



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
RUTH VISAGE SENIOR APARTMENTS
(A Department of the Eastern Plains
Council of Governments)**

**Financial Statements
For the Year Ended December 31, 2013**

Ruth Visage Senior Apartments
A Department of the Eastern Plains Council of Governments
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For The Year Ended December 31, 2013

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Ruth Visage Senior Apartments
A Department of the Eastern Plains Council of Governments
Official Roster
For The Year Ended December 31, 2013

<u>Directors</u>	<u>Position</u>	<u>Government Represented</u>
EXECUTIVE COMMITTEE		
Alvin Maestas, Sr.	Chairman	City of Santa Rosa
Fidel Madrid	Vice-Chairman	City of Clovis
Wesley Shafer	Treasurer	Curry County
Vanita Menapace	Member	Harding County
Bill Cathey	Member	Roosevelt County
Becky Harris	Member	De Baca County
Cynthia Lee	Member	Village of San Jon
Jack Chosvig	Member	City of Clayton
CURRY COUNTY		
Tim Ashley	Member	Curry County
Fidel Madrid	Member	City of Clovis
Wesley Shafer	Member	Village of Grady
Lewis Cooper	Member	Town of Texico
Tuck Monk	Member	Village of Melrose
DE BACA COUNTY		
Becky Harris	Member	De Baca County
GUADALUPE COUNTY		
Vincente Cordova	Member	Guadalupe County
Alvin Maestas, Sr.	Member	City of Santa Rosa
Paul Madrid	Member	Town of Vaughn
HARDING COUNTY		
Vanita Menapace	Member	Harding County
Chandra Gonzales	Member	Village of Roy
QUAY COUNTY		
Cynthia Lee	Member	Village of San Jon
ROOSEVELT COUNTY		
Bill Cathey	Member	Roosevelt County
Oscar Robinson	Member	City of Portales
LaVerne Sheller	Member	Village of Causey
Kay Nuckols	Member	Village of Elida
Becky Frazee	Member	Village of Dora
Toni Whitecotton	Member	Village of Floyd
UNION COUNTY		
Jack Chosvig	Member	City of Clayton
Terry McNabb	Member	Village of Folsom
Administrative		
Sandy Chancey	Executive Director (EPCOG)	



INDEPENDENT AUDITOR’S REPORT

Mr. Hector H. Balderas, State Auditor and
The Ruth Visage Senior Apartments
A Department of the Eastern Plains Council of Governments
Portales, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the budgetary comparison for the general fund of the Ruth Visage Senior Apartments (RVSA) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the RVSA’s basic financial statements 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 basic 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 governmental activities, the major fund, and the budgetary comparison for the general fund of the RVSA, as of December 31, 2013, and the respective changes in

financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discusses in Note A, the financial statements of the RVSA are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and each major fund of the Eastern Plains Council of Governments (EPCOG) that is attributable to the transactions of the RVSA. They do not purport to, and do not present fairly the financial position of the EPCOG as of June 30, 2014 or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management and Discussion and Analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the RVSA's financial statements. 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *schedule of expenditures of federal awards* is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures is 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 August 13, 2014 on our consideration of RVSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RVSA's internal control over financial reporting and compliance.



Hinkle + Landers, P.C
Albuquerque, NM
August 13, 2014

RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
(GOVERNMENT-WIDE)
STATEMENT OF NET POSITION
As of December 31, 2013

