

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

**Financial Statements
For the Year Ended June 30, 2014**

(With Independent Auditor's Report Thereon)

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SANTA FE, NEW MEXICO 87505-4761**

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SANTA FE CIVIC HOUSING AUTHORITY
June 30, 2014**

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STATE OF NEW MEXICO
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June 30, 2014

Official Roster

Board of Directors

Michael Gonzales	Chairperson
Gerard Gonzales	Co-Chairperson
Jana Lujan	Board Member
Virginia Soto	Board Member
John Wheeler	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
Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, the aggregate remaining fund information of the Santa Fe Civic Housing Authority (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons for the major enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the business-type activities, each major enterprise fund, and the aggregate remaining fund information of the Authority, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the each major enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. The budgetary comparisons of the Authority are presented 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of Federal Awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the other schedules listed as "Supplementary Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules listed as "Supplemental Information" in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, 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* in considering the Authority's internal control over financial reporting and compliance.



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 15, 2014

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014

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, 2014. Please read it in conjunction with the Authority's financial statements, which follow this section.

Operational Highlights

The 2014 fiscal year had several significant extraordinary changes as follows:

- The Authority closed its CFRC grant received in 2009 resulting in two longterm cash flow notes from its Villa Alegre Family and Villa Alegre Senior for a total of \$3,974,724.
- The Authority continued receiving Housing replacement factor funds in the amount of \$124,000 resulting from the demolition of 104 public housing units within its Santa Fe Public Housing portfolio. It is anticipated that \$1.2 million will eventually be allocated to SFCHA over the next ten years.
- The Authority continued the redevelopment program at the site of the demolished units and has completed Phase III of 29 apartments through the 9% LITHC program. Phase IV will be implemented in FYE 2014. The Authority was the developer and general partner in phases I-III and will be the developer and owner in Phase IV.
- The Town of Bernalillo (TOB) PHA program has been transferred and incorporated into the SFCHA effective July 1, 2013.

Financial Highlights

- Net position of the Authority increased \$1,815,783 to \$25,687,900 as of June 30, 2014. The Authority had losses primarily related to depreciation expense. However, the Authority showed positive cash flows of just over \$225,000, primarily as it relates to operations.
- The total operating revenues of the Authority's enterprise units decreased by approximately \$2,500,000. Further analysis will detect that HUD subsidies for both the Public Housing and the Voucher programs continue to decrease. These decreases are a cause for concern because the Authority is forced to utilize cash reserves built up within the programs. This caused the Vouchers program to have negative cash flow from operations for the third year in a row. While our reserves continue to be substantial this practice of utilizing reserves to balance our budgets could undermine the stability of the Authority. As such the authority has entered into a class action suit to recover public housing subsidy offsets of up to \$800,000 during calendar year 2013, an outcome has yet to be determined. On the positive side facilities rentals increased by approximately \$60,000 indicating our core business is prospering. Although significantly less than the prior year, Cielo Azul was the beneficiary of approximately \$380,000 in developer fees and sustainable tax credits.
- Two key indicators of financial health, current ratio and debt to equity, remain very strong. Most consider a current ratio of over 2:1 to be very healthy. The Authority's current ratio continues to be near 9:1. In addition, the debt to equity ratio remains about .14 times, where many consider

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

anything less than .5 times to be very healthy. Another way to explain it, for every \$1 of debt the Authority has, it has approximately \$8.50 of equity.

- The Authority's net capital assets increased by approximately \$1,400,000, which is related to the acquisition/merger of the Bernalillo Housing Authority.

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 Position 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 Position 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.

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SANTA FE CIVIC HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Financial Analysis of the Authority as a Whole

Net Position. The combined net position of the Authority increased by \$1,815,783 from the June 30, 2013, amount. The following table shows a summary of changes from prior year amounts.

	Proprietary		Increase	
	2014	2013	Increase (Decrease) Amt	%
Cash and investments	6,934,269	6,594,445	339,824	5 %
Accounts receivable	2,751,663	2,538,841	212,822	8 %
Federal grants receivable	-	192,418	(192,418)	(100)%
Other current assets	57,335	54,344	2,991	5%
Total current assets	9,743,267	9,380,048	363,219	4 %
Other Assets	4,430,284	4,501,777	(71,493)	2 %
Fixed assets (net)	15,976,488	14,530,183	1,446,305	10 %
Total assets	30,150,039	28,412,008	1,738,031	6 %
Accounts payable	32,656	123,665	(91,009)	(74)%
Accrued liabilities	142,107	-	142,107	100%
Compensated absences payable	241,547	241,352	195	- %
Tenant security deposits	112,393	229,715	(117,322)	(51)%
Notes payable	296,411	292,303	4,108	1%
Due to other governments	-	40,278	(40,278)	(100)%
Escrows and deposits	211,280	90,827	120,453	132%
Total current liabilities	1,036,394	1,018,140	18,254	2 %
Notes payable	3,425,745	3,521,751	(96,006)	(3)%
Total liabilities	4,462,139	4,539,891	(77,752)	(2)%
Net position	25,687,900	23,872,117	1,815,783	8%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Cash and investments increased \$339,824 primarily due to cash collections on development income and the earnings from utilizing those funds. The increase in fixed assets of \$1,446,305 is related to the acquisition or merger of the Bernalillo Housing Authority, in which approximately \$2.6 million of assets were acquired and the Authority had approximately \$1.3 million of depreciation expense for the year. Total liabilities decreased by \$77,752, which was about 2% of total liabilities, which is not significant.

Statement of Activities. This Statement shows the sources of the Authority's changes in net position as they arise from the seven programs and functions. The increase in net position occurred primarily from the items in the operation section above. All programs demonstrated positive cash flow activities prior to depreciation.

A condensed Statement of Activities for the fiscal years ended June 30, 2014 and 2013 is shown in the table below.

Santa Fe Civic Housing Authority's
Statement of Activities

	2014	2013	Increase (Decrease) Amount	%
Facility rentals	\$2,456,044	2,394,198	61,846	3 %
HUD grant and subsidy	8,873,840	10,524,881	(1,651,041)	(16)%
Other revenue	705,956	1,610,787	(904,831)	(56) %
Total operating revenue	<u>12,035,840</u>	<u>14,529,866</u>	<u>(2,494,026)</u>	<u>17 %</u>
Operating expenses	<u>12,847,143</u>	<u>14,748,621</u>	<u>(1,901,478)</u>	<u>13%</u>
Operating income	(811,303)	(218,755)	(592,548)	(271)%
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-%</u>
Change in net position	(811,303)	(218,755)	(592,548)	(271)%
Equity transfers and contributions	<u>2,691,727</u>	<u>108,399</u>	<u>2,583,328</u>	<u>2,383%</u>
Total change in net position	1,880,424	(110,356)	1,990,780	1,804%

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MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

HUD grants and subsidies showed the biggest dollar decrease, approximately \$1.6 million. This is related to the decrease in capital grants, in which there were none in the current year. In addition, other operating revenues, most notably development income due to 2013 being higher than average, decreased by approximately \$900k. We anticipate revenues to flat-line or decrease in foreseeable future, unless tax credit projects, similar to 2013, were to materialize.

Operating expenses decreased approximately \$1.9 million, or about 13%. This is primarily related to capital grants/projects incurring costs that did not meet capitalization requirements and about \$1.3 million was expensed in 2013. Further, the Section 8 program had a reduction of expenditures of about \$400k. The other expense categories were similar to prior year balances.

Budgetary Highlights

The Authority did not have any significant budgetary adjustments from the original budgets that were approved by the Board of Directors and HUD. All the funds actual expenditures were under budgeted amounts except for the HCV program fund and the Espanola Housing Fund. The primary reason why the HCV program was over budget is due to adjustments not being made is it relates to port-in expenditures. Further, the Espanola Housing fund was over-budget due to an error on how depreciation expense was included, in which the budget amount was \$85k and the actual was greater than \$400k.

Fund Balance Analysis

<u>Program</u>	Increase (Decrease)
Housing Authority	\$ 2,154,021
Vouchers	(720,731)
Housing Development Corp.	158,100
Cielo Azul	326,947
La Cieneguita	<u>(37,913)</u>
 Total operational increase	 \$ <u>1,880,424</u>

Again the acquisition/merger of the Bernalillo Housing Authority noted above and with capital assets is the primary factor in net increase. The increase in Cielo Azul was the result of continued development activities.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2014**

Capital Asset and Debt Administration

- Capital assets increased by approximately \$1,400,000 primarily from the Acquisition/merger of the Bernalillo Housing Authority. The Housing Authority completed significant procedures in valuing these assets since the Bernalillo Housing Authority received a disclaimer of opinion in 2013. The Housing Authority considered the assets, more specifically the buildings, to be impaired, and a lower of cost or market analysis was completed. Since there were no reliable historical costs, the Authority utilized a market analysis to value the buildings. As part of this, it is important to understand that since the Authority disposed/sold the buildings in July 2014, that sales price, not the appraisal, was utilized as the market value. Other than the activity as it relates to Bernalillo, there was no significant capital asset activity during 2014.
- The Authority did not acquire any additional debt during FY13. In addition, the Authority only made scheduled payments on all notes, decreasing total notes payable by approximately \$92,000.

Economic Factors and Next Year's Budgets

Funding is determined at the federal level and 2015 budgets have not been appropriated by HUD at this time. However, we are anticipating level to lower funding from HUD. This has minimal to no impact on current operations since all of the funds of the Housing Authority have a strong Net Asset position.

On July 17, 2014 the Bernalillo Public Housing Site was disposed of through the RAD program into Village in the Bosque LLC a Low Income Housing Tax Credit project.

