963
Accrued interest	-	-	-
Total current liabilities	684,594	349,421	1,034,015
Noncurrent Liabilities			
Bonds payable	-	-	-
Notes payable	-	-	-
Due to other funds	-	-	-
Total noncurrent liabilities	-	-	-
Total liabilities	\$ 684,594	349,421	1,034,015
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	-	-
Unrestricted	1,740,007	501,017	2,241,024
Total net assets	\$ 1,740,007	501,017	2,241,024

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SECTION 8 COMBINING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Section 8 Voucher	Espanola Section 8 Voucher	Total
Operating Revenues			
Facilities rentals	\$ -	-	-
HUD grant and subsidy	7,148,070	-	7,148,070
Other revenue	13,383	-	13,383
Total operating revenues	7,161,453	-	7,161,453
Operating Expenses			
Salaries, wages and benefits	590,411	-	590,411
Community welfare	5,939,796	(33,516)	5,906,280
Contractual services and utilities	25,705	-	25,705
Repairs and maintenance	-	-	-
Depreciation expense	-	-	-
Insurance	-	-	-
Other	172,455	-	172,455
Total operating expenses	6,728,367	(33,516)	6,694,851
Operating income	433,086	33,516	466,602
Nonoperating Revenues (Expenses)			
Interest on investments	8,704	3,645	12,349
Interest expense	-	-	-
Insurance reimbursement	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(50,000)	-	(50,000)
Total nonoperating revenues (expenses)	(41,296)	3,645	(37,651)
Change in net assets	391,790	37,161	428,951
Net assets, beginning of year	1,808,438	463,856	2,272,294
Equity transfers	(460,221)	-	(460,221)
Net assets, end of year	\$ 1,740,007	501,017	2,241,024

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SECTION 8 COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Section 8 Voucher	Espanola Section 8 Voucher	Total
Cash Flows from Operating Activities			
Cash received from customers and grantors	\$ 7,139,946	-	7,139,946
Cash payments to suppliers for goods and services	(6,382,306)	33,516	(6,348,790)
Cash payments to employees for services	(590,411)	-	(590,411)
Net cash provided by operating activities	167,229	33,516	200,745
Cash Flows from Capital Financing Activities			
Insurance reimbursement	-	-	-
Acquisition and construction of capital assets	-	-	-
Net cash provided by capital financing activities	-	-	-
Cash Flows from Noncapital Financing Activities			
Cash transfers (to) from other funds	(50,000)	-	(50,000)
Proceeds from long-term debt	-	-	-
Principal paid on debt maturities	-	-	-
Interest paid on debt	-	-	-
Net cash used by noncapital financing activities	(50,000)	-	(50,000)
Cash Flows from Investing Activities			
Loans made to other entities	324,671	-	324,671
Interest and dividends on investments	8,704	3,645	12,349
Net cash provided by investing activities	333,375	3,645	337,020
Net increase in cash and cash equivalents	450,604	37,161	487,765
Cash investments and cash equivalents at beginning of year	811,563	449,690	1,261,253
Cash investments and cash equivalents at end of year	\$ 1,262,167	486,851	1,749,018
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 433,086	33,516	466,602
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation/amortization	-	-	-
Change in assets and liabilities			
Accounts receivable	(21,507)	-	(21,507)
Prepaid expenses	-	-	-
Due from other funds	(276,751)	-	(276,751)
Other current assets	-	-	-
Accounts payable	60,000	-	60,000
Accrued interest	-	-	-
Escrow and deposits	-	-	-
Compensated absences payable	-	-	-
Deposits	-	-	-
Due to other funds	(27,599)	-	(27,599)
Due to HUD	-	-	-
Deferred revenues	-	-	-
Total adjustments	(265,857)	-	(265,857)
Net cash provided by operating activities	\$ 167,229	33,516	200,745

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
CAPITAL PROJECTS COMBINING STATEMENT OF NET ASSETS
ENTERPRISE FUNDS
June 30, 2010

	Santa Fe Capital Projects	Espanola Capital Projects	Total
ASSETS			
Current Assets			
Cash, investments and equivalents	\$ -	-	-
Tenant receivable	-	-	-
Federal grants receivable	-	-	-
Other receivable	-	-	-
Due from other funds	-	-	-
Prepaid expenses	-	-	-
Other current assets	-	-	-
Total current assets	<u>-</u>	<u>-</u>	<u>-</u>
Capital Assets			
Land	-	-	-
Construction in progress	-	-	-
Buildings and improvements	-	-	-
Furniture and fixtures	-	-	-
Machinery and equipment	-	-	-
Vehicles	-	-	-
Accumulated depreciation	-	-	-
Total capital assets (net of depreciation)	<u>-</u>	<u>-</u>	<u>-</u>
Other Assets			
Due from other funds	-	-	-
Total assets	<u>\$ -</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	-	-
Tenant security deposits	-	-	-
Compensated absences payable	-	-	-
Bonds payable	-	-	-
Notes payable	-	-	-
Escrows and deposits	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Accrued interest	-	-	-
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities			
Bonds payable	-	-	-
Notes payable	-	-	-
Due to other funds	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	-	-
Unrestricted	-	-	-
Total net assets	<u>\$ -</u>	<u>-</u>	<u>-</u>

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
CAPITAL PROJECTS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Capital Projects	Espanola Capital Projects	Total
Operating Revenues			
Facilities rentals	\$ -	-	-
HUD grant and subsidy	2,679,852	1,094,470	3,774,322
Other revenue	-	-	-
Total operating revenues	2,679,852	1,094,470	3,774,322
Operating Expenses			
Salaries, wages and benefits	-	-	-
Community welfare	-	-	-
Contractual services and utilities	100,665	128,000	228,665
Repairs and maintenance	-	-	-
Depreciation expense	-	-	-
Insurance	-	-	-
Other	-	-	-
Total operating expenses	100,665	128,000	228,665
Operating income	2,579,187	966,470	3,545,657
Nonoperating Revenues (Expenses)			
Interest on investments	-	-	-
Interest expense	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(2,579,187)	(966,470)	(3,545,657)
Total nonoperating expenses	(2,579,187)	(966,470)	(3,545,657)
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	\$ -	-	-