ASSETS	<u>Notes</u>	<u>Governmental Activities</u>
Current assets		
Cash and cash equivalents	2	\$ 23,179
Intergovernmental receivables	3	9,303
Other receivables	3	<u>30</u>
Total current assets		<u>32,512</u>
Noncurrent assets		
<i>Deposits held in trust</i>		
Cash restricted to meet tenant deposit liabilities	7	<u>10,776</u>
<i>Restricted deposits</i>		
Cash restricted for replacement reserve	2	153,028
Cash restricted for taxes and insurance	2	<u>6,670</u>
Total restricted deposits		<u>159,698</u>
Capital assets, net	4	<u>1,136,593</u>
Total Assets		\$ <u>1,339,579</u>
LIABILITIES		
Current liabilities		
Accounts payable		\$ 10,909
Accrued expenses		985
Prepaid tenant rent	6	1,430
Due to general partner (management fees)	1-J	6,348
Mortgage loan payable - USDA (current portion)	5	<u>6,592</u>
Total current liabilities		<u>26,264</u>
Noncurrent liabilities		
<i>Deposit Liability</i>		
Tenant security deposits payable	7	<u>10,251</u>
Mortgage loan payable - USDA (long-term portion)	5	1,170,442
Mortgage loan payable - NMMFA	5	300,000
Accrued interest		<u>6,253</u>
Total noncurrent liabilities		<u>1,486,946</u>
Total Liabilities		<u>1,513,210</u>
NET POSITION		
Net investment in capital assets		(340,441)
Unrestricted		<u>166,810</u>
Total net position		<u>(173,631)</u>
Total Liabilities and Net Position		\$ <u>1,339,579</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements

RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
(GOVERNMENT-WIDE)
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2013

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position For Governmental Activities
Primary Government				
General government	\$ 290,755	80,059	142,568	(68,128)
General revenues:				
Investment income				351
Miscellaneous income				-
Total general revenues and transfers				351
Change in net position				(67,777)
Net position, beginning of year				(105,854)
Net position, end of year				\$ (173,631)

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RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUND
As of December 31, 2013

	General Fund
ASSETS:	
Cash and cash equivalents	\$ 23,179
Restricted cash and investments	170,474
Receivables:	
Intergovernmental	9,303
Other receivables	30
Total assets	\$ 202,986
LIABILITIES:	
Accounts payable	\$ 10,909
Accrued expenses	985
Unearned revenue	1,430
Accrued interest	6,253
Due to general partner (management fees)	6,348
Deposits held in trust	10,251
Total liabilities	36,176
FUND BALANCE:	
Restricted: cash and investments	170,474
Unassigned	(3,664)
Total fund balance	166,810
Total liabilities and fund balance	\$ 202,986

Amounts reported for governmental activities in the statement of net position are different because:

<i>Capital assets used in governmental activities are not current financial resources and therefore, are not reported in the balance sheet</i>	\$ 1,136,593
<i>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:</i>	
Current bonds notes payable	(6,592)
Notes payable	(1,470,442)
Statement of net position of governmental funds	\$ (173,631)

RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2013

	<u>General Fund</u>
Revenues:	
Federal	\$ 50,280
State	92,288
Charges for services	80,059
Investment income	351
Miscellaneous	-
Total revenues	<u>222,978</u>
Expenditures:	
Current:	
General government	169,644
Debt service:	
Principal	6,186
Interest	<u>83,655</u>
Total expenditures	<u>259,485</u>
Excess (deficiency) of revenues over expenditures	<u>(36,507)</u>
Other financing sources (uses)	
Operating transfers in	-
Operating transfers out	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Net change in fund balances	(36,507)
Fund balance, beginning of year	209,602
Restatement	<u>(6,285)</u>
Fund balance, beginning of year - restated	<u>203,317</u>
Fund balance, end of year	<u>\$ 166,810</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (36,507)
Amounts reported to governmental activities in the statement of activities are different because:	
<i>Depreciation expense related to capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.</i>	
	(37,457)
<i>The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position:</i>	
Principal payments on notes payable	<u>6,186</u>
<i>Rounding</i>	<u>1</u>
Change in net position of governmental activities	<u>\$ (67,777)</u>