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 87502.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2014**

	Business-Type Activities
ASSETS	
Current Assets	
Cash, investments and equivalents	\$ 6,610,221
Tenant receivable, net	132,551
Other receivables - related parties	2,613,065
Other receivables	6,047
Federal grants receivable	-
Prepaid expenses	57,335
Inventory	-
Cash, investments and equivalents - restricted	324,048
Total current assets	<u>9,743,267</u>
Capital Assets	
Land	1,174,589
Construction in progress	216,875
Buildings and improvements	39,060,338
Furniture and fixtures	882,914
Machinery, equipment and vehicles	236,964
Vehicles	438,601
Accumulated depreciation	<u>(26,033,793)</u>
Total capital assets (net of accumulated depreciation)	<u>15,976,488</u>
Other Assets	
Notes receivable	<u>4,430,284</u>
Total assets	<u>\$ 30,150,039</u>
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 32,656
Tenant security deposits	112,393
Compensated absences payable	241,547
Accrued liabilities	142,107
Due to other governments	-
Notes payable	296,411
Escrows and deposits	<u>211,280</u>
Total current liabilities	1,036,394
Noncurrent Liabilities	
Notes payable, less current portion	<u>3,425,745</u>
Total liabilities	<u>\$ 4,462,139</u>
NET POSITION	
Net invested in capital assets	\$ 11,118,178
Unrestricted	<u>14,569,722</u>
Total net position	<u>\$ 25,687,900</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 ACTIVITIES
Year Ended December 31, 2014**

	<u>Business-Type Activities</u>
Program expenses	
Housing	\$ <u>12,847,143</u>
Program revenues	
Charges for services	2,456,044
Capital grants and contributions	-
Operating grants and contributions	<u>8,873,840</u>
Total program revenues	<u>11,329,884</u>
Net revenues	<u>(1,517,259)</u>
General revenues	
Development fees	380,833
Interest income	35,569
Other revenues	<u>289,554</u>
Total general revenues	<u>705,956</u>
Income (loss) before contributions and transfers	(811,303)
Equity transfers and contributions	<u>2,691,727</u>
Change in net position	1,880,424
Net position, beginning (as reported)	<u>23,872,117</u>
Restatement:	
Change in reporting for deferred charges for loan issuance costs	<u>(64,641)</u>
Net position, beginning, as restated	<u>23,807,476</u>
Net position, ending	<u><u>\$ 25,687,900</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
Year Ended June 30, 2014**

	Business-Type Activities
Cash Flows From Operating Activities	
Cash received from customers and grantors	\$ 12,694,027
Cash payments to suppliers for goods and services	(9,380,538)
Cash payments to employees for services	(1,897,494)
Net cash provided by operating activities	1,415,995
Cash Flows From Capital and Related Financing Activities	
Insurance reimbursements	-
Acquisition and construction of capital assets	(288,658)
Net cash used by capital and related financing activities	(288,658)
Cash Flows From Noncapital Financing Activities	
Residual equity transaction	96,270
Principal paid on debt maturities	(91,898)
Interest paid on debt	(159,618)
Net cash used by noncapital financing activities	(155,246)
Cash Flows From Investing Activities	
Loans made to other entities	(781,408)
Interest and dividends on investments	35,569
Net cash provided by investing activities	(745,839)
Net increase in cash and cash equivalents	226,252
Cash investments and cash equivalents at beginning of year	6,708,017
Cash investments and cash equivalents at end of year	\$ 6,934,269
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ (687,254)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,342,353
Construction in progress not capitalized	13,456
Change in assets and liabilities	
Accounts receivable	783,236
Prepaid expenses	(8,159)
Due from other funds	(316,027)
Other current assets	101,813
Accounts payable	20,981
Compensated absences payable	(16,608)
Deposits	(3,794)
Due to other funds	218,164
Due to HUD	(40,278)
Unearned revenues	8,112
Total adjustments	2,103,249
Net cash provided by operating activities	\$ 1,415,995

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 POSITION
ENTERPRISE FUNDS
June 30, 2014

	Housing Authority	Section 8 Voucher	SF Housing Development Corporation	Cielo Azul	La Cieneguita	Total
ASSETS						
Current Assets						
Cash, investments and equivalents	\$ 1,867,194	\$ 1,682,943	\$ 2,246,250	\$ 623,887	\$ 189,947	\$ 6,610,221
Tenant receivable	129,643	-	2,065	842	1	132,551
Federal grants receivable	-	-	-	-	-	-
Other receivables - related parties	468,715	-	363,820	1,780,530	-	2,613,065
Other receivables	-	-	-	6,047	-	6,047
Due from other funds	642,971	-	-	-	-	642,971
Prepaid expenses	36,693	-	9,588	5,755	5,299	57,335
Inventory	-	-	-	-	-	-
Cash, investments and equivalents- restricted	193,363	97,234	19,161	7,950	6,340	324,048
Total current assets	3,338,579	1,780,177	2,640,884	2,425,011	201,587	10,386,238
Capital Assets						
Land	331,637	-	268,652	330,000	244,300	1,174,589
Construction in progress	36,152	-	-	180,723	-	216,875
Buildings and improvements	32,428,558	-	3,708,510	1,449,513	1,473,757	39,060,338
Furniture and fixtures	682,336	-	200,578	-	-	882,914
Machinery and equipment	229,642	-	2,907	-	4,415	236,964
Vehicles	438,601	-	-	-	-	438,601
Accumulated depreciation	(21,415,409)	-	(3,557,352)	(474,714)	(586,318)	(26,033,793)
Total capital assets (net of depreciation)	12,731,517	-	623,295	1,485,522	1,136,154	15,976,488
Other Assets						
Notes receivable	3,974,724	-	-	455,560	-	4,430,284
Due from other funds	-	-	500,000	-	-	500,000
Total assets	\$ 20,044,820	\$ 1,780,177	\$ 3,764,179	\$ 4,366,093	\$ 1,337,741	\$ 31,293,010
LIABILITIES						
Current Liabilities						
Accounts payable	\$ -	\$ 32,656	\$ -	\$ -	\$ -	\$ 32,656
Tenant security deposits	79,317	-	19,161	7,950	5,965	112,393
Compensated absences payable	241,547	-	-	-	-	241,547
Accrued liabilities	142,107	-	-	-	-	142,107
Due to other governments	-	-	-	-	-	-
Notes payable	-	-	73,855	222,556	-	296,411
Escrows and deposits	114,046	97,234	-	-	-	211,280
Due to other funds	-	94,991	97,744	350,903	99,333	642,971
Total current liabilities	577,017	224,881	190,760	581,409	105,298	1,679,365
Noncurrent Liabilities						
Notes payable	-	-	2,779,715	646,030	-	3,425,745
Due to other funds	-	-	-	500,000	-	500,000
Total noncurrent liabilities	-	-	2,779,715	1,146,030	-	3,925,745
Total liabilities	\$ 577,017	\$ 224,881	\$ 2,970,475	\$ 1,727,439	\$ 105,298	\$ 5,605,110
NET POSITION						
Net invested in capital assets	\$ 12,731,517	\$ -	\$ (2,230,275)	\$ 616,936	\$ -	\$ 11,118,178
Unrestricted	6,736,286	1,555,296	3,023,979	2,021,718	1,232,443	14,569,722
Total net position	\$ 19,467,803	\$ 1,555,296	\$ 793,704	\$ 2,638,654	\$ 1,232,443	\$ 25,687,900

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 POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2014

	Housing Authority	Section 8 Voucher	SF Housing Development Corporation	Cielo Azul	La Cieneguita	Total
Operating Revenues						
Facilities rentals	\$ 1,343,532	\$ -	\$ 760,138	\$ 160,884	\$ 191,490	\$ 2,456,044
HUD grant and subsidy	1,674,551	7,199,289	-	-	-	8,873,840
Development fees	-	-	-	380,833	-	380,833
Other revenue	73,526	95	100	215,773	60	289,554
Total operating revenues	<u>3,091,609</u>	<u>7,199,384</u>	<u>760,238</u>	<u>757,490</u>	<u>191,550</u>	<u>12,000,271</u>
Operating Expenses						
Salaries, wages and benefits	929,244	628,651	207,579	305,904	102,345	2,173,723
Community welfare	150,387	7,229,595	-	-	-	7,379,982
Contractual services and utilities	649,098	13,006	85,170	11,559	25,790	784,623
Repairs and maintenance	607,687	13,287	73,576	45,307	30,137	769,994
Depreciation expense	1,131,518	-	98,442	48,317	64,076	1,342,353
Insurance	144,307	2,604	18,899	6,483	6,716	179,009
Other	17,470	32,985	338	6,548	500	57,841
Total operating expenses	<u>3,629,711</u>	<u>7,920,128</u>	<u>484,004</u>	<u>424,118</u>	<u>229,564</u>	<u>12,687,525</u>
Operating income (loss)	<u>(538,102)</u>	<u>(720,744)</u>	<u>276,234</u>	<u>333,372</u>	<u>(38,014)</u>	<u>(687,254)</u>
Nonoperating Revenues (Expenses)						
Interest on investments	396	13	803	34,256	101	35,569
Interest expense	-	-	(118,937)	(40,681)	-	(159,618)
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-
Total nonoperating revenues (expenses)	<u>396</u>	<u>13</u>	<u>(118,134)</u>	<u>(6,425)</u>	<u>101</u>	<u>(124,049)</u>
Income (loss) before contributions and transfers	<u>(537,706)</u>	<u>(720,731)</u>	<u>158,100</u>	<u>326,947</u>	<u>(37,913)</u>	<u>(811,303)</u>
Equity transfers and contributions	2,691,727	-	-	-	-	2,691,727
Change in net position	<u>2,154,021</u>	<u>(720,731)</u>	<u>158,100</u>	<u>326,947</u>	<u>(37,913)</u>	<u>1,880,424</u>
Net position, beginning of year (as reported)	17,313,782	2,276,027	700,245	2,311,707	1,270,356	23,872,117
Restatement:						
Change in reporting of deferred charges for loan issuance costs	-	-	(64,641)	-	-	(64,641)
Net position, beginning of year, (as restated)	<u>17,313,782</u>	<u>2,276,027</u>	<u>635,604</u>	<u>2,311,707</u>	<u>1,270,356</u>	<u>23,807,476</u>
Net position, end of year	<u>\$ 19,467,803</u>	<u>\$ 1,555,296</u>	<u>\$ 793,704</u>	<u>\$ 2,638,654</u>	<u>\$ 1,232,443</u>	<u>\$ 25,687,900</u>