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
CAPITAL PROJECTS COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	Santa Fe Capital Projects	Espanola Capital Projects	Total
Cash Flows from Operating Activities			
Cash received from customers and grantors	\$ 2,679,852	1,094,470	3,774,322
Cash payments to suppliers for goods and services	(100,665)	(128,000)	(228,665)
Cash payments to employees for services	-	-	-
Net cash provided by operating activities	2,579,187	966,470	3,545,657
Cash Flows from Capital Financing Activities			
Acquisition and construction of capital assets	-	-	-
Cash Flows from Noncapital Financing Activities			
Cash transfers to other funds	(2,579,187)	(966,470)	(3,545,657)
Principal paid on debt maturities	-	-	-
Interest paid on debt	-	-	-
Net cash used by noncapital financing activities	(2,579,187)	(966,470)	(3,545,657)
Cash Flows from Investing Activities			
Capital contributions	-	-	-
Interest and dividends on investments	-	-	-
Net cash provided by investing activities	-	-	-
Net increase in cash and cash equivalents	-	-	-
Cash investments and cash equivalents at beginning of year	-	-	-
Cash investments and cash equivalents at end of year	\$ -	-	-
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 2,579,187	966,470	3,545,657
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	-	-	-
Change in assets and liabilities			
Accounts receivable	-	-	-
Prepaid expenses	-	-	-
Due from other funds	-	-	-
Other current assets	-	-	-
Accounts payable	-	-	-
Accrued interest	-	-	-
Compensated absences payable	-	-	-
Deposits	-	-	-
Due to other funds	-	-	-
Due to HUD	-	-	-
Deferred revenues	-	-	-
Total adjustments	-	-	-
Net cash provided by operating activities	\$ 2,579,187	966,470	3,545,657

The Notes to the Financial Statements are an integral part of this statement.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SUMMARY OF NONMAJOR FUNDS
Year Ended June 30, 2010**

The Authority reports the following nonmajor enterprise funds:

The *La Cieneguita Fund* is used to account for the Section 202 project opened in November 2001.

The *Region II Fund* is used to account for the resources and expenditures that are directly related to the US Housing and Urban Development's Voucher Program for Region II.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
June 30, 2010

	La Cieneguita	Region II	Total
ASSETS			
Current Assets			
Cash, investments and equivalents	\$ 215,706	377,817	593,523
Tenant receivable	4,002	-	4,002
Federal grants receivable	-	-	-
Other receivable	-	-	-
Due from other funds	-	39,815	39,815
Prepaid expenses	5,112	-	5,112
Other current assets	-	-	-
Total current assets	224,820	417,632	642,452
Capital Assets			
Land	244,300	30,000	274,300
Construction in progress	-	-	-
Buildings and improvements	1,473,757	149,514	1,623,271
Furniture and fixtures	-	-	-
Machinery and equipment	4,415	-	4,415
Vehicles	-	-	-
Accumulated depreciation	(330,014)	(18,956)	(348,970)
Total capital assets (net of depreciation)	1,392,458	160,558	1,553,016
Other Assets			
Due from other funds	-	-	-
Total assets	\$ 1,617,278	578,190	2,195,468
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 49	-	49
Tenant security deposits	5,306	-	5,306
Compensated absences payable	-	-	-
Bonds payable	-	-	-
Notes payable	-	6,408	6,408
Escrows and deposits	-	-	-
Due to other funds	40,094	416,256	456,350
Deferred revenue	-	-	-
Accrued interest	-	-	-
Total current liabilities	45,449	422,664	468,113
Noncurrent Liabilities			
Bonds payable	-	-	-
Notes payable	-	90,762	90,762
Due to other funds	-	-	-
Total noncurrent liabilities	-	90,762	90,762
Total liabilities	\$ 45,449	513,426	558,875
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,392,458	63,388	1,455,846
Unrestricted	179,371	1,376	180,747
Total net assets	\$ 1,571,829	64,764	1,636,593

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	La Cieneguita	Region II	Total
Operating Revenues			
Facilities rentals	\$ 130,020	12,219	142,239
HUD grant and subsidy	-	-	-
Other revenue	9,424	-	9,424
Total operating revenues	139,444	12,219	151,663
Operating Expenses			
Salaries, wages and benefits	69,075	-	69,075
Community welfare	-	-	-
Contractual services and utilities	22,771	3,030	25,801
Repairs and maintenance	10,657	1,773	12,430
Depreciation expense	64,076	7,476	71,552
Insurance	6,607	813	7,420
Other	11,278	2,616	13,894
Total operating expenses	184,464	15,708	200,172
Operating loss	(45,020)	(3,489)	(48,509)
Nonoperating Revenues (Expenses)			
Interest on investments	1,564	1,747	3,311
Interest expense	-	(5,315)	(5,315)
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Total nonoperating revenues (expenses)	1,564	(3,568)	(2,004)
Change in net assets	(43,456)	(7,057)	(50,513)
Net assets, beginning of year	1,615,285	71,821	1,687,106
Net assets, end of year	\$ 1,571,829	64,764	1,636,593

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2010

	La Cieneguita	Region II	Total
Cash Flows from Operating Activities			
Cash received from customers and grantors	\$ 135,068	12,219	147,287
Cash received from other funds	-	-	-
Cash payments to suppliers for goods and services	(31,458)	(8,047)	(39,505)
Cash payments to other funds	-	-	-
Cash payments to employees for services	(69,075)	-	(69,075)
Net cash provided by operating activities	34,535	4,172	38,707
Cash Flows from Capital Financing Activities			
Acquisition and construction of capital assets	-	-	-
Cash Flows from Noncapital Financing Activities			
Cash transfers (to) from other funds	-	-	-
Principal paid on debt maturities	-	(5,771)	(5,771)
Interest paid on debt	-	(5,315)	(5,315)
Net cash used by noncapital financing activities	-	(11,086)	(11,086)
Cash Flows from Investing Activities			
Capital contributions	-	-	-
Interest and dividends on investments	1,564	1,747	3,311
Net cash provided by investing activities	1,564	1,747	3,311
Net increase (decrease) in cash and cash equivalents	36,099	(5,167)	30,932
Cash investments and cash equivalents at beginning of year	179,607	382,984	562,591
Cash investments and cash equivalents at end of year	\$ 215,706	377,817	593,523
Reconciliation of operating income to net cash provided by operating activities			
Operating loss	\$ (45,020)	(3,489)	(48,509)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation and amortization	64,076	7,476	71,552
Change in assets and liabilities			
Accounts receivable	(4,002)	-	(4,002)
Prepaid expenses	(1,311)	-	(1,311)
Due from other funds	-	185	185
Other current assets	-	-	-
Accounts payable	49	-	49
Accrued interest	-	-	-
Compensated absences payable	-	-	-
Deposits	-	-	-
Due to other funds	21,117	-	21,117
Due to HUD	-	-	-
Deferred revenues	(374)	-	(374)
Total adjustments	79,555	7,661	87,216
Net cash provided by operating activities	\$ 34,535	4,172	38,707