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements

RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
(MODIFIED ACCRUAL BUDGETARY BASIS) TO ACTUAL
For The Year Ended December 31, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal	\$ -	-	50,280	50,280
Rental income (includes State grants)	171,000	171,000	172,347	1,347
Investment income	650	650	351	(299)
Miscellaneous	-	-	-	-
Total revenues	<u>171,650</u>	<u>171,650</u>	<u>222,978</u>	<u>51,328</u>
Expenditures:				
Current:				
General government	166,751	166,751	169,644	(2,893)
Debt service:				
Principal	37,158	37,158	6,186	30,972
Interest	-	-	83,655	(83,655)
Total expenditures	<u>203,909</u>	<u>203,909</u>	<u>259,485</u>	<u>(55,576)</u>
Net change in fund balances	(32,259)	(32,259)	(36,507)	(4,248)
Fund balance, beginning of year			209,602	
Restatement			<u>(6,285)</u>	
Fund balance, beginning of year-restated			<u>203,317</u>	
Fund balance, end of year			<u>\$ <u>166,810</u></u>	

SEE INDEPENDENT AUDITOR'S REPORT
The accompanying notes are an integral part of these financial statements

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Ruth Visage Senior Apartments (RVSA) is a twenty six (26) unit rural development housing complex located at 1101 W. Fir in Portales, NM. The apartment complex is owned by the Eastern Plains Council of Governments (EPCOG), a New Mexico nonprofit corporation. RVSA's occupants must be elderly, handicapped, or disabled meeting certain requirements.

In evaluating how to define the RVSA for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB No. 14 and No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the election of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the RVSA and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the RVSA is able to exercise oversight responsibility. Based on the application of these criteria, there are no component units included in the reporting entity.

The RVSA is a department of the Eastern Plains Council of Governments and is required to be reported as a governmental fund.

B. Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. This is the same approach used in preparation of proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Also, fiduciary funds are not included in the government-wide financial statements. Interfund payables and receivables have been eliminated in determining the government-wide financial statements.

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

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

Net position should be reported as restricted when constraints placed on net position use is either externally imposed by law through constitutional provisions or enabling legislation. Restricted assets are applied first before unrestricted assets.

2. GAAP Presentation

The financial statements of the RVSA are prepared in accordance with Generally Accepted Accounting Principles generally accepted in the United States of America (GAAP). The RVSA's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

3. Fund Financial Statements

Fund financial statements report detailed information about the RVSA. The RVSA has one major fund and no non-major funds for the year ended December 31, 2013. See item 1-B-7 for more detail.

4. Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

5. Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period). This includes reimbursements from state and federally funded projects, which are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

The RVSA has implemented GASB Statement No. 33 on any non-exchange transaction. A non-exchange transaction occurs when a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The RVSA has two types of non-exchange transactions: government-mandated non-exchange transaction revenues (federal programs that state or local governments are mandated to perform), and voluntary non-exchange transactions (grants, entitlements, and donations by non-governmental entities, including

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

private donations). The RVSA recognizes non-exchange transactions in the financial statements as income unless it is not measurable (reasonably estimate), if any.

Revenues from grants that are restricted for specific uses are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual. Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

6. Expenditure Recognition

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid.

Expenditures, other than vacation and sick pay, are recorded when the related fund liability is incurred. Expenditures charged to federal programs are recorded utilizing the cost principles prescribed or permitted by the various funding sources.

7. Fund Accounting

The accounts of the RVSA are organized on a basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenue and expenditures. The sole fund of the RVSA is a governmental fund type and is grouped as a General Fund.

The General Fund is the general operating fund of the RVSA. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered a major fund and there were no other funds.

The government reports the following significant program/grants in the general fund:

- *Rural Rental Housing Loans – to provide economically designed and constructed rental and cooperative housing and related facilities suited for rural residents.*

8. GASB Statement #54

In February 2009, the GASB issued Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement 54.

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

As a result, in the governmental fund financial statements, fund balances previously reported as reserved and unreserved are now reported as non-spendable, restricted, or unrestricted (committed, assigned or unassigned).

9. Spending Policy

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the RVSA's policy to use restricted resources first. When expenditures/expenses are incurred for purposes, for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the RVSA's policy to spend committed resources first.

C. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the RVSA as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and are capitalized. The valuation bases for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Sub-grantees purchasing equipment by sub-grant made by the RVSA to other agencies is not accounted for in capital assets. Purchased capital assets are valued at historical cost. Donated capital assets are valued at their estimated fair value on the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$5,000 and estimated useful life in excess of two years. The RVSA includes software in capital assets if it meets the minimum capitalization policy in the furniture and equipment category. The RVSA does not develop computer software for internal use and therefore, does not have a policy for capitalizing computer software developed for internal use.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Type</u>	<u>Estimated Depreciable Life</u>
Land	Perpetual
Building	40
Furnishings	10
Equipment	7

D. Budgets

The RVSA adopts annual operating budgets in accordance with U.S. Department of Agriculture regulations which do not require subsequent amendments, except for State of New Mexico requirements. Additionally, the budget is a program budget and not an official budget and cannot be relied on for State compliance purposes. The RVSA prepares its budgets on the modified accrual budgetary basis. Depreciation and interest expense are not budgeted by the RVSA.

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

E. Reconciliation between Budgetary Basis and GAAP Basis

Budgetary comparisons shown in the schedule compare actual revenues and expenses with the modified accrual budgetary basis amounts as amended. Budgetary control is required to be maintained at the individual fund level. Additionally, the budget is a program budget and not an official budget and cannot be relied on for State compliance purposes.

F. Indirect Cost

RVSA does not have a negotiated Indirect Cost Rate with federal grantors but does allocate expenditures such as overhead costs not directly attributable to specific programs. These expenditures are allocated monthly among all funds based upon the budgeted expenditures for each fund as a percentage of total budgeted expenditures.

G. Tenant Receivables and Allowance for Doubtful Accounts

Tenant receivables are reported net of an allowance for doubtful accounts. The RVSA provides an allowance for uncollectible accounts equal to the estimated uncollectible portion of a client rent receivable. Management's estimate is based on historical experience and its evaluation of the current status of the client rent receivable. It is the policy of the RVSA to allowance any rent receivable amounts that have not been collected over sixty (60) days.

H. Rental Income and Leasing Operations

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the RVSA and tenants of the property are operating leases.

I. Replacement Reserves

In accordance with the terms of the loan agreement with the USDA, the RVSA is required to fund a replacement reserve in the amount of \$15,000 per year until the reserve account reached the minimum of \$150,000. The reserve had a balance of \$153,028 at December 31, 2013.

J. Property Management Agreement

In accordance with the management agreement, the RVSA paid the JL Gray Company Inc, an agent of the General Partner, property management fees of \$20,378 (\$6,348 billed by EPCOG). The fees are for services rendered in connection with leasing and operation of the Apartments. The property management fees are equal to \$46 per occupied unit per month with a maximum annual compensation of \$14,352.

K. Use of Estimates

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or the balance sheet will sometimes

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position/fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized until then. For the year ended December 31, 2013, the RVSA did not have deferred outflows or inflows of resources.

M. Cash and Cash Equivalents

Cash and cash equivalents consist of short-term highly liquid investments, which are readily convertible into cash within ninety (90) days of purchase.

The RVSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

State statutes authorize the investment of RVSA's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The RVSA is also allowed to invest in United States Government obligations. All funds of the RVSA must follow the above investment policies.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the RVSA. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

N. Net Position and Fund Balance

Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets – the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – the component of net position that reports the difference between assets and liabilities of RVSA that consists of assets with constraints placed on their use that are legally enforceable by legislation and the like to be used only for the purposes specified.

Unrestricted – the difference between the assets and liabilities that is not reported in net position invested in capital assets or restricted net position.

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

In the fund level financial statements, the RVSA has no designated fund balance. The RVSA applies restricted funds first to expenditures before applying restricted funds when applicable. Designated fund balances represent tentative plans for future use of financial resources.

O. Fund Balance

The RVSA's fund balance is classified under the following GASB Statement 54 components:

Non-spendable: Non-spendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. The RVSA's does not have any non-spendable fund balance for the year ended December 31, 2013.

Restricted: Restricted fund balance represents amounts constrained to specific purposes that are externally imposed or imposed by law through constitutional provisions or enabling legislation (such as taxpayers, grantors, bondholders, and higher levels of government) The RVSA's restricted cash balance of \$170,474 is considered as restricted fund balance for the year ended December 31, 2013.