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, 2014

	Housing Authority	Section 8 Voucher	SF Housing Development Corporation	Cielo Azul	La Cieneguita	Total
Cash Flows from Operating Activities						
Cash received from customers and grantors	\$ 3,755,211	\$ 7,238,447	\$ 743,660	\$ 765,057	\$ 191,652	\$ 12,694,027
Cash payments to suppliers for goods and services	(1,637,452)	(7,353,371)	(183,841)	(70,017)	(135,857)	(9,380,538)
Cash payments to employees for services	(933,918)	(628,651)	(207,579)	(25,001)	(102,345)	(1,897,494)
Net cash provided by operating activities	<u>1,183,841</u>	<u>(743,575)</u>	<u>352,240</u>	<u>670,039</u>	<u>(46,550)</u>	<u>1,415,995</u>
Cash Flows from Capital Financing Activities						
Acquisition and construction of capital assets	(107,935)	-	-	(180,723)	-	(288,658)
Net cash used by capital financing activities	<u>(107,935)</u>	<u>-</u>	<u>-</u>	<u>(180,723)</u>	<u>-</u>	<u>(288,658)</u>
Cash Flows from Noncapital Financing Activities						
Residual equity transfer	96,270	-	-	-	-	96,270
Capital cash contributions	-	-	-	-	-	-
Principal paid on debt maturities	-	-	(71,130)	(20,768)	-	(91,898)
Interest paid on debt	-	-	(118,937)	(40,681)	-	(159,618)
Net cash provided (used) by noncapital financing activities	<u>96,270</u>	<u>-</u>	<u>(190,067)</u>	<u>(61,449)</u>	<u>-</u>	<u>(155,246)</u>
Cash Flows from Investing Activities						
Loans made to other entities	-	-	-	(781,408)	-	(781,408)
Interest and dividends on investments	396	13	803	34,256	101	35,569
Net cash provided (used) by investing activities	<u>396</u>	<u>13</u>	<u>803</u>	<u>(747,152)</u>	<u>101</u>	<u>(745,839)</u>
Net (decrease) increase in cash and cash equivalents	<u>1,172,572</u>	<u>(743,562)</u>	<u>162,976</u>	<u>(319,285)</u>	<u>(46,449)</u>	<u>226,252</u>
Cash investments and cash equivalents at beginning of year	887,985	2,523,739	2,102,435	951,122	242,736	6,708,017
Cash investments and cash equivalents at end of year	<u>\$ 2,060,557</u>	<u>\$ 1,780,177</u>	<u>\$ 2,265,411</u>	<u>\$ 631,837</u>	<u>\$ 196,287</u>	<u>\$ 6,934,269</u>
Reconciliation of operating income to net cash provided by operating activities						
Operating (loss) income	\$ (538,102)	\$ (720,744)	\$ 276,234	\$ 333,372	\$ (38,014)	\$ (687,254)
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation	1,131,518	-	98,442	48,317	64,076	1,342,353
Construction in progress not capitalized	13,456	-	-	-	-	13,456
Change in assets and liabilities	-	-	-	-	-	-
Accounts receivable	770,757	-	6,293	5,967	219	783,236
Prepaid expenses	(7,531)	-	(449)	(120)	(59)	(8,159)
Due from other funds	(291,598)	-	(24,429)	-	-	(316,027)
Other current assets	101,813	-	-	-	-	101,813
Accounts payable	(6,266)	32,656	(5,409)	-	-	20,981
Accrued interest	-	-	-	-	-	-
Escrow and deposits	-	-	-	-	-	-
Compensated absences payable	(16,608)	-	-	-	-	(16,608)
Deposits	(13,242)	6,407	1,558	1,600	(117)	(3,794)
Due to other funds	31,532	(21,616)	-	280,903	(72,655)	218,164
Due to HUD	-	(40,278)	-	-	-	(40,278)
Unearned revenues	8,112	-	-	-	-	8,112
Total adjustments	<u>1,721,943</u>	<u>(22,831)</u>	<u>76,006</u>	<u>336,667</u>	<u>(8,536)</u>	<u>2,103,249</u>
Net cash provided by operating activities	<u>\$ 1,183,841</u>	<u>\$ (743,575)</u>	<u>\$ 352,240</u>	<u>\$ 670,039</u>	<u>\$ (46,550)</u>	<u>\$ 1,415,995</u>

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, 2014

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. Based on GASB 14 and GASB 61 it was determined that the Authority is no longer a component unit of the City of Santa Fe. The City of Santa Fe is no longer responsible for the Authority's debt as a result of a HUD release. It was also determined that even though the mayor of the City of Santa Fe appoints the Authority's Board of Directors, the City of Santa Fe cannot impose its will on the Authority. The Housing Authority had no blended or discrete component units during the fiscal year ended June 30, 2014.

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 non-fiduciary 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*.

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. Gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange transactions are recognized when the exchange takes place. 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, 2014

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 Authority 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, Bernalillo, 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, Bernalillo 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 *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.

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Assets, Liabilities and Net Position

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.

Cash, Investments and Equivalents - Restricted. Considered restricted as to use since the cash deposits are related to escrow and security deposits. There are no outside restrictions on these deposits. These amounts are included in total cash, investments and equivalents for cash flow purposes.

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 tenant 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:

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

	<u>Years</u>
Structures and improvements	5-50
Furniture, fixtures, machinery and equipment	5-7
Vehicles	5-8

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.

Loan Issuance Costs and Restatement. Loan issuance costs are expensed in the year they are incurred in accordance with GASBS 65. The Authority had no loan issuance costs during the year ended June 30, 2014. As of June 30, 2013, the Authority had \$64,641 of net loan issuance costs that was included as part of “other assets.” This balance was required to be eliminated and beginning equity restated as part of implementing GASBS 65.

Net Position. Net position represents the difference between assets plus deferred outflows of resources and liabilities less deferred inflows of resources. The Housing Authority classifies net position in the following three components:

- Net investment in capital assets - This account represents the total of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. The Housing Authority had no restricted net positions at June 30, 2014.
- Unrestricted net position - Consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets."

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

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.

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.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014**

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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 (bank balances)	
Insured	\$ 1,126,531
Collateral held by pledging bank's trust department not in the Authority's name	4,128,169
Uninsured and uncollateralized	<u>-</u>
Total deposits	\$ <u>5,254,700</u>

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

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, 2014, \$4,128,169 of the Authority's bank balance of \$5,254,700 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Uninsured and collateral held by pledging bank's trust department not in the Authority's name	<u>4,128,169</u>
Total	\$ <u>4,128,169</u>

The Authority has multiple accounts with Charles Schwab & Co., Inc. These accounts are in money market funds that are only invested in United States Treasury Bills. The risk of loss on these accounts is only if the United States of America were to default on the Treasury Bills. These accounts are not subject to custodial credit risk. The total funds held at Charles Schwab & Co., Inc. were \$1,755,710 on June 30, 2014.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014**

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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.

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:

	<u>Tenant Receivable</u>	<u>Allowance</u>	<u>Net Tenant Receivable</u>
Housing Authority	\$ 328,670	\$199,027	\$129,643
SF Housing Development Corp	2,065	-	2,065
Cielo Azul	842	-	842
La Cieneguita	<u>1</u>	<u>-</u>	<u>1</u>
Total tenant receivables	<u>\$ 331,578</u>	<u>\$199,027</u>	<u>\$132,551</u>

NOTE 5. INTERFUND ACTIVITY

The compositions of interfund balances as of June 30, 2013, are as follows:

Receivable			
Fund	Amount	Fund	Amount
Current			
Housing Authority	\$ 97,744	Housing Development Corp.	\$ 97,744
Housing Authority	99,333	La Cieneguita	99,333
Housing Authority	94,991	Section 8 Voucher	94,991
Housing Authority	<u>350,903</u>	Cielo Azul	<u>350,903</u>
Total current	642,971	Total current	642,971
Non Current			
Housing Development Corp.	<u>500,000</u>	Cielo Azul	<u>500,000</u>
	<u>\$ 1,785,942</u>		<u>\$ 1,785,942</u>

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.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 6. RELATED PARTY BALANCES

The Authority assisted in the establishment and has ownership in the following tax exempt entities:

ENTITY	Ownership
RAD Santa Fe, LLC	100%
RAD Espanola, LLC	100%
RAD Bernalillo, LLC	100%
Camino Alegria	0.001%
Villa Alegre Family	0.001%
Villa Alegre Senior	0.001%

The RAD titled entities have a sole member (SFCHA) with a managing member (the SFCHA Executive Director). The SFCHA Executive Director is the Treasurer on the Casas Board. Campo Alegria, Villa Alegre Family and Villa Alegre Senior are LIHTC developments with SFCHA the managing General Partner.

Receivables due from these organizations are as follows:

Other Receivables	
Santa Fe Housing	
RAD Santa Fe, LLC	\$ 163,386
RAD Espanola, LLC	53,654
RAD Bernalillo, LLC	28,988
Camino Campo	180,000
Espanola Housing	
RAD Santa Fe	42,687
SF Housing Development Corporation	
Villa Alegre Family	363,820
Cielo Azul	
RAD Bernalillo, LLC	868,550
RAD Espanola, LLC	400,300
RAD Santa Fe, LLC	<u>511,680</u>
Total other receivables	\$ <u>2,613,065</u>

Notes Receivable – long term

Santa Fe Housing	
Villa Alegre Family	\$ 476,974
Villa Alegre Senior	3,497,750
Cielo Azul	
Camino Campo	<u>455,560</u>
Total notes receivable – long term	\$ <u>4,430,284</u>

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 6. RELATED PARTY BALANCES (CONTINUED)

The notes due from Villa Alegre Family and Villa Alegre Senior are interest free notes. The notes are paid with excess cash flows from the respective entity. Any remaining balance is due on June 30, 2042.

The note due from Camino Campo carries interest at 6%. Annual interest payments are required. Principal balances are paid from the excess cash flows. Any remaining balance is due on June 30, 2042.

Payables due to these organizations are as follows:

Notes Payable (see Note 8)	
Cielo Azul	
Casas Buena Ventura	\$ 200,000

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance	Additions/ Transfers In	Deletions	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,142,589	\$ 32,000	\$ -	\$ 1,174,589
Construction in progress	-	216,875	-	216,875
Total	1,142,589	248,875	-	1,391,464
Capital assets being depreciated				
Buildings and improvements	36,520,555	2,539,783	-	39,060,338
Furniture and fixtures	882,914	-	-	882,914
Machinery and equipment	127,486	109,478	-	236,964
Vehicles	438,601	-	-	438,601
Total	37,969,556	2,649,261	-	40,618,817
Less accumulated depreciation	24,581,962	1,451,831	-	26,033,793
Total capital assets being depreciated, net	13,387,594	1,197,430	-	14,585,024
Total capital assets	\$ 14,530,183	\$ 1,446,305	\$ -	\$ 15,976,488

Depreciation expense for the year ended June 30, 2014, totaled \$1,342,353. 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, 2014

NOTE 7. CAPITAL ASSETS (CONTINUED)

The capital assets from the Bernalillo Housing Authority have been included as part of transfers in. Buildings and improvements of \$2,468,000 and machinery and equipment of \$109,478 has been included. The machinery and equipment were considered to be fully depreciated and \$109,478 of accumulated depreciation has been included as part of the transfer in. Due to an impairment analysis (See Note 13) on the buildings and improvements, buildings and improvements had no accumulated depreciation included as part of the transfer in.

Construction Commitments

The Authority has active construction projects as of June 30, 2014.