The Notes to the Financial Statements are an integral part of this statement.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SANTA FE HOUSING AUTHORITY
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 1,100,000	1,100,000	971,287	(128,713)
HUD grants and subsidy	1,110,000	1,110,000	1,442,313	332,313
Other operating revenues	607,000	607,000	179,003	(427,997)
Total operating revenues	2,817,000	2,817,000	2,592,603	(224,397)
Operating Expenses				
Operating	334,000	334,000	304,901	29,099
Community welfare	283,000	283,000	229,900	53,100
Utilities	320,000	320,000	309,014	10,986
Repairs and maintenance	660,000	660,000	693,318	(33,318)
General	295,000	295,000	326,830	(31,830)
Nonroutine expenditures	-	-	-	-
Depreciation	-	800,000	800,139	(139)
Total operating expenses	1,892,000	2,692,000	2,664,102	27,898
Operating income (loss)	925,000	125,000	(71,499)	(196,499)
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	2,579,187	2,579,187
Operating transfers out	-	-	-	-
State grants	-	-	440,627	-
Loss on disposition of assets	-	-	(1,926,499)	(1,926,499)
Interest on investments	4,000	4,000	13,438	9,438
Total nonoperating revenues	4,000	4,000	1,106,753	662,126
Change in net assets	929,000	129,000	1,035,254	465,627
Net assets, beginning of year	7,355,625	7,355,625	7,355,625	-
Net assets, end of year	\$ 8,284,625	7,484,625	8,390,879	465,627

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
ESPANOLA HOUSING AUTHORITY
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 220,000	220,000	229,220	9,220
HUD grants and subsidy	538,570	538,570	421,508	(117,062)
Other operating revenues	5,000	5,000	68,116	63,116
Total operating revenues	763,570	763,570	718,844	(44,726)
Operating Expenses				
Operating	211,875	211,875	63,701	148,174
Community welfare	-	-	-	-
Utilities	62,320	62,320	64,588	(2,268)
Repairs and maintenance	315,030	315,030	230,451	84,579
General	94,340	94,340	95,302	(962)
Nonroutine expenditures	-	-	-	-
Depreciation	78,050	78,050	348,162	(270,112)
Total operating expenses	761,615	761,615	802,204	(40,589)
Operating income (loss)	1,955	1,955	(83,360)	(85,315)
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	966,470	966,470
Operating transfers out	-	-	-	-
Interest on investments	5,000	5,000	7,079	2,079
Total nonoperating revenues	5,000	5,000	973,549	968,549
Change in net assets	6,955	6,955	890,189	883,234
Net assets, beginning of year	7,382,717	7,382,717	6,454,031	(928,686)
Net assets, end of year	\$ 7,389,672	7,389,672	7,344,220	(45,452)

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SANTA FE SECTION 8 VOUCHER
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 6,660,000	6,660,000	6,814,620	154,620
Interest income	20,000	20,000	8,704	(11,296)
Other revenue	2,000	2,000	13,383	11,383
Total operating revenues	6,682,000	6,682,000	6,836,707	154,707
Operating Expenses				
Operating	-	-	-	-
Contractual services	-	-	-	-
Community welfare	6,571,000	6,571,000	6,417,392	153,608
General	-	-	-	-
Insurance	-	-	-	-
Total operating expenses	6,571,000	6,571,000	6,417,392	153,608
Operating income	111,000	111,000	419,315	308,315
Nonoperating revenues (expenses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Port-in HAP reimbursement	300,000	300,000	304,669	4,669
Prt-admin fees	30,000	30,000	28,782	(1,218)
Port HAP	(300,000)	(300,000)	(310,976)	(10,976)
Total nonoperating expenses	(20,000)	(20,000)	(27,525)	(7,525)
Change in net assets	91,000	91,000	391,790	300,790
Net assets, beginning of year	1,808,438	1,808,438	1,808,438	-
Unbudgeted equity transfer	-	-	(460,221)	(460,221)
Net assets, end of year	<u>\$ 1,899,438</u>	<u>1,899,438</u>	<u>1,740,007</u>	<u>(159,431)</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SANTA FE CAPITAL PROJECTS FUND
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 3,905,511	3,905,511	2,679,852	(1,225,659)
Total operating revenues	3,905,511	3,905,511	2,679,852	(1,225,659)
Operating Expenses				
Repairs and maintenance	115,500	115,500	100,665	14,835
Total operating expenses	115,500	115,500	100,665	14,835
Operating income	3,790,011	3,790,011	2,579,187	(1,210,824)
Other Operating Revenues (Expenses)				
Operating transfers in	-	-	-	-
Operating transfers out	(3,790,011)	(3,790,011)	(2,579,187)	1,210,824
Total nonoperating expenses	(3,790,011)	(3,790,011)	(2,579,187)	1,210,824
Change in net assets	-	-	-	-
Net assets, beginning of year	-	-	-	-
Net assets, end of year	\$ -	-	-	-

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
ESPANOLA CAPITAL PROJECTS FUND
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Intergovernmental	\$ 1,246,279	1,246,279	1,094,470	(151,809)
Total operating revenues	<u>1,246,279</u>	<u>1,246,279</u>	<u>1,094,470</u>	<u>(151,809)</u>
Operating Expenses				
Repairs and maintenance	208,000	208,000	128,000	80,000
Total operating expenses	<u>208,000</u>	<u>208,000</u>	<u>128,000</u>	<u>80,000</u>
Operating income	<u>1,038,279</u>	<u>1,038,279</u>	<u>966,470</u>	<u>(71,809)</u>
Other Operating Revenues (Expenses)				
Operating transfers in	-	-	-	-
Operating transfers out	(1,038,279)	(1,038,279)	(966,470)	71,809
Total nonoperating expenses	<u>(1,038,279)</u>	<u>(1,038,279)</u>	<u>(966,470)</u>	<u>71,809</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, beginning of year	-	-	-	-
Net assets, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
SANTA FE HOUSING DEVELOPMENT CORPORATION
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 750,000	750,000	761,226	11,226
Other operating revenues	15,800	15,800	28,406	12,606
Total operating revenues	<u>765,800</u>	<u>765,800</u>	<u>789,632</u>	<u>23,832</u>
Operating Expenses				
Operating	218,600	218,600	111,720	106,880
Contractual services and utilities	89,000	89,000	65,426	23,574
Repairs and maintenance	173,000	173,000	127,033	45,967
General	81,000	81,000	75,511	5,489
Depreciation	300,000	300,000	277,640	22,360
Total operating expenses	<u>861,600</u>	<u>861,600</u>	<u>657,330</u>	<u>204,270</u>
Operating income (loss)	<u>(95,800)</u>	<u>(95,800)</u>	<u>132,302</u>	<u>228,102</u>
Nonoperating Revenues (Expenses)				
Interest on investments	20,000	20,000	18,404	(1,596)
Interest expense	(110,000)	(110,000)	(170,771)	(60,771)
Total nonoperating expenses	<u>(90,000)</u>	<u>(90,000)</u>	<u>(152,367)</u>	<u>(62,367)</u>
Change in net assets	<u>(185,800)</u>	<u>(185,800)</u>	<u>(20,065)</u>	<u>165,735</u>
Net assets, beginning of year	<u>878,031</u>	<u>878,031</u>	<u>878,031</u>	<u>(163,738)</u>
Net assets, end of year	<u>\$ 692,231</u>	<u>692,231</u>	<u>857,966</u>	<u>1,997</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
CIELO AZUL
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 140,000	140,000	148,829	8,829
Other operating revenues	-	-	86,797	86,797
Total operating revenues	140,000	140,000	235,626	95,626
Operating Expenses				
Operating	4,000	4,000	6,608	(2,608)
Contractual services and utilities	15,500	15,500	24,650	(9,150)
Repairs and maintenance	22,000	22,000	5,306	16,694
General	11,000	11,000	-	11,000
Insurance	-	-	42,406	(42,406)
Depreciation	50,000	50,000	43,333	6,667
Total operating expenses	102,500	102,500	122,303	(19,803)
Operating income	37,500	37,500	113,323	75,823
Nonoperating Revenues (Expenses)				
Transfers in	50,000	50,000	50,000	-
Interest on investments	-	-	4,733	4,733
Interest expense	(35,000)	(35,000)	(17,912)	17,088
Total nonoperating revenues	15,000	15,000	36,821	21,821
Change in net assets	52,500	52,500	150,144	97,644
Net assets, beginning of year	13,965	13,965	13,965	-
Net assets, end of year	\$ 66,465	66,465	164,109	97,644