Committed: Committed fund balance is constrained to specific purposes by the highest level of decision-making authority The RVSA does not have any committed fund balance for the year ended December 31, 2013.

Assigned: Assigned fund balance is constrained by the Legislature and Executive branch's intent to be used by the government for specific purposes or in some cases by legislation. Intent can be expressed by the governing body or an official or body to which the governing body delegates authority. The RVSA does not have any assigned fund balance for the year ended December 31, 2013.

Unassigned: Unassigned fund balance is the residual classification for the general fund. The RVSA does not currently have a minimum fund balance policy The RVSA has a deficit unassigned fund balance of \$(3,644) for the year ended December 31, 2013.

2. CASH BALANCES

In accordance with Section 6-10-17, NMSA, 1978 Compilation, deposits of public money are required to be collateralized. Pledged collateral is required to have an aggregate value equal to one half of the amount of public money in each account. Securities, which are obligations of the United States, State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions are accepted as security at market value. No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation, or the National Credit Union Administration.

The RVSA has no formal deposit policies for its accounts. Deposits (cash or cash equivalents) are carried at cost, which approximates market value. Beginning January 1, 2013, noninterest-

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

bearing transaction accounts will no longer be insured separately from depositors' other accounts at the same FDIC-insured depository institutions (IDI) instead, noninterest-bearing transaction accounts will be added to any of a depositors' other accounts in the applicable ownership category and the aggregate balance insured up to at least the Standard Maximum Deposit Insurance Amount of \$250,000 per depositor, at each separately chartered IDI. See the FDIC website at www.fdic.gov/deposit/deposits/unlimited_expiration.html, for more information.

The Governmental Accounting Standards Board has issued its Statement #40 which requires information on custodial risk be disclosed. Custodial credit risk is risk that in the event of bank failure, RVSA's deposits may not be returned to it. RVSA's deposit policy is to collateralize one half of the uninsured public money in each account. The following is a listing of deposits of public money and collateral pledged at values acceptable per state statute, by the depositing financial institutions as of December 31, 2013:

Account Name	Type	Bank Balance	Outstanding Items	Book Balance
Operations - Wells Fargo*	Operating	\$ 23,886	(808)	23,079
Petty cash - On Site	Operating	-	-	100
Tax and Insurance - Wells Fargo*	Reserve	6,670	-	6,670
Replacement Reserve - The Citizens Bank of Clovis	Reserve	153,028	-	153,028
Security Deposit - Wells Fargo*	Security Deposit	10,776	-	10,776
Total bank balance		<u>194,360</u>	<u>(808)</u>	<u>193,653</u>
Less: FDIC coverage		<u>(250,000)</u>		
Uninsured balance		-		
50% collateral requirement		<u>\$ -</u>		

* denotes non-interest bearing

There were no remaining uninsured and collateralized deposits exposed to custodial credit risk. As of December 31, 2013, the amount of the RVSA's bank balance exposed to custodial credit risk was as follows:

Uninsured and collateral held by the pledging Bank's
trust dept. not in the RVSA's name \$ -

3. RECEIVABLES

Receivables at December 31, 2013 consist of the following:

Receivables:	General
Property rental assistance	\$ 5,114
Interest subsidy	4,190
Other	<u>29</u>
	<u>\$ 9,333</u>

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

The RVSA considered all amounts fully collectible and therefore has not set up any allowances for doubtful accounts.

4. CAPITAL ASSETS AND DEPRECIATION

A summary of changes in capital assets for the fiscal year ended December 31:

	2012	Additions	Deletions	2013
Land	\$ 45,652	-	-	45,652
Building	1,456,500	-	-	1,456,500
Furnishings	10,446	-	-	10,446
Equipment	26,430	-	-	26,430
Total property and equipment	1,539,028	-	-	1,539,028
Less accumulated depreciation				
Total accumulated depreciation	(364,978)	(37,457)	-	(402,435)
Total property and equipment, net	\$ 1,174,050	(37,457)	-	1,136,593

Current year depreciation expense for the year ended December 31, 2013 was \$37,457. There were no additions to capital assets for the fiscal year ended December 31, 2013.