NOTE 8. LONG-TERM DEBT

Changes in Long-Term Liabilities. During the year ended June 30, 2014, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2014</u>	<u>Due Within</u> <u>One Year</u>
Notes payable	\$ 3,814,054	\$ -	\$ (91,898)	\$ 3,722,156	\$ 296,411
Compensated absences	241,352	241,547	(241,352)	241,547	241,547
Total	<u>\$ 4,055,406</u>	<u>\$ 241,547</u>	<u>\$ (333,250)</u>	<u>\$ 3,963,703</u>	<u>\$ 537,958</u>

For the year ended June 30, 2014, the Authority incurred \$159,618 of interest expense that has been included in the Statement of Activities as a Housing Program expenditure.

Notes Payable

The Housing Authority entered into a loan with Casas De Buena Ventura for the purposes of paying off a loan to the Church of Holy Faith in the amount of \$200,000 on November 1, 2009. The note has an interest rate of 1% per annum and secured by real property. The note has a current maturity date of November 1, 2015, with the option to extend the note for an additional five years at the discretion of the Authority. The Authority may extend the principal balance of the note for an additional five years for a maximum of five extensions. At any time the note can be forgiven by Casas De Buena Ventura and treated as an advanced charitable contribution.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 8. LONG-TERM DEBT (CONTINUED)

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%, secured by real property and with a maturity date of December 2021. The balance of the note as of June 30, 2014 is \$69,858.

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, secured by real property, and with a maturity date of October 15, 2024, and has monthly payments of \$13,676. The balance of the note as of June 30, 2014, is \$2,543,129.

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%, secured by real property, and with a maturity date of June 17, 2028. The balance of the note as of June 30, 2014, is \$310,441.

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, secured by real property, and with a maturity date of October 2034, secured by property. The balance of the note as of June 30, 2014, is \$598,728.

Total aggregate maturing of the notes payable at June 30, 2014, is as follows:

<u>Year</u>	<u>Commercial Mortgage</u>		<u>Commercial Mortgage</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 14,732	\$ 35,634	\$ 57,135	\$ 106,977
2016	15,641	34,725	59,611	104,501
2017	16,605	33,760	62,194	101,918
2018	17,630	32,736	64,890	99,222
2019	18,717	31,649	67,702	96,410
2020-2024	112,393	139,436	385,147	435,413
2025-2029	151,601	100,228	1,846,451	26,006
2030-2034	204,488	47,341	-	-
2035-2036	46,921	1,599	-	-
	<u>\$ 598,728</u>	<u>\$ 457,108</u>	<u>\$ 2,543,130</u>	<u>\$ 970,447</u>

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014**

NOTE 8. LONG-TERM DEBT (CONTINUED)

<u>Year</u>	<u>Casas Note</u>		<u>MFA Note 1</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 200,000	\$ -	7,824	\$ 3,292
2016	-	-	8,224	2,892
2017	-	-	8,645	2,471
2018	-	-	9,087	2,029
2019	-	-	9,552	2,029
2020-2024	-	-	26,526	1,719
2025-2029	-	-	-	-
2030-2034	-	-	-	-
2035-2036	-	-	-	-
	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 69,858</u>	<u>\$ 14,432</u>

<u>Year</u>	<u>MFA Note 2</u>		<u>Total Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 16,720	\$ 9,236	296,411	\$ 155,139
2016	17,234	8,722	100,710	150,840
2017	17,764	8,193	105,208	146,342
2018	18,308	7,648	109,915	141,635
2019	18,871	7,085	114,841	136,708
2020-2024	103,410	26,370	627,475	602,939
2025-2029	118,135	9,488	2,116,187	135,721
2030-2034	-	-	204,488	47,341
2035-2036	-	-	46,921	1,599
	<u>\$ 310,442</u>	<u>\$ 76,742</u>	<u>\$ 3,722,156</u>	<u>\$ 1,518,264</u>

NOTE 9. PENSION PLAN AND POST EMPLOYMENT BENEFITS

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). In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the Authority has elected to make a percentage of the employees' contributions. The Public Employees Retirement

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 9. PENSION PLAN AND POST EMPLOYMENT BENEFITS (CONTINUED)

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 14.65% 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, 2014, 2013 and 2012 were \$148,404, \$137,388, and \$118,974, respectively, which equal the amount of the required contributions for each fiscal year.

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.

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.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 9. PENSION PLAN AND POST EMPLOYMENT BENEFITS

Post-employment Benefits – State Retiree Health Care Plan

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 employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

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. During the fiscal year ended June 30, 2014, the statute requires each participating employer to contribute 2.5% of each participating employee's annual salary; each participating employee is required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The Authority's contributions to the RHCA for the years ended June 30, 2014, 2013, and 2012 were \$30,906, \$30,030, and \$ 23,847, respectively, which equal the required contributions for each year.

NOTE 10. 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.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 10. CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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.

NOTE 11. BUDGET DEFICIT

Actual expenses exceeded budgeted expenses for the Espanola Housing Authority by \$214,174. The Authority was able to make up the shortfall by using cash that existed in each fund.

NOTE 12. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

Statement No. 68, Accounting and Financial Reporting for Pensions. The statement replaces the requirements of GASBS 27, Accounting for Pensions by State and Local Governmental Employers, and the requirements of GASBS 50 Pension Disclosures, as they related to pensions that are provided through pension plans administered as trusts. The requirements of Statements 27 and 50 remain applicable for pensions that are covered by GASBS 68. This statement is effective for financial statements for fiscal years beginning after June 15, 2014. This will require the Authority to recognize a liability for the proportionate share of the unfunded net pension liability for PERA.

Statement No. 69, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 (year ended June 30, 2015) and should be applied on a prospective basis.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Notes to Financial Statements
June 30, 2014

NOTE 12. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS (CONT'D)

Statement No. 70, Accounting and Financial Reporting for Non-exchange Financial Guarantees. This statement establishes accounting and financial reporting standards for financial guarantees that are non-exchange transactions extended or received by a state or local government. A non-exchange financial guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. This statement is effective for financial statements for reporting periods beginning after June 15, 2013. The Authority has reviewed the statement and has determined that this does not apply to the Authority.

GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (Amendment to GASB 68)*, improve accounting and financial reporting by addressing an issue in Statement No. 68, *Accounting and Financial Reporting for Pensions*, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. This Statement will be effective at the implementation of GASB 68.

NOTE 13. BERNALILLO HOUSING AUTHORITY AND SUBSEQUENT EVENT

Effective July 1, 2013, Town of Bernalillo Housing Authority was transferred to Santa Fe Civic Housing Authority and the Authority early implemented *GASB 69 - Government Combinations and Disposals of Government Operations*, as it related to the combination/merger of a government. All operations of the Town of Bernalillo Housing Authority are included as part of the Authority for the year ending June 30, 2014. For the year ended June 30, 2013, the Bernalillo Housing Authority received a disclaimer opinion over its financial statements. However, as part of activity in fiscal year 2014, many of the balance sheet accounts, including cash, receivables, payables and respective liability accounts were determined to be correct.

The Authority was unable to obtain sufficient evidence as to the cost basis of the buildings and improvements it obtained from Bernalillo. However, GASB 69 states that as part of the combination, the Authority should complete an impairment analysis. Subsequent to year end, on July 14, 2014, all the land and buildings and improvements were sold for a price of \$2,500,000 to a related not for profit for the purposes of redevelopment and utilizing housing tax credits. Therefore, as part of the impairment analysis and determining the lower of cost or market, management has elected to include the land and buildings and improvements with a total value of \$2,500,000 as of the combination date of July 1, 2013. It was determined that the vehicles, furniture and equipment should be fully depreciated, and therefore, has been included on the Authority's records as fully depreciated.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING STATEMENT OF NET POSITION
ENTERPRISE FUNDS
June 30, 2014

	Santa Fe Housing Authority	Bernalillo Housing Authority	Espanola Housing Authority	Total
ASSETS				
Current Assets				
Cash, investments and equivalents	\$ 1,352,322	\$ 305,708	\$ 209,164	\$ 1,867,194
Tenant receivable	108,115	6,333	15,195	129,643
Federal grants receivable	-	-	-	-
Other receivables - related parties	426,028	-	42,687	468,715
Other receivables	-	-	-	-
Due from other funds	642,971	-	-	642,971
Due from Bernalillo	-	-	-	-
Prepaid expenses	24,682	3,896	8,115	36,693
Inventory	-	-	-	-
Cash, investments and equivalents - restricted	159,365	4,166	29,832	193,363
Total current assets	2,713,483	320,103	304,993	3,338,579
Capital Assets				
Land	22,200	32,000	277,437	331,637
Construction in progress	36,152	-	-	36,152
Buildings and improvements	17,159,612	2,468,000	12,800,946	32,428,558
Furniture and fixtures	43,183	-	639,153	682,336
Machinery and equipment	120,164	109,478	-	229,642
Vehicles	281,533	-	157,068	438,601
Accumulated depreciation	(12,828,527)	(234,478)	(8,352,404)	(21,415,409)
Total capital assets (net of depreciation)	4,834,317	2,375,000	5,522,200	12,731,517
Other Assets				
Long term receivables	3,974,724	-	-	3,974,724
Total assets	\$ 11,522,524	\$ 2,695,103	\$ 5,827,193	\$ 20,044,820
LIABILITIES				
Current Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Tenant security deposits	45,319	4,166	29,832	79,317
Compensated absences payable	213,307	12,981	15,259	241,547
Accrued liabilities	142,107	-	-	142,107
Notes payable	-	-	-	-
Escrows and deposits	114,046	-	-	114,046
Due to Espanola	85,381	(27,800)	(57,581)	-
Unearned revenue	-	-	-	-
Accrued interest	-	-	-	-
Total current liabilities	600,160	(10,653)	(12,490)	577,017
Noncurrent Liabilities				
Bonds payable	-	-	-	-
Notes payable	-	-	-	-
Due to other funds	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	\$ 600,160	\$ (10,653)	\$ (12,490)	\$ 577,017
NET POSITION				
Net invested in capital assets	\$ 4,834,317	\$ 2,375,000	\$ 5,522,200	\$ 12,731,517
Unrestricted	6,088,047	330,756	317,483	6,736,286
Total net position	\$ 10,922,364	\$ 2,705,756	\$ 5,839,683	\$ 19,467,803

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 POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2014