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
LA CIENEGUITA
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 125,000	125,000	130,020	5,020
Other operating revenues	100	100	9,424	9,324
Total operating revenues	<u>125,100</u>	<u>125,100</u>	<u>139,444</u>	<u>14,344</u>
Operating Expenses				
Operating	39,000	39,000	39,865	(865)
Community welfare	1,200	1,200	1,000	200
Contractual services and utilities	19,600	19,600	15,666	3,934
Repairs and maintenance	50,700	50,700	36,562	14,138
Depreciation	70,000	70,000	64,076	5,924
General	27,000	27,000	27,295	(295)
Total operating expenses	<u>207,500</u>	<u>207,500</u>	<u>184,464</u>	<u>23,036</u>
Operating loss	<u>(82,400)</u>	<u>(82,400)</u>	<u>(45,020)</u>	<u>37,380</u>
Nonoperating Revenues				
Interest on investments	4,000	4,000	1,564	(2,436)
Change in net assets	<u>(78,400)</u>	<u>(78,400)</u>	<u>(43,456)</u>	<u>34,944</u>
Net assets, beginning of year	<u>1,615,285</u>	<u>1,615,285</u>	<u>1,615,285</u>	<u>21,790</u>
Net assets, end of year	<u>\$ 1,536,885</u>	<u>1,536,885</u>	<u>1,571,829</u>	<u>56,734</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS (BUDGET TO ACTUAL) -
REGION II VOUCHER
Year Ended June 30, 2010

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Rental income	\$ 180	180	12,219	12,039
Other income	-	-	-	-
Total operating revenues	180	180	12,219	12,039
Operating Expenses				
Operating	4,000	4,000	2,616	1,384
Community welfare	-	-	-	-
Contractual services and utilities	4,000	4,000	3,030	970
Other	-	-	-	-
Repairs and maintenance	3,000	3,000	1,773	1,227
Insurance	1,500	1,500	813	687
Depreciation	15,000	15,000	7,476	7,524
Total operating expenses	27,500	27,500	15,708	11,792
Operating loss	(27,320)	(27,320)	(3,489)	23,831
Nonoperating Revenues (Expenses)				
Interest on investments	500	500	1,747	1,247
Interest expense	(6,000)	(6,000)	(5,315)	685
Total nonoperating expenses	(5,500)	(5,500)	(3,568)	1,932
Change in net assets	(32,820)	(32,820)	(7,057)	25,763
Net assets, beginning of year	71,821	71,821	71,821	-
Net assets, end of year	\$ 39,001	39,001	64,764	25,763

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINED SCHEDULE OF DEPOSITS AND INVESTMENTS
(RECONCILIATION OF BANK BALANCE TO CARRYING BALANCE)
ALL FUNDS
June 30, 2010

	Type of Account	Bank Balance	Outstanding Checks	Deposits in Transit	Carrying Balance	Fair Value
Change, imprest funds	Petty Cash	\$ -	-	-	225	225
Deposits with financial institutions:						
NM Bank & Trust						
Operating (Camino Consuelo)	Savings	272,633	-	-	272,633	272,633
Market max 57 (La Cieneguita)	Savings	11,534	183	-	11,351	11,351
Market max 65 (La Cieneguita)	Savings	130,022	-	-	130,022	130,022
Market max 56 (La Cieneguita)	Savings	46,953	-	-	46,953	46,953
Market max 64 (La Cieneguita)	Savings	5,220	-	-	5,220	5,220
Operating (Camino Consuelo)	Checking	76,962	54,802	-	22,160	22,160
Valley National Bank						
Operating (Espanola)	Checking	494,228	28,196	-	466,032	466,032
Operating (Espanola Voucher)	Checking	486,151	-	-	486,151	486,151
FSB Escrow (Espanola Voucher)	Savings	700	-	-	700	700
First Community Bank						
General Fund Operating	Checking	1,157,038	267,105	-	889,933	889,933
Operating (Voucher)	Checking	1,305,200	50,866	-	1,254,334	1,254,334
FSB Reserve	Savings	78,282	-	30	78,312	78,312
FSS Escrow	Checking	119,562	414	-	119,148	119,148
Los Alamos National Bank						
Board Account	Savings	856,804	-	-	856,804	856,804
Operating (Camino Consuelo)	Checking	604,208	5,444	-	598,764	598,764
Security Deposit (Camino Consuelo)	Checking	18,591	-	-	18,591	18,591
Rehabilitation (SF Hsg Dev Corp)	Savings	283,981	-	-	283,981	283,981
Repair and Replace (SF Hsg Dev Corp)	Savings	130,373	-	-	130,373	130,373
Operating (Cielo Azul)	Checking	147,625	10,839	-	136,786	136,786
Debt Service Reserve (SF Hsg Dev Corp)	Savings	169,517	-	-	169,517	169,517
Security Deposit (Housing Authority)	Checking	19,960	607	-	19,353	19,353
Employee Fund	Checking	2,616	-	-	2,616	2,616
Operating (Region II)	Checking	380,723	2,906	-	377,817	377,817
TBRA (Section 8)	Checking	7,130	-	703	7,833	7,833
FSS PFH (Operating)	Checking	17,214	-	1,187	18,401	18,401
Total deposits		6,823,227	421,362	1,920	6,404,010	6,404,010
Investments						
Los Alamos National Bank						
Certificates of Deposit (Operating)	Certificate of Deposit	50,000	-	-	50,000	50,000
First Community Bank						
Certificates of Deposit	Certificate of Deposit	510,329	-	-	510,329	510,329
Total investments		560,329	-	-	560,329	560,329
Total deposits and investments		\$ 7,383,556	421,362	1,920	6,964,339	6,964,339