5. LONG-TERM DEBT

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and statement of net position. RVSA does not have authority to issue bonds, however, it has acquired debt financing through the federal government and the State of New Mexico finance authority.

At December 31, 2013, long-term debt consisted of:

	2012	Additions	Retirements	2013	Due Within One Year
USDA LOAN -The partnership has an \$ obligation to the United States Department of Agriculture bearing an interest rate of 6.25%. The loan is payable in monthly installments of \$6,786 including interest and principal. The loan is secured by the property and matures in November of 2053.	1,183,220	-	(6,186)	1,177,034	6,592
NMMFA Loan - The partnership has an obligation to the New Mexico Mortgage Finance Authority secured by the property. Monthly non-compounding interest will accrue at the rate of 2%. The RVSA shall make 360 monthly interest-only payments on the balance of unpaid principal. The entire principal amount of the loan will be due and payable in October of 2032 or sooner if sold, refinanced, or otherwise transferred.	300,000	-	-	300,000	-
Total	\$ 1,483,220	-	(6,186)	1,477,034	6,592

RUTH VISAGE APARTMENTS
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For The Year Ended December 31, 2013

Long term maturities for the year ended December 31, 2013 are as follows:

Principal			
Years	NMFA Loan Agreement	USDA Rural Development Loan	Total
2014	\$ -	6,592	6,592
2015	-	7,025	7,025
2016	-	7,486	7,486
2017	-	7,978	7,978
2018	-	8,501	8,501
2019-2023	-	51,648	51,648
2024-2028	-	70,978	70,978
2029-2033	300,000	97,542	397,542
2034-2038	-	134,045	134,045
2039-2043	-	184,212	184,212
2044-2048	-	253,152	253,152
2049-2053	-	347,875	347,875
Total	<u>300,000</u>	<u>1,177,034</u>	<u>1,477,034</u>

Interest			
Years	NMFA Loan Agreement	USDA Rural Development Loan	Total
2014	6,000	74,846	80,846
2015	6,000	74,413	80,413
2016	6,000	73,952	79,952
2017	6,000	73,460	79,460
2018	6,000	72,936	78,936
2019-2023	30,000	355,541	385,541
2024-2028	30,000	336,212	366,212
2029-2033	23,000	309,648	332,648
2034-2038	-	273,144	273,144
2039-2043	-	222,978	222,978
2044-2048	-	154,037	154,037
2049-2053	-	59,260	59,260
Total	<u>\$ 113,000</u>	<u>2,080,427</u>	<u>2,193,427</u>

6. UNEARNED REVENUE

Unearned revenue for the year ended December 31, 2013 was \$1,430. Unearned revenue consisted of tenant rent received in advance.

7. DEPOSITS HELD FOR TENANTS

Deposits collected from tenants held as rental security deposits amounted to \$10,776 at year end. The liability associated with these tenant deposits totaled \$10,251 at year end.

8. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN AND POST EMPLOYMENT BENEFITS

During the fiscal year ended December 31, 2013, the RVSA had no employees eligible for retirement benefits and, therefore, had no retirement benefit expenditures during the year.

9. RISK MANAGEMENT

The RVSA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which its fiscal agent EPCOG carried

RUTH VISAGE APARTMENTS
A Department of the Eastern Plains Council of Governments
Notes To Financial Statements
For The Year Ended December 31, 2013

commercial insurance in the name of the RVSA. Settled claims have not exceeded this commercial coverage in the past year.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. As of December 31, 2012, the RVSA did not have any probable risk of loss.

10. CONCENTRATION

The EPCOG depends on financial resources flowing from, or associated with, the Federal Government. Because of this dependency, the EPCOG is subject to changes in specific flows of Intergovernmental

11. RESTATEMENT

Restatements were made as follows:

<u>Fund Type</u>	<u>Purpose/Reason</u>	<u>Amount</u>
<i>Governmental Funds</i>		
General Fund	Adjustment was necessary to adjust beginning fund balance for overstated debt service payments in the prior year	\$ <u>(6,285)</u>

12. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

U.S. generally accepted accounting principles require disclosures of certain information for individual funds including:

- Funds exceeded approved budgetary authority for the year ended June 30, 2013 but because the budget is a program budget and not an official budget, it is not under State compliance requirements.

13. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The RVSA recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The RVSA's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued. The RVSA has evaluated subsequent events through August 13, 2014, which is the date the financial statements were available to be issued.

RUTH VISAGE APARTMENTS
A DEPARTMENT OF THE EASTERN PLAINS COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2013

Federal Grantor/Program Title	Federal CFDA Number	Pass- through Identifying Number	Grant Award Expended (Loan)
<i>Direct:</i>			
U.S. Department of Agriculture			
Rural Rental Housing Loans*	10.415*		\$ 1,177,034 (Loan)
Interest Subsidy	10.xxx		50,280
Total U.S. Department of Agriculture			1,227,314
Total federal awards expended			\$ 1,227,314
<i>Reconciliation to financial statements:</i>			
Federal revenues			\$ 50,280
Loan balance			1,177,034
			\$ 1,227,314

* Denotes major program

Selected Disclosures

1. The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Ruth Visage Apartments, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2. The RVSA did not receive any noncash assistance.

3. Payments to subrecipients-n/a None

**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**

Mr. Hector H. Balderas, State Auditor and
The Ruth Visage Senior Apartments
A Department of the Eastern Plains Council of Governments
Portales, 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 governmental activities and the general fund of the Ruth Visage Senior Apartments (RVSA), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise RVSA's basic financial statements and have issued our report thereon dated August 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the RVSA'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 RVSA's internal control. Accordingly, we do not express an opinion on the effectiveness of the RVSA'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 control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the RVSA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not

August 13, 2014

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*, continued

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 which are described in the accompanying schedule of findings and questioned costs as items: 12-01 and 2013-001.

The RVSA's Response to Findings

The RVSA's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The RVSA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Hinkle + Landers, P.C.
Albuquerque, NM
August 13, 2014



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mr. Hector H. Balderas, State Auditor and
The Ruth Visage Senior Apartments
A Department of the Eastern Plains Council of Governments
Portales, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Ruth Visage Senior Apartment’s (RVSA) 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 RVSA’s major federal programs for the year ended December 31, 2013. The RVSA’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 RVSA’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 RVSA’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 RVSA’s compliance.

Opinion on Each Major Federal Program

In our opinion, the RVSA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the RVSA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the RVSA’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program

to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 RVSA'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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Hinkle + Landers, P.C.
Albuquerque, NM
August 13, 2014

RUTH VISAGE SENIOR APARTMENTS
A Department of the Eastern Plains Council of Governments
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements:

Type of Auditor’s report issued Unmodified

Internal Control over financial reporting:

Material weaknesses identified? __yes X no

Significant deficiencies identified that are
not considered to be material weaknesses? __yes X no

Non-compliance material to financial statements noted? __yes X no

Federal Awards:

Internal Control

Material weaknesses identified? __yes X no

Significant deficiencies identified that are
not considered to be material weaknesses? __yes X no

Type of Auditor’s report issued on major programs Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510(a) of Circular A-133? X yes __no

Identification of major program as noted below:

CFDA Numbers Funding Source	Name of Federal Programs	Funding Source
10.415	Rental Housing Loans	U.S. Dept. of Agriculture

Dollar threshold use to distinguish between
A and B programs: \$300,000

Auditee qualified as low-risk auditee? __yes X no

RUTH VISAGE SENIOR APARTMENTS
A Department of the Eastern Plains Council of Governments
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

SECTION II & III- FINANCIAL STATEMENTS AND FEDERAL AWARD FINDINGS

<u>Reference #</u>	<u>Findings</u>	<u>Status of Prior Year Findings</u>	<u>Type of Finding*</u>
<i>Prior year findings</i>			
12-01	Late Audit Report	Modified/Repeated	C,G
12-02	SAS 115-Material Adjustments by Auditor	Resolved	A
12-03	Lack of Adequate Documentation/Approval for Expenditures	Resolved	B
<i>Current year findings</i>			
2013-001	Contract Not Submitted to the OSA in a Timely Manner	Current	C,G