	<u>Santa Fe Housing Authority</u>	<u>Bernalillo Housing Authority</u>	<u>Espanola Housing Authority</u>	<u>Total</u>
Operating Revenues				
Facilities rentals	\$ 970,158	\$ 174,533	\$ 198,841	\$ 1,343,532
HUD grant and subsidy	946,885	256,930	470,736	1,674,551
Other revenue	73,466	60	-	73,526
Total operating revenues	<u>1,990,509</u>	<u>431,523</u>	<u>669,577</u>	<u>3,091,609</u>
Operating Expenses				
Salaries, wages and benefits	426,322	122,913	380,009	929,244
Community welfare	150,387	-	-	150,387
Contractual services and utilities	497,787	84,764	66,547	649,098
Repairs and maintenance	467,742	63,197	76,748	607,687
Depreciation expense	579,602	125,000	426,916	1,131,518
Insurance	73,363	16,448	54,496	144,307
Other	11,340	5,172	958	17,470
Total operating expenses	<u>2,206,543</u>	<u>417,494</u>	<u>1,005,674</u>	<u>3,629,711</u>
Operating loss	<u>(216,034)</u>	<u>14,029</u>	<u>(336,097)</u>	<u>(538,102)</u>
Nonoperating Revenues (Expenses)				
Interest on investments	347	-	49	396
Interest expense	-	-	-	-
State grant	-	-	-	-
Loss on disposition of assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total nonoperating revenues	<u>347</u>	<u>-</u>	<u>49</u>	<u>396</u>
Income (loss) before contributions and transfers	<u>(215,687)</u>	<u>14,029</u>	<u>(336,048)</u>	<u>(537,706)</u>
Equity transfers	-	2,691,727	-	2,691,727
Change in net position	<u>(215,687)</u>	<u>2,705,756</u>	<u>(336,048)</u>	<u>2,154,021</u>
Net position beginning of year	<u>11,138,051</u>	<u>-</u>	<u>6,175,731</u>	<u>17,313,782</u>
Net position, end of year	<u>\$ 10,922,364</u>	<u>\$ 2,705,756</u>	<u>\$ 5,839,683</u>	<u>\$ 19,467,803</u>

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, 2014

	Santa Fe Housing Authority	Bernalillo Housing Authority	Española Housing Authority	Total
Cash Flows from Operating Activities				
Cash received from customers and grantors	\$ 2,634,341	\$ 441,761	\$ 679,109	\$ 3,755,211
Cash payments to suppliers for goods and services	(1,205,100)	(226,928)	(205,424)	(1,637,452)
Cash payments to employees for services	(432,520)	(114,801)	(386,597)	(933,918)
Net cash provided (used) by operating activities	<u>996,721</u>	<u>100,032</u>	<u>87,088</u>	<u>1,183,841</u>
Cash Flows from Capital Financing Activities				
Insurance reimbursement	-	-	-	-
Acquisition and construction of capital assets	(36,152)	-	(71,783)	(107,935)
Net cash used by financing activities	<u>(36,152)</u>	<u>-</u>	<u>(71,783)</u>	<u>(107,935)</u>
Cash Flows from Noncapital Financing Activities				
Residual equity transfer	-	96,270	-	96,270
Proceeds from long-term debt	-	-	-	-
Principal paid on debt maturities	-	-	-	-
Interest paid on debt	-	-	-	-
	<u>-</u>	<u>96,270</u>	<u>-</u>	<u>96,270</u>
Cash Flows from Investing Activities				
Proceeds from state grants	-	-	-	-
Interest and dividends on investments	347	-	49	396
Net cash provided by noncapital financing activities	<u>347</u>	<u>-</u>	<u>49</u>	<u>396</u>
Net increase (decrease) in cash and cash equivalents	960,916	196,302	15,354	1,172,572
Cash investments and cash equivalents at beginning of year	<u>550,771</u>	<u>113,572</u>	<u>223,642</u>	<u>887,985</u>
Cash investments and cash equivalents at end of year	<u>\$ 1,511,687</u>	<u>\$ 309,874</u>	<u>\$ 238,996</u>	<u>\$ 2,060,557</u>
Reconciliation of operating loss to net cash provided by operating activities				
Operating loss	\$ (216,034)	\$ 14,029	\$ (336,097)	\$ (538,102)
Adjustments to reconcile operating loss to net cash provided by operating activities				
Depreciation/amortization	579,602	125,000	426,916	1,131,518
Construction in progress not capitalized	13,456	-	-	13,456
Change in assets and liabilities:				
Accounts receivable	754,919	9,047	6,791	770,757
Prepaid expenses	(8,980)	4,392	(2,943)	(7,531)
Due from other funds	(260,066)	(27,800)	(3,732)	(291,598)
Other current assets	97,863	3,950	-	101,813
Accounts payable	23,851	(30,117)	-	(6,266)
Accrued interest	-	-	-	-
Escrow and deposits	-	-	-	-
Compensated absences payable	(6,198)	(3,822)	(6,588)	(16,608)
Deposits	(13,224)	(2,759)	2,741	(13,242)
Due to other funds	31,532	-	-	31,532
Due to HUD	-	-	-	-
Unearned revenues	-	8,112	-	8,112
Total adjustments	<u>1,212,755</u>	<u>86,003</u>	<u>423,185</u>	<u>1,721,943</u>
Net cash provided (used) by operating activities	<u>\$ 996,721</u>	<u>\$ 100,032</u>	<u>\$ 87,088</u>	<u>\$ 1,183,841</u>

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 POSITION (BUDGET TO ACTUAL) -
SANTA FE HOUSING AUTHORITY
Year Ended June 30, 2014

	<u>Annual Budget Amounts</u>		<u>Actual Amount</u>	Variance with Final Budget - Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
Operating Revenues				
Facilities rentals	\$ 940,000	\$ 940,000	\$ 970,158	\$ 30,158
HUD grants and subsidy	900,000	900,000	946,885	46,885
Other operating revenues	<u>78,000</u>	<u>78,000</u>	<u>73,466</u>	<u>(4,534)</u>
Total operating revenues	<u>1,918,000</u>	<u>1,918,000</u>	<u>1,990,509</u>	<u>72,509</u>
Operating Expenses				
Operating	365,000	350,000	426,322	(76,322)
Community welfare	208,000	238,000	150,387	87,613
Utilities	385,000	480,000	497,787	(17,787)
Repairs and maintenance	790,000	1,065,000	467,742	597,258
General	370,000	400,000	84,703	315,297
Depreciation	<u>1,400,000</u>	<u>1,400,000</u>	<u>579,602</u>	<u>820,398</u>
Total operating expenses	<u>3,518,000</u>	<u>3,933,000</u>	<u>2,206,543</u>	<u>1,726,457</u>
Operating income (loss)	<u>(1,600,000)</u>	<u>(2,015,000)</u>	<u>(216,034)</u>	<u>1,798,966</u>
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
State grants	-	-	-	-
Interest expense	(6,000)	(6,000)	-	6,000
Interest on investments	17,000	17,000	347	(16,653)
Insurance reimbursement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>11,000</u>	<u>11,000</u>	<u>347</u>	<u>(10,653)</u>
Change in net position	<u>(1,589,000)</u>	<u>(2,004,000)</u>	<u>(215,687)</u>	<u>1,788,313</u>
Net position, beginning of year	<u>11,138,051</u>	<u>11,138,051</u>	<u>11,138,051</u>	<u>-</u>
Net position, June 30, 2014	<u>\$ 9,549,051</u>	<u>\$ 9,134,051</u>	<u>\$ 10,922,364</u>	<u>\$ 1,788,313</u>

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 POSITION (BUDGET TO ACTUAL) -
BERNALILLO HOUSING AUTHORITY
Year Ended June 30, 2014

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 160,600	\$ 180,600	\$ 174,533	\$ (6,067)
HUD grants and subsidy	260,000	200,000	256,930	56,930
Other operating revenues	6,000	6,000	60	(5,940)
Total operating revenues	<u>426,600</u>	<u>386,600</u>	<u>431,523</u>	<u>44,923</u>
Operating Expenses				
Operating	112,000	75,000	122,913	(47,913)
Community welfare	-	-	-	-
Utilities	97,000	97,000	84,764	12,236
Repairs and maintenance	155,000	110,000	63,197	46,803
General	72,000	69,000	21,620	47,380
Depreciation	70,000	70,000	125,000	(55,000)
Total operating expenses	<u>506,000</u>	<u>421,000</u>	<u>417,494</u>	<u>3,506</u>
Operating income (loss)	<u>(79,400)</u>	<u>(34,400)</u>	<u>14,029</u>	<u>48,429</u>
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Interest on investments	-	-	-	-
Insurance reimbursement	-	-	-	-
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>(79,400)</u>	<u>(34,400)</u>	<u>14,029</u>	<u>48,429</u>
Equity transfers	-	-	2,691,727	2,691,727
Change in net position	(79,400)	(34,400)	2,705,756	2,740,156
Net position, beginning of year	<u>1,935,627</u>	<u>1,935,627</u>	<u>-</u>	<u>(1,935,627)</u>
Net position, June 30, 2014	<u>\$ 1,856,227</u>	<u>\$ 1,901,227</u>	<u>\$ 2,705,756</u>	<u>\$ 804,529</u>

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 POSITION (BUDGET TO ACTUAL) -
 ESPANOLA HOUSING AUTHORITY
 Year Ended June 30, 2014

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 250,000	\$ 250,000	\$ 198,841	\$ (51,159)
HUD grants and subsidy	570,000	460,000	470,736	10,736
Other operating revenues	5,000	5,000	-	(5,000)
Total operating revenues	<u>825,000</u>	<u>715,000</u>	<u>669,577</u>	<u>(45,423)</u>
Operating Expenses				
Operating	207,500	197,500	380,009	(182,509)
Community welfare	-	-	-	-
Utilities	81,000	61,000	66,547	(5,547)
Repairs and maintenance	398,000	268,000	76,748	191,252
General	148,000	180,000	55,454	124,546
Depreciation	85,000	85,000	426,916	(341,916)
Total operating expenses	<u>919,500</u>	<u>791,500</u>	<u>1,005,674</u>	<u>(214,174)</u>
Operating income (loss)	<u>(94,500)</u>	<u>(76,500)</u>	<u>(336,097)</u>	<u>(259,597)</u>
Nonoperating Revenues (Expenses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Interest on investments	5,000	5,000	49	(4,951)
Insurance reimbursement	-	-	-	-
Total nonoperating revenues	<u>5,000</u>	<u>5,000</u>	<u>49</u>	<u>(4,951)</u>
Change in net position	<u>(89,500)</u>	<u>(71,500)</u>	<u>(336,048)</u>	<u>(264,548)</u>
Net position, beginning of year	<u>6,175,731</u>	<u>6,175,731</u>	<u>6,175,731</u>	<u>-</u>
Net position, June 30, 2014	<u>\$ 6,086,231</u>	<u>\$ 6,104,231</u>	<u>\$ 5,839,683</u>	<u>\$ (264,548)</u>