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
MARKET VALUE
June 30, 2010

	Maturity Date	Bank Balance	Federal Depository Insurance	Total Unsecured Public Funds	Required Collateral	Pledged Securities Market Value	Over/ (Under)
<u>New Mexico Bank & Trust</u>							
Checking and Savings	None	\$ 543,324	326,962	216,362	108,181	-	-
Collateral:							
Eastern NM Univ Rcv, Cusip 276785UD2	4/1/17	-	-	-	-	244,277	136,096
<u>First Community Bank:</u>							
Checking and Savings	None	2,660,082	2,581,801	78,281	39,141	-	-
Certificate of Deposit	8/17/11	510,329	250,000	260,329	130,165	-	-
Collateral held at FRB Dallas:							
GNR 2009-65 CB, Cusip 38373AHC3	9/16/24	-	-	-	-	308,796	-
GNR 2009-87 CA, Cusip 38376KNR8	1/20/33	-	-	-	-	300,039	439,530
<u>Los Alamos National Bank</u>							
Checking and Savings	None	2,638,742	447,059	2,191,683	1,095,842	-	-
Certificate of Deposit	10/30/10	50,000	50,000	-	-	-	-
Collateral:							
FHLB, Cusip 31339XLHQ9	6/10/11	-	-	-	-	1,078,143	(17,699)
<u>Valley National Bank</u>							
Checking and Savings	None	981,079	250,000	731,079	365,540	-	-
Collateral:							
FNMA Pool #60591 Cusip 31362GKC4	1/1/2018	-	-	-	-	41,376	-
Ft Bend CO TX Mud #118 Cusip 346816DR9	9/1/2017	-	-	-	-	247,428	-
FNMA Pool #800447 Cusip 31405VHY6	10/1/1934	-	-	-	-	571,478	494,743

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 June 30, 2010

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

	Project Total	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	8 Other Federal Program 1	14.870 Resident Opportunity and Supportive Services	1 Business Activities	Total
111 Cash - Unrestricted	\$1,455,631	\$1,749,018	\$871,397	\$593,523		\$136,786	\$4,806,355
112 Cash - Restricted - Modernization and Development							
113 Cash - Other Restricted	\$78,312					\$2,616	\$80,928
114 Cash - Tenant Security Deposits	\$57,461		\$16,591				\$76,052
115 Cash - Restricted for Payment of Current Liabilities							
100 Total Cash	\$1,591,404	\$1,749,018	\$889,988	\$593,523	\$0	\$139,402	\$4,963,335
121 Accounts Receivable - PHA Projects						\$25,200	\$25,200
122 Accounts Receivable - HUD Other Projects	\$628,798						\$628,798
124 Accounts Receivable - Other Government	\$788,993						\$788,993
125 Accounts Receivable - Miscellaneous		\$21,507	\$300,000				\$321,507
126 Accounts Receivable - Tenants	\$81,628		\$809	\$4,002			\$96,440
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0			\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0				\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current			\$82,269				\$82,269
128 Fraud Recovery	\$192,704						\$192,704
128.1 Allowance for Doubtful Accounts - Fraud	-\$192,704						-\$192,704
129 Accrued Interest Receivable							
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,509,420	\$21,507	\$300,809	\$4,002	\$0	\$25,200	\$1,860,938
131 Investments - Unrestricted	\$560,329		\$1,440,675				\$2,001,004
132 Investments - Restricted							
135 Investments - Restricted for Payment of Current Liability							
142 Prepaid Expenses and Other Assets	\$80,706		\$9,134	\$5,112		\$4,853	\$99,805
143 Inventories	\$13,456						\$13,456
143.1 Allowance for Obsolete Inventories	\$0						\$0
144 Inter Program Due From	\$305,695	\$1,504,514	\$500,000	\$39,816		\$4,625	\$2,354,649
145 Assets Held for Sale							
150 Total Current Assets	\$4,061,010	\$3,275,039	\$3,222,875	\$642,452	\$0	\$174,080	\$11,375,456
161 Land	\$289,637		\$268,652	\$274,300		\$300,000	\$1,142,589
162 Buildings	\$24,994,146		\$3,708,510	\$1,623,271		\$1,300,000	\$31,626,927
163 Furniture, Equipment & Machinery - Dwellings	\$673,889		\$203,485	\$4,415			\$1,081,789
164 Furniture, Equipment & Machinery - Administration							
165 Leasehold Improvements							
166 Accumulated Depreciation	-\$17,091,946		-\$2,897,467	-\$348,970		-\$259,998	-\$20,598,381
167 Construction in Progress	\$3,765,612						\$3,765,612
168 Infrastructure							
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,841,336	\$0	\$1,283,180	\$1,553,016	\$0	\$1,340,002	\$17,017,534
171 Notes, Loans and Mortgages Receivable - Non-Current							
172 Notes, Loans, & Mortgages Receivable - Non-Current - Past Due							
173 Grants Receivable - Non-Current							
174 Other Assets	\$379,090						\$379,090
176 Investments in Joint Ventures							
180 Total Non-Current Assets	\$13,220,426	\$0	\$1,283,180	\$1,553,016	\$0	\$1,340,002	\$17,396,624
190 Total Assets	\$17,281,436	\$3,275,039	\$4,506,055	\$2,195,468	\$0	\$1,514,082	\$28,772,080
311 Bank Overdraft							
312 Accounts Payable <= 90 Days	\$245,856	\$60,000	\$6,500	\$49			\$312,405
313 Accounts Payable >90 Days Past Due							
321 Accrued Wage/Payroll Taxes Payable							
322 Accrued Compensated Absences - Current Portion	\$181,353						\$181,353
324 Accrued Contingency Liability							
325 Accrued Interest Payable							
331 Accounts Payable - HUD PHA Programs							
332 Account Payable - PHA Projects							
333 Accounts Payable - Other Government							
341 Tenant Security Deposits	\$56,090		\$14,343	\$5,306			\$75,739
342 Deferred Revenues		\$507,963					\$507,963
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$500,000		\$63,032	\$6,408		\$211,596	\$781,036
344 Current Portion of Long-term Debt - Operating Borrowings							
345 Other Current Liabilities	\$136,096						\$136,096
346 Accrued Liabilities - Other							
347 Inter Program - Due To	\$426,942	\$486,052	\$505,280	\$456,350		\$25	\$1,854,649
348 Loan Liability - Current							
310 Total Current Liabilities	\$1,546,337	\$1,034,015	\$589,155	\$468,113	\$0	\$211,621	\$3,849,241