* Legend for Type of Findings

- A. Material Weakness in Internal Control Over Financial Reporting
- B. Significant Deficiency in Internal Control Over Financial Reporting
- C. Other Matters Involving Internal Control Over Financial Reporting
- D. Material Weakness in Internal Control Over Compliance of Federal Awards
- E. Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F. Instance of Noncompliance to Federal
- G. Compliance with State Audit Rule

PRIOR YEAR FINDINGS

12-01 – LATE AUDIT REPORT

Type of Finding: State Compliance, Other Matter

Statement of Condition:

This report was mailed to the Office of the State Auditor on August 13, 2014.

Criteria:

Per 2 NMAC 2.2, *Requirements for Contracting and Conducting Audits of Agencies*, due dates for agencies with fiscal year-end other than June 30 must submit the audit no later than 5 months after the fiscal year-end.

Effect:

The report was not available for the New Mexico State Auditor and other state and federal agencies to review on a timely basis.

Cause:

The 2012 audit wasn't submitted until November 2013, which consequently delayed the beginning of the 2013 audit.

Recommendation:

We recommend management continue to develop systems and personnel in order to keep records current and available for timely auditing.

RUTH VISAGE SENIOR APARTMENTS
A Department of the Eastern Plains Council of Governments
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013

Management Response:

EPCOG has recently completed a number of past due audits, which caused a delay in the completion of this audit. We have met with the auditors and our management company, and developed a schedule for completion of all EPCOG audits, including Ruth Visage Senior Apartments, by their designated due dates. EPCOG management is committed to ensuring compliance with all State and Federal regulations, and will ensure that these audits are completed in a timely manner from this point forward.

CURRENT YEAR FINDINGS

2013-001 - CONTRACT NOT SUBMITTED TO THE OSA IN A TIMELY MANNER

Type of Finding: State Compliance, Other Matter

Statement of Condition:

The RVSA did not submit the completed contract to the Office of the State Auditor in a timely manner.

Criteria:

Section 2.2.2.8 (G)(c)(v) NMAC states, the agency shall deliver the fully completed and signed IPA Recommendation Form for Audits and the completed audit contract to the State Auditor by the due date.

Effect:

Failure to submit the IPA Recommendation Form timely could increase the potential of a late audit report and ultimately untimely financial information.

Cause:

The RVSA was unaware of the requirement to submit the IPA recommendation.

Recommendation:

The RVSA should ensure the IPA Recommendation Form is completed, signed and delivered to the Office of the State Auditor prior to the due date, incorporating time for oversight agency review and approval when necessary.

Response:

In the future, proper steps will be taken to ensure the IPA recommendation and contract are submitted in a timely manner.

Management Response:

Due to time taken to complete the 2012 EPCOG Audit, the contract for 2013 was not submitted until April, 2014. EPCOG is now current on all audits, and remains committed to ensuring compliance with all Federal and State regulations, all audit contracts will be submitted on time in the future.

RUTH VISAGE SENIOR APARTMENTS
A Department of the Eastern Plains Council of Governments
Exit Conference
For The Year Ended December 31, 2013

An exit conference was held in a closed session on August 13, 2014, and the contents of this report were discussed. Present at the exit conference were:

Representing Ruth Visage Senior Apartments:

Fidel Madrid	Vice Chairperson of the EPCOG
Wesley Schafer	Treasurer of the EPCOG
Sandy Chancey	Executive Director of the EPCOG

Representing Hinkle + Landers, P.C.:

Farley Vener, CPA, CFE	Independent auditor, Hinkle + Landers, P.C.
Maclen Enriquez	Independent auditor, Hinkle + Landers, P.C.

PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Ruth Visage Senior Apartments have been prepared by Hinkle + Landers, P.C., the organization's independent public auditors; however, the financial statements are the responsibility of management.