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 POSITION (BUDGET TO ACTUAL) -
SANTA FE SECTION 8 VOUCHER
Year Ended June 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget -</u>
				<u>(Unfavorable)</u>
Operating Revenues				
Intergovernmental	\$ 7,070,000	\$ 7,070,000	\$ 6,047,331	\$ (1,022,669)
Port-in HAP reimbursement	700,000	700,000	1,079,056	379,056
Port-admin fees	60,000	60,000	69,358	9,358
TBRA revenues	35,000	35,000	3,544	(31,456)
Other revenue	12,000	12,000	95	(11,905)
Total operating revenues	<u>7,877,000</u>	<u>7,877,000</u>	<u>7,199,384</u>	<u>(677,616)</u>
Operating Expenses				
Community welfare	6,998,000	7,198,000	6,853,293	344,707
Port HAP	700,000	700,000	1,066,835	(366,835)
TBRA expenses	35,000	35,000	-	35,000
Total operating expenses	<u>7,733,000</u>	<u>7,933,000</u>	<u>7,920,128</u>	<u>12,872</u>
Operating income	<u>144,000</u>	<u>(56,000)</u>	<u>(720,744)</u>	<u>(664,744)</u>
Nonoperating revenues (expenses)				
Interest income	5,000	5,000	13	(4,987)
Total nonoperating revenues	<u>5,000</u>	<u>5,000</u>	<u>13</u>	<u>(4,987)</u>
Change in net position	149,000	(51,000)	(720,731)	(669,731)
Net position, beginning of year	<u>2,276,027</u>	<u>2,276,027</u>	<u>2,276,027</u>	<u>-</u>
Net position, June 30, 2014	<u>\$ 2,425,027</u>	<u>\$ 2,225,027</u>	<u>\$ 1,555,296</u>	<u>\$ (669,731)</u>

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 POSITION (BUDGET TO ACTUAL) -
SANTA FE HOUSING DEVELOPMENT CORPORATION
Year Ended June 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Facilities rentals	\$ 780,000	\$ 800,000	\$ 760,138	\$ (39,862)
Other operating revenues	24,000	24,000	100	(23,900)
Total operating revenues	<u>804,000</u>	<u>824,000</u>	<u>760,238</u>	<u>(63,762)</u>
Operating Expenses				
Operating	141,600	161,600	207,579	(45,979)
Contractual services and utilities	104,000	96,000	85,170	10,830
Repairs and maintenance	405,000	245,000	73,576	171,424
General	86,000	110,000	19,237	90,763
Depreciation	310,000	310,000	98,442	211,558
Total operating expenses	<u>1,046,600</u>	<u>922,600</u>	<u>484,004</u>	<u>438,596</u>
Operating income (loss)	<u>(242,600)</u>	<u>(98,600)</u>	<u>276,234</u>	<u>374,834</u>
Nonoperating Revenues (Expenses)				
Interest on investments	8,000	8,000	803	(7,197)
Interest expense	(180,000)	(180,000)	(118,937)	61,063
Total nonoperating expenses	<u>(172,000)</u>	<u>(172,000)</u>	<u>(118,134)</u>	<u>53,866</u>
Change in net position	<u>(414,600)</u>	<u>(270,600)</u>	<u>158,100</u>	<u>428,700</u>
Net position, beginning of year (as reported)	700,245	700,245	700,245	-
Restatement:				
Change in reporting for deferred charges for loan issuance costs	-	-	(64,641)	(64,641)
Net position, beginning of year, (as restated)	<u>700,245</u>	<u>700,245</u>	<u>635,604</u>	<u>(64,641)</u>
Net position, June 30, 2014	<u>\$ 285,645</u>	<u>\$ 429,645</u>	<u>\$ 793,704</u>	<u>\$ 364,059</u>

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 POSITION (BUDGET TO ACTUAL) -
CIELO AZUL
Year Ended June 30, 2014

	Budget Amounts		Actual Amount	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Facilities rentals	\$ 160,000	\$ 160,000	\$ 160,884	\$ 884
Development activities	1,200,000	1,200,000	380,833	(819,167)
Other operating revenues	10,000	10,000	215,773	205,773
Total operating revenues	<u>1,370,000</u>	<u>1,370,000</u>	<u>757,490</u>	<u>(612,510)</u>
Operating Expenses				
Operating	142,000	212,000	305,904	(93,904)
Contractual services and utilities	17,500	17,500	11,559	5,941
Repairs and maintenance	178,000	178,000	45,307	132,693
General	6,000	6,000	6,548	(548)
Insurance	8,000	8,000	6,483	1,517
Depreciation	70,000	70,000	48,317	21,683
Total operating expenses	<u>421,500</u>	<u>491,500</u>	<u>424,118</u>	<u>67,382</u>
Operating income	<u>948,500</u>	<u>878,500</u>	<u>333,372</u>	<u>(545,128)</u>
Nonoperating Revenues (Expenses)				
Transfers in	-	-	-	-
Interest on investments	-	-	34,256	34,256
Interest expense	(130,000)	(130,000)	(40,681)	89,319
Total nonoperating expenses	<u>(130,000)</u>	<u>(130,000)</u>	<u>(6,425)</u>	<u>123,575</u>
Change in net position	818,500	748,500	326,947	(421,553)
Net position, beginning of year	<u>2,311,707</u>	<u>2,311,707</u>	<u>2,311,707</u>	<u>-</u>
Net position, June 30, 2014	<u>\$ 3,130,207</u>	<u>\$ 3,060,207</u>	<u>\$ 2,638,654</u>	<u>\$ (421,553)</u>

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 POSITION (BUDGET TO ACTUAL) -
 LA CIENEGUITA
 Year Ended June 30, 2014

	<u>Budget Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating Revenues				
Facilities rentals	\$ 140,000	\$ 190,000	\$ 191,490	\$ 1,490
Other operating revenues	100	100	60	(40)
Total operating revenues	<u>140,100</u>	<u>190,100</u>	<u>191,550</u>	<u>1,450</u>
Operating Expenses				
Operating	105,000	105,000	102,345	2,655
Community welfare	1,800	1,800	-	1,800
Contractual services and utilities	24,000	24,000	25,790	(1,790)
Repairs and maintenance	110,200	110,200	30,137	80,063
Depreciation	70,000	70,000	64,076	5,924
General	7,000	7,000	7,216	(216)
Total operating expenses	<u>318,000</u>	<u>318,000</u>	<u>229,564</u>	<u>88,436</u>
Operating loss	<u>(177,900)</u>	<u>(127,900)</u>	<u>(38,014)</u>	<u>89,886</u>
Nonoperating Revenues				
Operating transfers out	-	-	-	-
Interest on investments	1,000	1,000	101	(899)
Change in net position	<u>(176,900)</u>	<u>(126,900)</u>	<u>(37,913)</u>	<u>88,987</u>
Net position, beginning of year	<u>1,270,356</u>	<u>1,270,356</u>	<u>1,270,356</u>	<u>-</u>
Net position, June 30, 2014	<u><u>\$ 1,093,456</u></u>	<u><u>\$ 1,143,456</u></u>	<u><u>\$ 1,232,443</u></u>	<u><u>\$ 88,987</u></u>

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

SUPPLEMENTAL INFORMATION

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, 2014

	Type of Account	Bank Balance	Outstanding Checks	Deposits in Transit	Carrying Balance	Fair Value
Change, imprest funds	Petty Cash	\$ -	\$ -	\$ -	\$ -	-
Deposits with financial institutions:						
NM Bank & Trust						
Operating (La Cieneguita)	Checking	99,084	3,845	-	95,239	95,239
Operating (Espanola)	Checking	206,277	7,326	-	198,951	198,951
Security Deposits (Espanola)	Checking	39,314	43	-	39,271	39,271
Operating (Camino Consuelo)	Savings	275,803	-	-	275,803	275,803
Market max 757 (La Cieneguita)	Savings	12,541	150	-	12,391	12,391
Market max 765 (La Cieneguita)	Savings	11,358	-	-	11,358	11,358
Market max 856 (La Cieneguita)	Savings	72,068	-	-	72,068	72,068
Market max 864 (La Cieneguita)	Savings	5,232	-	-	5,232	5,232
Savings (Espanola)	Savings	774	-	-	774	774
US Bank						
General Fund Operating	Checking	1,207,699	116,795	134,768	1,225,672	1,225,672
Operating (Voucher)	Checking	1,626,925	6,229	-	1,620,696	1,620,696
FSS Escrow (Voucher)	Checking	101,154	-	-	101,154	101,154
Bernalillo Operating	Checking	303,013	5,073	-	297,940	297,940
Bernalillo FSS	Checking	996	-	-	996	996
Bernalillo Security Deposit	Checking	10,938	-	-	10,938	10,938
FSB Reserve (Operating)	Savings	78,746	-	-	78,746	78,746
Los Alamos National Bank						
Operating (SF Hsg Dev Corp)	Checking	520,596	8,897	-	511,699	511,699
Security Deposit (SF Hsg Dev Corp)	Checking	5,270	305	-	4,965	4,965
Operating (Cielo Azul)	Checking	111,033	61,220	-	49,813	49,813
Security Deposit (Operating)	Checking	29,697	164	-	29,533	29,533
Employee Fund (Cielo Azul)	Checking	1,975	-	-	1,975	1,975
Development Account (Cielo Azul)	Checking	306,027	3,476	-	302,551	302,551
Security Deposits (Cielo Azul)	Checking	2,153	-	-	2,153	2,153
TBRA (Voucher)	Checking	59,507	1,180	-	58,327	58,327
FSS PH (Operating)	Checking	118,735	600	4,394	122,529	122,529
Board Account (SF Hsg Dev Corp)	Savings	19,864	-	-	19,864	19,864
Rehabilitation (SF Hsg Dev Corp)	Savings	10,942	-	-	10,942	10,942
Repair and Replace (SF Hsg Dev Corp)	Savings	6,281	-	-	6,281	6,281
Debt Service Reserve (SF Hsg Dev Corp)	Savings	10,698	-	-	10,698	10,698
Total deposits		<u>5,254,700</u>	<u>215,303</u>	<u>139,162</u>	<u>5,178,559</u>	<u>5,178,559</u>
Investments						
Charles Schwab						
Operating Deposits (Operating)	Treasury Bill	55,206	-	-	55,206	55,206
Rehabilitation (SF Hsg Dev Corp)	Treasury Bill	275,012	-	-	275,012	275,012
Repair and Replace (SF Hsg Dev Corp)	Treasury Bill	125,005	-	-	125,005	125,005
Debt Service Reserve (SF Hsg Dev Corp)	Treasury Bill	160,006	-	-	160,006	160,006
Board Account (SF Hsg Dev Corp)	Treasury Bill	850,136	-	-	850,136	850,136
Security Deposit (SF Hsg Dev Corp)	Treasury Bill	15,000	-	-	15,000	15,000
Development Account (Cielo Azul)	Treasury Bill	270,045	-	-	270,045	270,045
Security Deposits (Cielo Azul)	Treasury Bill	5,300	-	-	5,300	5,300
Total investments		<u>1,755,710</u>	<u>-</u>	<u>-</u>	<u>1,755,710</u>	<u>1,755,710</u>
Total petty cash, deposits and investments		<u>\$ 7,010,410</u>	<u>\$ 215,303</u>	<u>\$ 139,162</u>	<u>\$ 6,934,269</u>	<u>\$ 6,934,269</u>
Shown on the Statement of Net Position as:						
Cash, investments and equivalents					\$ 6,610,221	
Cash, investments and equivalents - restricted					<u>324,048</u>	
Total cash, investments and equivalents					<u>\$ 6,934,269</u>	