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 June 30, 2010

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non-A-133

351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$3,058,934	\$90,762		\$638,352	\$3,788,048
352 Long-term Debt, Net of Current - Operating Borrowings							
353 Non-current Liabilities - Other						\$500,000	\$500,000
354 Accrued Compensated Absences - Non Current							
355 Loan Liability - Non Current							
356 FASB 5 Liabilities							
357 Accrued Pension and OPEB Liabilities							
350 Total Non-Current Liabilities		\$0	\$3,058,934	\$90,762	\$0	\$638,352	\$3,788,048
300 Total Liabilities	\$1,548,337	\$1,034,015	\$3,648,089	\$558,875	\$0	\$1,349,973	\$8,137,289
508.1 Invested In Capital Assets, Net of Related Debt	\$12,720,426		-\$1,839,786	\$1,455,846		\$490,054	\$12,827,540
509.2 Fund Balance Reserved							
511.2 Unreserved, Designated Fund Balance							
511.1 Restricted Net Assets			\$0				\$0
512.1 Unrestricted Net Assets	\$3,014,873	\$2,241,024	\$2,696,752	\$180,747	\$0	-\$325,945	\$7,807,251
512.2 Unreserved, Undesignated Fund Balance							
513 Total Equity/Net Assets	\$15,735,099	\$2,241,024	\$857,968	\$1,636,593	\$0	\$164,109	\$20,634,791
600 Total Liabilities and Equity/Net Assets	\$17,281,436	\$3,275,039	\$4,506,055	\$2,195,468	\$0	\$1,514,082	\$28,772,080

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

	Project Total	14.871 Housing Choice Vouchers	14.102 NIC S/R Section	8 Other Federal Program 1	14.870 Resident Opportunity and	1 Business Activities	Total
70300 Net Tenant Rental Revenue	1,200,507		761,226	142,239		148,629	2,252,801
70400 Tenant Revenue - Other	-						-
70500 Total Tenant Revenue	1,200,507	0	761,226	142,239		148,629	2,252,801
70600 HUD PHA Operating Grants	1,809,270	714,807			54,551		9,011,891
70610 Capital Grants	3,774,332						3,774,332
70710 Management Fee							
70720 Asset Management Fee							
70730 Book Keeping Fee							
70740 Front Line Service Fee							
70750 Other Fees							
70700 Total Fee Revenue							
70800 Other Government Grants	440,627						440,627
71100 Investment Income - Unrestricted	20,517	12,349	18,404	3,311		4,733	59,314
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery		13,383					13,383
71500 Other Revenue	247,119	0	28,406	9,424		8,679	371,746
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted		0					
70000 Total Revenue	7,492,372	717,380	808,036	15,494	54,551	240,359	15,924,094
91100 Administrative Salaries	146,213	373,438	825,13	29,587	54,551		686,302
91200 Auditing Fees	20,302	1,271	8,000	3,000		1,000	45,018
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing							
91500 Employee Benefit Contributions - Administrative	304,107	158,337	51,299	20,688			534,431
91600 Office Expenses	117,162	161,404	11,582				290,148
91700 Legal Expense	18,694		1,404	377			20,475
91800 Travel	9,000	2,740					11,740
91610 Allocated Overhead							
91900 Other			8,219	10,517		5,608	24,344
91000 Total Operating - Administrative	815,478	708,635	163,017	64,169	54,551	6,608	1,612,458
92000 Asset Management Fee							
92100 Tenant Services - Salaries	86,074	54,231					140,305
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other							
92500 Total Tenant Services	86,074	54,231	0	0	0	0	140,305
93100 Water	127,035		20,151	8,137		5,894	161,217
93200 Electricity	50,571		6,109	3,224		20	59,924
93300 Gas	130,958		20,575	3,105		15	154,653
93400 Fuel							
93500 Labor							
93600 Sewer	65,037		18,592	4,230		5,753	93,612
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense				4,705			4,705
93000 Total Utilities	373,601	0	85,427	22,401	0	11,682	474,111

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 FINANCIAL DATA SCHEDULE
 June 30, 2010

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non-A-133

94100 Ordinary Maintenance and Operations - Labor	301,042		37235	18800			357,077
94200 Ordinary Maintenance and Operations - Materials and Other	601,075		49815	12430		5306	662,426
94300 Ordinary Maintenance and Operations Contracts	249,878	25705	46183	2400		12968	337,234
94500 Employee Benefit Contributions - Ordinary Maintenance							
94000 Total Maintenance	1,152,095	25705	127033	33630	0	18274	1,356,737
95100 Protective Services - Labor							
95200 Protective Services - Other Contract Costs							
95300 Protective Services - Other							
95500 Employee Benefit Contributions - Protective Services							
95000 Total Protective Services	0	0	0	0	0	0	
96110 Property Insurance	121,054		24011	7420		42406	194,891
96120 Liability Insurance							
96130 Workmen's Compensation							
96140 All Other Insurance							
96100 Total Insurance Premiums	121,054	0	24011	7420	0	42406	194,891
96200 Other General Expenses	143,817						143,817
96210 Compensated Absences							
96300 Payments in Lieu of Taxes							
96400 Bad debt - Tenant Rents							
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	143,817	0	0	0	0	0	143,817
96710 Interest of Mortgage (or Bonds) Payable			170771	5315		17912	193,998
96720 Interest on Notes Payable (Short and Long Term)							
96730 Amortization of Bond Issue Costs							
96700 Total Interest Expense and Amortization Cost	0		170771	5315	0	17912	193,998
96900 Total Operating Expenses	2,492,119	789571	550259	133935	54551	96682	4,116,317
97000 Excess of Operating Revenue over Operating Expenses	5,000,243	6365231	257777	21039	0	143477	11,807,267
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non-capitalized							
97300 Housing Assistance Payments		5906280					5,906,280
97350 HAP Portability-In							
97400 Depreciation Expense	1,148,301		277842	71552		43333	1,541,028
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	3,640,420	6694851	828101	205487	54551	140215	11,563,625
10010 Operating Transfer In	3,545,657					50000	3,595,657
10020 Operating Transfer Out	3,545,657	50000					3,495,657
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss	1,926,499						1,926,499
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	(1,926,499)	-50000	0	0	0	50000	(1,926,499)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	1,925,443	428951	-20065	-50513	0	150144	2,433,960
11020 Required Annual Debt Principal Payments	0	0	0	0	0	0	
11030 Beginning Equity	13,809,656	1808438	876031	71821	0	13965	16,581,911
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		3635	0	1615285			1,618,920
11050 Changes in Compensated Absence Balance							
11060 Changes in Contingent Liability Balance							
11070 Changes in Unrecognized Pension Transition Liability							
11080 Changes in Special Term/Severance Benefits Liability							
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents							
11100 Changes in Allowance for Doubtful Accounts - Other							
11170 Administrative Fee Equity		223173					223,173
11180 Housing Assistance Payments Equity		2017851					2,017,851
11190 Unit Months Available	6,420	11904	1200	300			19,824
11210 Number of Unit Months Leased	6,035	11190	1152	289			18,666
11270 Excess Cash	2,727,344						2,727,344
11610 Land Purchases							
11620 Building Purchases							
11630 Furniture & Equipment - Dwelling Purchases							
11640 Furniture & Equipment - Administrative Purchases							
11650 Leasehold Improvements Purchases							
11660 Infrastructure Purchases							
13510 CFFP Debt Service Payments							
13901 Replacement Housing Factor Funds							

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2010**

Federal Grantor/ Program Title	Federal CFDA Number	Receivable		Admin		Cash Receipts	Expenditures	Receivable		
		(Deferred Revenue) July 1, 2009	HAP Equity July 1, 2009	Admin Equity July 1, 2009	Equity Transfers			(Deferred Revenue) June 30, 2010	HAP Equity June 30, 2010	Admin Equity July 1, 2010
Department of Housing and Urban Development										
Public Housing Subsidy	14.850	\$ -	-	-	-	1,514,088	1,733,499	219,411	-	
Resident Opportunity and Supportive Services	14.855	-	-	-	-	54,551	54,551	-	-	
Capital Projects Fund	14.870	28,951	-	-	-	1,479,237	1,693,655	243,369	-	
Competitive CFP Stimulus	14.884	-	-	-	-	1,176,467	1,172,315	(4,152)	-	
Formula CFP Stimulus	14.885	-	-	-	-	709,230	908,351	199,121	-	
BTOP	14.557	-	-	-	-	75,771	75,771	-	-	
Section 8 Housing	14.87	-	1,348,217	-	463,855	7,173,802	6,744,850	-	2,017,851	
Total Department of Housing and Urban Development		\$ 28,951	1,348,217	-	463,855	12,183,146	12,382,992	657,749	2,017,851	223,173

NOTE 1.

The accompanying Schedule of Expenditures of Federal Awards presents the federal financial assistance programs of the Authority and does not include those expenditures of the City of Santa Fe, New Mexico.

NOTE 2.

This schedule has been prepared on the accrual basis of accounting.

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

**Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial
Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, the aggregate remaining fund information, and the combining and individual funds and related budgetary comparisons presented as supplemental information of the Santa Fe Civic Housing Authority (the Authority), a component unit of the City of Santa Fe, as of and for the year ended June 30, 2010, and have issued our report thereon dated March 28, 2011. 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

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

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *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.

To the Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we did identify certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting, 09-01. A *significant deficiency* is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that are required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16, and Section 12-6-4, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 05-01, 07-04, 09-02 and 10-5.

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

This report is intended solely for the information and use of management, others within the Authority, Office of the State Auditor, New Mexico Legislature, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.


Albuquerque, New Mexico
March 28, 2011

Ricci & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS
6200 UPTOWN BLVD. NE - SUITE 400
ALBUQUERQUE, NM 87110

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Compliance

We have audited the compliance of the State of New Mexico Santa Fe Civic Housing Authority (the Authority) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 10-01, 10-02, 10-03 and 10-04.

Board of Directors, Santa Fe Civic Housing Authority and
City Council, City of Santa Fe, New Mexico and
Mr. Hector Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

This report is intended solely for the information and use of management, others within the Authority, Office of the State Auditor, the New Mexico Legislature, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.


Albuquerque, New Mexico
March 28, 2011

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2010**

05-01	Cash Deposits and Related Liabilities	Resolved
07-04	Budgetary Compliance	Updated and Included
09-01	Financial Status	Updated and Included
09-02	Employee Travel and Per Diem	Updated and Included

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None Reported

Type of auditors' report issued on compliance for Major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 501(a) of Circular A-133?

Yes No

Identification of Major Programs Tested

#14.871	Section 8 Housing
#14.884	Public Housing Capital Fund Competitive (Recovery Act Funded)
#14.885	Public Housing Capital Fund Stimulus, Formula (Recovery Act Funded)

Dollar threshold used to distinguish between Type A and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

Yes No

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

09-01 FINANCIAL STATUS – LATE AUDIT

CRITERIA

The Committee of Sponsoring Organizations' (COSO) definition of internal control over financial reporting states that the internal controls over financial reporting should be effective and efficient.

In addition, the 2010 State Audit Rule 2.2.2.9 requires the Authority's audit report to be submitted by December 1, 2010.

CONDITION

In August 2010, the Authority was notified that it was responsible for all activity related to the Espanola Housing Authority, retroactive to July 1, 2009. Due to the timing of this notification, accounts related to Espanola for the year ended June 30, 2010 were not reconciled until December 2010. In addition, since the most recent audit related to the activity at Espanola was for the year ended June 30, 2009, in which the activity of the Espanola Housing Authority was disclaimed upon, significant procedures had to be completed to determine beginning balances.

In addition, as field work began, the Authority had not reconciled all balances, specifically completing the analysis related to intercompany accounts and material adjustments were required to be made to the Schedule of Expenditures of Federal Awards. However, once the reconciliations were completed, additional adjustments were not required to be made to the accounts as a result of our audit on those account balances.

EFFECT

Since the year-end adjusted balances were not completed in an efficient and timely manner, the submission of the Audit Report was late.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

09-01 FINANCIAL STATUS – LATE AUDIT (Continued)

CAUSE

Due to the timing of the notification regarding the inclusion of the Espanola Housing Authority audit with the Santa Fe Civic Housing Authority audit, the Authority was unable to complete the reconciliations in a timely manner. In addition, due to the timing and complexity of expending federal funds, the reconciliation of grant expenditures was not completed timely.

RECOMMENDATION

The Authority should prioritize a more timely reconciliation process for the year ended June 30, 2011.

MANAGEMENT RESPONSE

We concur, circumstances were outside of our control but we take responsibility.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

C. FINDING – FEDERAL MAJOR AWARD PROGRAMS

10-01 Reporting

14.872 – Capital Fund Program

Questioned Costs – None

CRITERIA

Per the OMB A-133 Compliance Supplement, the Authority is required to submit a Form HUD 60002, Section 3 Summary Report by January 10th each year.

CONDITION

The Authority did not submit the required HUD 60002 report for the funds received from the Capital Fund Recovery Grant (Grant #NM00900000109G).

CAUSE

The Authority submitted three other required HUD 60002 reports related to different capital fund grants, but failed to submit the quarterly report for the Capital Fund Recovery Grant because they failed to identify those funds had been spent prior to December 31, 2009. There is a lack of controls surrounding identification of required reports.

EFFECT

If the Authority does not comply with all reporting requirements, there is a risk that they could lose future funding.

RECOMMENDATION

We recommend that the Authority establish internal controls around reporting, possibly a reporting checklist, to help identify what reports need to be submitted and by what date.

MANAGEMENT RESPONSE

We concur, internal controls required are now in place, requiring the Finance Bureau to review the Section 3 reports and ensure timely and complete reporting.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

C. FINDING – FEDERAL MAJOR AWARD PROGRAMS

10-02 Cash Management

14.872 – Capital Fund Program

Questioned Costs – \$166,629.50

CRITERIA

Per the OMB A-133 Compliance Supplement, when an entity is funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

CONDITION

While testing a sample of six reimbursement requests, we identified one instance where the reimbursement request was made (3/8/10) prior to entity funds being disbursed (3/17/10).