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
MARKET VALUE
June 30, 2014

	Maturity Date	Bank Balance	Federal Depository Insurance	Total Uninsured Public Funds	Required Collateral	Pledged Securities Market Value	Over/ (Under)
<u>New Mexico Bank & Trust</u>							
Checking	None	\$ 344,675	\$ 250,000	\$ 94,675	\$ 47,338	-	-
Savings	None	377,776	250,000	127,776	63,888	-	-
Collateral:							
Da Kalb Cnty III Unit S GO Sch Bds, CUSIP 240685HR1, 0.0%, \$200,000 face	1/1/22	-	-	-	-	158,278	
Eastern NM Univ Rev, Cusip 276785UD2 3.8%, \$245,000 face	4/1/17	-	-	-	-	249,684	296,737
<u>US Bank:</u>							
Checking	None	3,250,725	250,000	3,000,725	1,500,363	-	-
Savings	None	78,746	78,746	-	-	-	-
Collateral held at FRB Dallas:							
FNMA Pool AE5486, Cusip 31419GCY8 3.5%, \$6,930,000	10/1/25	-	-	-	-	3,389,737	
FHLMC Gold Pool G11356, Cusip 31283KQH4 3.5%, \$2,000,000	1/1/18	-	-	-	-	55,577	
FHLMC FGLMC C78550, Cusip 31288HQB9 3.5%, \$2,000,000	5/1/33	-	-	-	-	131,168	
FHLMC FHARM 787802, Cusip 31295LU34 3.5%, \$10,000,000	4/1/30	-	-	-	-	137,718	
FNMA FNCL 555647, Cusip 31385XHY6 3.5%, \$300,000	7/1/33	-	-	-	-	343,726	2,557,564
<u>Los Alamos National Bank</u>							
Checking	None	1,154,993	250,000	904,993	452,497	-	-
Savings	None	47,785	47,785	-	-	-	-
Collateral:							
FNMA, Cusip 31398A3G5 1.5%, \$2,000,000 face 50% pledge	9/8/14	-	-	-	-	1,002,584	550,088
		<u>\$ 5,254,700</u>	<u>\$ 1,126,531</u>	<u>\$ 4,128,169</u>	<u>\$ 2,064,085</u>	<u>\$ 5,468,472</u>	<u>\$ 3,404,388</u>

Santa Fe Civic Housing Authority (NIM009)
SANTA FE, NIM
 Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133 Fiscal Year End: 06/30/2014

	Project Total	14.157 Supportive Housing for the Elderly	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NIC S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,774,686	\$189,947		\$1,679,023	\$2,246,250		\$622,409	\$6,512,315		\$6,512,315
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	\$190,193	\$6,340		\$101,154			\$1,975	\$299,662		\$299,662
114 Cash - Tenant Security Deposits	\$95,678				\$19,161		\$7,453	\$122,292		\$122,292
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$2,060,557	\$196,287	\$0	\$1,780,177	\$2,265,411	\$0	\$631,837	\$6,934,269		\$6,934,269
121 Accounts Receivable - PHA Projects	\$318,984						\$2,242,979	\$2,561,963		\$2,561,963
122 Accounts Receivable - HUD Other Projects	\$149,731						\$149,731	\$149,731		\$149,731
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous					\$363,820			\$363,820		\$363,820
126 Accounts Receivable - Tenants	\$131,643	\$1			\$2,065			\$133,709		\$133,709
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,000	\$0	\$0		\$0	\$0		-\$2,000		-\$2,000
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	\$192,704							\$192,704		\$192,704
128.1 Allowance for Doubtful Accounts - Fraud	-\$192,704		\$0					-\$192,704		-\$192,704
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$598,358	\$1	\$0	\$0	\$365,885	\$0	\$2,242,979	\$3,207,223		\$3,207,223
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$36,693	\$5,299			\$9,588		\$5,755	\$57,335		\$57,335
143 Inventories										
143.1 Allowance for Obsolete Inventories	\$0							\$0		\$0
144 Inter Program Due From	\$642,971				\$500,000			\$1,142,971		\$1,142,971
145 Assets Held for Sale										
150 Total Current Assets	\$3,338,579	\$201,587	\$0	\$1,780,177	\$3,140,884	\$0	\$2,880,571	\$11,341,798		\$11,341,798
161 Land	\$331,637	\$244,300			\$268,652		\$330,000	\$1,174,589		\$1,174,589
162 Buildings	\$52,428,558	\$1,473,757			\$3,708,510		\$1,630,236	\$39,241,061		\$39,241,061
163 Furniture, Equipment & Machinery - Dwellings	\$791,814	\$4,415			\$203,485		\$999,714	\$999,714		\$999,714
164 Furniture, Equipment & Machinery - Administration	\$558,765						\$558,765	\$558,765		\$558,765
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$21,415,409	-\$586,318			-\$3,557,352		-\$474,714	-\$26,033,793		-\$26,033,793
167 Construction in Progress	\$36,152							\$36,152		\$36,152
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,731,517	\$1,136,154	\$0	\$0	\$623,295	\$0	\$1,495,522	\$15,976,488		\$15,976,488
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										

Santa Fe Civic Housing Authority (NM009)
SANTA FE, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.157 Supportive Housing for the Elderly	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 N/C S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	1 Business Activities	Subtotal	ELM	Total
70300 Net Tenant Rental Revenue	\$1,343,532	\$191,490			\$760,138		\$160,884	\$2,456,044		\$2,456,044
70400 Tenant Revenue - Other										
70500 Total Tenant Revenue	\$1,343,532	\$191,490	\$0	\$0	\$760,138	\$0	\$160,884	\$2,456,044		\$2,456,044
70600 HUD PHA Operating Grants	\$1,410,410		\$40,355	\$5,923,804		\$120,880		\$7,501,459		\$7,501,459
70610 Capital Grants	\$223,786							\$223,786		\$223,786
70700 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										
71100 Investment Income - Unrestricted	\$397	\$161		\$10			\$34,254	\$34,822		\$34,822
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				\$12,476			\$696,608	\$12,476		\$12,476
71500 Other Revenue	\$73,526			\$1,136,217	\$903			\$1,807,254		\$1,807,254
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	\$3,051,651	\$191,651	\$40,355	\$7,078,507	\$761,041	\$120,880	\$791,746	\$12,035,841		\$12,035,841
91100 Administrative Salaries	\$282,001	\$49,296		\$342,706	\$107,028	\$8,367	\$166,123	\$935,521		\$935,521
91200 Auditing Fees	\$51,384							\$51,384		\$51,384
91300 Management Fee										
91310 Book-keeping Fee										
91400 Advertising and Marketing										
91500 Employee Benefit contributions - Administrative	\$246,148	\$32,166		\$191,196	\$66,008		\$98,183	\$633,701		\$633,701
91600 Office Expenses	\$108,179	\$1,085		\$28,896	\$4,772		\$11,772	\$154,704		\$154,704
91700 Legal Expense	\$4,426						\$683	\$5,309		\$5,309
91800 Travel	\$6,528			\$2,682	\$206		\$6,548	\$15,964		\$15,964
91810 Allocated Overhead										
91900 Other				\$30,304				\$30,304		\$30,304
91000 Total Operating - Administrative	\$678,666	\$82,547	\$0	\$595,784	\$178,014	\$8,367	\$283,509	\$1,826,887		\$1,826,887
92000 Asset Management Fee										
92100 Tenant Services - Salaries	\$45,728		\$40,355	\$86,382				\$172,465		\$172,465
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$150,387	\$500		\$102,962	\$100			\$253,949		\$253,949
92500 Total Tenant Services	\$196,115	\$500	\$40,355	\$189,344	\$100	\$0	\$0	\$426,414		\$426,414
93100 Water	\$227,362	\$11,204			\$30,591		\$4,257	\$273,434		\$273,434
93200 Electricity	\$59,645	\$2,121			\$6,157		\$840	\$68,763		\$68,763

93300 Gas	\$163,834	\$1,620				\$20,994		\$455	\$186,903	\$186,903		
93400 Fuel												
93500 Labor												
93600 Sewer	\$107,092	\$5,921				\$17,423		\$2,808	\$132,944	\$132,944		
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense	\$35,474	\$4,924				\$6,665		\$2,615	\$49,578	\$49,578		
93000 Total Utilities	\$593,427	\$25,790	\$0			\$91,730	\$0	\$10,675	\$711,622	\$711,622		
94100 Ordinary Maintenance and Operations - Labor	\$335,011	\$20,884				\$4,543		\$41,598	\$432,036	\$432,036		
94200 Ordinary Maintenance and Operations - Materials and Other	\$286,320	\$16,646				\$51,196		\$5,906	\$359,668	\$359,668		
94300 Ordinary Maintenance and Operations Contracts	\$219,668	\$12,405				\$21,080		\$28,031	\$281,184	\$281,184		
94500 Employee Benefit Contributions - Ordinary Maintenance												
94000 Total Maintenance	\$840,999	\$49,935	\$0			\$106,819	\$0	\$75,135	\$1,072,888	\$1,072,888		
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	\$0	\$0		\$0
96110 Property Insurance	\$144,308	\$6,716				\$18,899		\$6,484	\$176,407	\$176,407		
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance												
96100 Total Insurance Premiums	\$144,308	\$6,716	\$0			\$18,899	\$0	\$6,484	\$176,407	\$176,407		
96200 Other General Expenses												
96210 Compensated Absences												
96300 Payments in Lieu of Taxes												
96400 Bad debt - Tenant Rents												
96500 Bad debt - Mortgages												
96600 Bad debt - Other	\$4,323								\$4,323	\$4,323		
96800 Severance Expense												
96000 Total Other General Expenses	\$4,323	\$0	\$0			\$0	\$0	\$0	\$4,323	\$4,323		
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)						\$118,937		\$40,681	\$159,618	\$159,618		
96730 Amortization of Bond Issue Costs												
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0			\$118,937	\$0	\$40,681	\$159,618	\$159,618		
96900 Total Operating Expenses	\$2,457,838	\$165,488	\$40,355	\$785,128	\$504,499	\$8,367		\$416,484	\$4,378,159	\$4,378,159		
97000 Excess of Operating Revenue over Operating Expenses	\$593,813	\$26,163	\$0	\$6,293,379	\$256,542	\$112,523		\$375,262	\$7,657,692	\$7,657,692		
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments				\$6,051,284					\$6,051,284	\$6,051,284		
97350 HAP Portability-In				\$1,075,349					\$1,075,349	\$1,075,349		
97400 Depreciation Expense	\$1,131,519	\$64,076			\$98,442			\$48,317	\$1,342,354	\$1,342,354		
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
90000 Total Expenses	\$3,589,357	\$229,564	\$40,355	\$7,911,761	\$602,941	\$8,367		\$464,801	\$12,847,146	\$12,847,146		