CAUSE

There are internal control procedures in place surrounding reimbursement requests. However, in this instance, there were cash flow problems and the request was made prematurely.

EFFECT

If the Authority does not comply with cash management requirements, there is a risk that they could lose future funding.

RECOMMENDATION

We recommend that already established internal control policies surrounding cash management be followed.

MANAGEMENT RESPONSE

On February 22, 2010, the Authority received an invoice for construction work. On March 5, 2010 the Authority submitted a draw request for Capital Fund program funds related to that invoice believing it to be approved. Subsequent to that draw, the Authority determined that additional information was needed prior to our architect's signing off on the AIA document. Because of the additional information requirement, we did not process payment until March 17, 2010, approximately four days longer than allowed under CFP guidelines.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

C. FINDING – FEDERAL MAJOR AWARD PROGRAMS

**10-03 Rent Reasonableness
14.871 – Section 8 Voucher**

Questioned Costs – None

CRITERIA

Per 24 CFR 982.4, .54(d)(15), .158(f)(7), and .507 SFCHA is required to maintain records which document the basis for the determination that rent to the owner is reasonable.

CONDITION

In our testwork, we have determined that for five of twenty five individuals selected, SFCHA failed to maintain these records. It was determined that several other tenants located in the same complexes as those without documentation had similar rent and the rent charged was deemed reasonable.

EFFECT

Rent determination for individuals in the Section 8 program may be inappropriately determined and result in rent paid to a landlord which is above the average Fair Market Rate (FMR).

CAUSE

Management was unaware that the files did not contain all required documentation.

RECOMMENDATION

The Authority should develop a documentation checklist which can be included in each tenant's file allowing for quick determination of all required documents, which may be reviewed by supervisors of the program.

MANAGEMENT RESPONSE

We concur with the errors. This is due mostly to one staff member. Quality assurance programs are now in place and disciplinary action has been addressed.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

C. FINDING – FEDERAL MAJOR AWARD PROGRAMS

10-04 Data Collection Form

CRITERIA

The Data Collection Form and related reporting package have to be filed within nine months of the Authority's year end per the Single Audit Act.

CONDITION

The Authority did not file its Data Collection Form on a timely basis with the Federal Clearing House for the years ended June 30, 2009, 2008 and 2007.

CAUSE

Previous to the year ended June 30, 2007, the federal awards for the Authority were included with the City of Santa Fe's major program determination and included as part of the City's Data Collection Form. Starting with the year June 30, 2007, the Authority and the City started obtaining separate single audits and separate Data Collection Forms were not submitted by the Authority.

EFFECT

The submission was not made available on a timely basis for use by Federal grantors.

RECOMMENDATION

The Authority is required to submit Data Collection Forms for all years and should submit all required Data Collection Forms to the Federal Clearing Housing as soon as possible.

MANAGEMENT RESPONSE

Management has begun working with its current auditors to submit the 2008 and 2009 Data Collection Forms. Discussions have also been had with the auditors to make sure the June 30, 2010 Data Collection Form is submitted before March 31, 2010.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

D. FINDING – COMPLIANCE AND OTHER MATTERS

07-04 Budgetary Compliance

CRITERIA

Actual expenses exceeded budgeted expenses for the Espanola Public Housing Authority by \$40,589.

CONDITION

Per SAO Rule 2.2.2.10 P(1), “If actual expenditures exceed budgeted expenditures at the legal level of budgetary compliance, that fact must be reported in a finding.”

CAUSE

The adopted budget budgeted \$78,050 for depreciation expense. However, actual depreciation expense was \$348,162. This is the primary reason why the fund was over budget.

EFFECT

The Authority may jeopardize federal funding if budgets are not complied with.

RECOMMENDATION

We recommend that the Authority comply with legal budget requirements as outlined in the State Auditor Rule.

MANAGEMENT RESPONSE

We concur. This resulted from financial data relative to the Espanola Public Housing Authority which is resolved due to final transfer of the Authority to Santa Fe.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

D. FINDING – COMPLIANCE AND OTHER MATTERS

09-02 Employee Travel and Per Diem

Questioned Costs - \$258

CRITERIA

Per 10-8-4 NMSA 1978 and 2.42.2.8 (A) NMAC, “Where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.”

CONDITION

During our review of employee travel and per diem, in three of four items tested, individuals were paid per diem for meals when the Authority paid the actual cost of lodging. Because of this misinterpretation, travel request forms were not completed and receipts for actual meal expenses were not turned in, resulting in \$258 being paid to employees. The amounts paid were in compliance with the maximum allowable costs.

CAUSE

Management was unaware that, with the exception of the return day, it was not allowed to pay both actual and per diem on overnight travel.

EFFECT

The Authority is not in compliance with Section 10-8-4, NMSA 1978 and 2.42.2.8 NMAC.

RECOMMENDATION

We recommend that the employees in charge of reviewing and approving travel vouchers review 10-8-4 NMSA 1978 and 2.42.2.8 NMAC to become more familiar with the requirements on partial day per diem.

MANAGEMENT RESPONSE

We concur and change in policy has been communicated to the all employees that review and approve travel requests and reimbursements.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010**

D. FINDING – COMPLIANCE AND OTHER MATTERS

10-05 Pledged Collateral

CRITERIA

Section 6-10-17 NMSA 1978 states that any financial institution designated as a depository of public money shall deliver securities having an aggregate value of at least one-half of the amount of public money to be deposited to a custodial bank and shall deliver a joint safekeeping receipt issued by the custodial bank to the public official from whom the money is received for deposit.

CONDITION

During our review of cash, we noted that the Authority keeps checking and savings accounts for several of the Authority's funds at Los Alamos National Bank (LANB). Although collateral was provided, there was not enough to cover at least one-half of the public funds deposited with the bank as of June 30, 2010. The Authority was under collateralized by \$17,698.

CAUSE

Upon conversation with LANB, they stated in the event of failure, any lost funds would be off-set against the debt the Authority has with LANB. It was determined that this does not meet pledged collateral requirements.

EFFECT

The Authority is not in compliance with State law and does not have its cash balance properly secured.

RECOMMENDATION

We recommend that the Authority work with LANB to ensure that pledged collateral is maintained at adequate levels.

MANAGEMENT RESPONSE

We concur; additional vigilance will be placed on individual accounts.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
EXIT CONFERENCE
Year Ended June 30, 2010**

Exit Conference

An exit conference was held on March 1, 2011 to discuss the annual financial report. Attending were the following:

Representing the Santa Fe Civic Housing Authority:

Board of Directors

Michael Gonzales, Chairperson

Virginia Soto, Member

Management

Ed Romero, Executive Director

Rudy Gallegos, Deputy Executive Director

Anna Chavez, Administrative Supervisor

Representing the Independent Auditor:

Herman Chavez, CPA, Manager

Jake Bowe, Staff

Note: Management is responsible for the context of the report, even though the financial statements were prepared substantially by the independent auditor.