SINGLE AUDIT INFORMATION

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/ Program Title	Federal CFDA Number	Receivable		Admin Equity July 1, 2013	Equity Transfers	Cash Receipts	Expenditures	Receivable		
		(Deferred Revenue) July 1, 2013	HAP Equity July 1, 2013					(Deferred Revenue) June 30, 2014	HAP Equity June 30, 2014	
Department of Housing and Urban Development										
Public Housing Subsidy (MAJOR)	14.850	-	-	-	-	\$ 1,620,481	\$ 1,620,481	-	-	
Resident Opportunity and Supportive Services	14.855	-	-	-	-	54,070	54,070	-	-	
Public Housing Capital Fund	14.872	149,731	-	-	-	149,731	-	-	-	
Section 8 Housing (MAJOR)	14.871	-	1,848,992	427,035	-	7,199,397	7,920,128	-	983,969	
Total Department of Housing and Urban Development		\$ 149,731	\$ 1,848,992	\$ 427,035	\$ -	\$ 9,023,679	\$ 9,594,679	\$ -	\$ 983,969	\$ 571,327

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.

Robert J. Rivera, CPA, PC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities, each major fund, the aggregate remaining fund information of the Santa Fe Civic Housing Authority (the Authority), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the combining and individual funds and related budgetary comparisons presented as supplemental information and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies (Finding 2014 -001, and 2014-004).

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and Section 12-6-5, NMSA 1978, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2007-004, 2014-002 and 2014-003.

The Authority's Response to Findings

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

Purpose of this Report

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 15, 2014

Robert J. Rivera, CPA, PC

Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the State of New Mexico, Santa Fe Civic Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. 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*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

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, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs of item 2014-003. Our opinion on each major federal program is not modified with respect to this matters.

The Authority's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and , accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-003, that we consider to be a significant deficiency.

The Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on these responses.

Purpose of this Report

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



Robert J. Rivera, CPA, PC
Santa Fe, New Mexico
December 15, 2014

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2014**

2014-004 (2007-04)	Budgetary Compliance	Updated and included as 2014-04
2012-04	Short Term Waiting List - Compliance	Resolved
2013-01	Rent Calculations - Compliance	Resolved
2013-02	Eligibility Compliance - Section 8 vouchers	Resolved

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements and the combining and individual fund financial statements of the State of New Mexico, Santa Fe Civic Housing Authority.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the State of New Mexico, Santa Fe Civic Housing Authority, which would be required to be reported in accordance with *Government Auditing Standards*, that were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for the State of New Mexico, Santa Fe Civic Housing Authority expresses an unmodified opinion on all major federal programs. One instance of noncompliance is reported. Our opinion is not modified with respect to this matter.
6. Audit findings relating to major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include the following:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Public Housing Subsidy
14.871	Section 8 Housing

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Authority was determined to be a high-risk auditee.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

B. FINANCIAL STATEMENT FINDINGS

**2014-001 Improper Control Over Blank Warrants
(Significant Deficiency)**

CONDITION

Blank but signed warrants are kept in a locked filing cabinet in the Accounting Specialist's office. The Administrative Supervisor is responsible for processing payments to vendors and for any other purpose for which a warrant is necessary (except payroll).

CRITERIA

Acceptable internal control over warrants dictates that warrants be signed **after** completion and that approval for the payment be indicated on supporting documentation.

CAUSE

The Authority allowed blank but signed warrants to be kept by the Administrative Supervisor.

EFFECT

Improper and/or unauthorized payments could be made creating a fraud or misappropriation risk.

RECOMMENDATION

We recommend that the Authority sign warrants after they have been completed.

ENTITY RESPONSE

The Santa Fe Civic Housing Authority concurs with the finding, and has implemented actions to correct and or prevent this recurrence.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL MAJOR AWARD PROGRAMS

**2014-003 Improper Allocation of Retirement Contributions
(Significant Deficiency and Noncompliance)**

Federal Program:

U.S. Department of Housing and Urban Development
Public Housing Subsidy – CFDA 14.850
Resident Opportunity and Supportive Services – CFDA 14.855
Section 8 Housing – CFDA 14.871

Award Period, October 1, 2013 – June 30, 2014

Compliance Requirements: Allowable Costs

Questioned Costs—\$29,499

CONDITION

During our testing we noted retirement contributions paid to the New Mexico Public Employee's Retirement Association defined benefit plan for six employees were not in accordance with the provisions of Section 10-11-8 NMSA 1978 (a provision of the Public Employees Retirement Act) for retirees that return to work with an affiliated employer. Santa Fe Civic Housing Authority (SFCHA) paid both the employee and employer share of the contribution for the employees since the employee was hired by the SFCHA. Prior to July 1, 2010, this practice was in accordance with the Public Employee Retirement Act. Currently, the SFCHA policy, which is allowed by state law, pays 67% of required employee contributions as well as 100% of the required employer contribution for all employees (except for the return-to-work retirees) participating in the defined benefit plan. Except for the six employees, all other employees contribute 4.80% of their salary to the defined benefit plan.

CRITERIA

Pursuant to paragraph H (1) of Section 10-11-8 NMSA 1978, "A retired member who returned to work with an affiliated public employer prior to July 1, 2010 shall be subject to the provisions of this section in effect on the date the retired member returned to work; provided that: (1) on and after July 1, 2010, the retired member shall pay the employee contribution in an amount specified in the Public Employees Retirement Act for the position in which the retired member is subsequently employed".

CAUSE

The SFCHA was not aware of the changes in the Public Employee Retirement Act that became effective July 1, 2010.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

C. FEDERAL MAJOR AWARD PROGRAMS (Cont'd)

**2014-003 Improper Allocation of Retirement Contributions
(Significant Deficiency and Noncompliance) (Cont'd)**

EFFECT

On and after July, 1, 2010, the improper allocation of retirement contributions resulted in the SFCHA paying more in contributions than that required by law, thus using federal and other program dollars to make those improper payments.

RECOMMENDATION

We recommend that the Santa Fe Civic Housing Authority make the necessary changes to the payroll system to withhold the employee retirement contribution as required by the Public Employees Retirement Act. We further recommend that the SFCHA return the questioned cost amount to the appropriate federal program.

ENTITY RESPONSE

The Santa Fe Civic Housing Authority concurs with the finding, and has implemented actions to correct and or prevent this recurrence.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

D. COMPLIANCE AND OTHER MATTERS FINDINGS

**2014-004 (2007-04) Budgetary Compliance - Other (Repeated and Modified)
(Significant Deficiency and Noncompliance)**

CONDITION

Actual expenses exceeded budgeted expenses for the Espanola Housing Authority Fund by \$214,174

CRITERIA

Per State Auditor 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 Authority recorded \$426,916 in depreciation expense, causing the over-expenditure. Budget adjustments were not made to account for this expense.

EFFECT

The Authority is not in compliance with State Auditor Rule 2.2.2.10(P)(1).

RECOMMENDATION

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

ENTITY RESPONSE

The Santa Fe Civic Housing Authority concurs with the finding, and has implemented actions to correct and or prevent this recurrence.

**STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

D. COMPLIANCE AND OTHER MATTERS FINDINGS (Cont'd)

**2014-002 Late Delivery of Audit Report
(Compliance with State Auditor Rules and Regulations)**

CONDITION

The Santa Fe Civic Housing Authority did not submit its annual financial report to the State Auditor's Office prior to the deadline of September 30, 2014. The report was submitted on December 19, 2014.

CRITERIA

In accordance with State Auditor Rule 2.2.2.9, NMAC, the Authority was required to submit its fiscal year 2013-2014 annual financial report to the State Auditor's Office by September 30, 2014.

CAUSE

The Authority prepared their own financial statements this year and provided the auditor's for review and finalization. This is the first time that the Authority has prepared its own financial statements which required additional time and which caused the report to be delivered late. In addition, the audit report deadline for submission to the State Auditor's Office has traditionally been November 30th. This is the first year that the deadline was moved up the September 30th.

EFFECT

The Authority was not in compliance with the State Auditor Rule 2.2.2.9, NMAC. Users of the financial statements (i.e. board members, legislators, creditors, bondholders and state and federal grantors) do not have timely audit reports and financial statements available for their review.

RECOMMENDATION

We recommend that management develop policies and procedures that ensure financial records are ready for audit in a timely manner so that future fiscal periods' financial reports can be submitted prior to the established deadline.

ENTITY RESPONSE

The Santa Fe Civic Housing Authority concurs with the finding, and has implemented actions to correct and or prevent this recurrence.

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
June 30, 2014

Financial Statement Preparation

The financial statements were prepared by the Authority. Management is responsible for ensuring that the books and records adequately support the preparation of financial statements in accordance with generally accepted accounting principles and that records are current and in balance. Management has reviewed and approved the financial statements.

Exit Conference

An exit conference was held on December 16, 2014, to discuss the audit. The following individuals were in attendance:

State of New Mexico - Santa Fe Civic Housing Authority

Jana Lujan, Board Member
Ed Romero, Executive Director
Rudy Gallegos, Deputy Director
Anna Chavez, Administrative Supervisor
Nellie Olivas, Accountant
Amy Jiminez, Accountant
Herman Chavez, CPA - Contractor

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA
William J. Valdes