

STATE OF NEW MEXICO

EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2010



(This page intentionally left blank.)

INTRODUCTORY SECTION

(This page intentionally left blank.)

**STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.**

**OFFICIAL ROSTER
June 30, 2010**

Commissioners Appointed by Governor

Chairman	Michael O'Hara	Otero County Representative Alamogordo, New Mexico
Vice-Chairman	Waymon L. Dowdy Sr.	Curry County Representative Clovis, New Mexico
Treasurer	Ella Turner	Lea County Representative Hobbs, New Mexico
Secretary	Allen B. Sparks	De Baca County Representative Ft. Sumner, New Mexico
Member	Mary Beth Fowler	Lincoln County Representative Capitan, New Mexico
Member	Silver Chavez	Guadalupe County Representative Santa Rosa, New Mexico
Member	Dr. Fundador Adajar	Chaves County Representative Roswell, New Mexico
Member	Bill Birdwell	Union County Representative Clayton, New Mexico

Executive Staff

Executive Director	Chris Herbert
Deputy Director	Irene Andazola
Finance Director	Olivia Cruz
Section 8 Supervisor	Carol Cheadle

(This page intentionally left blank.)

**STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.**

**TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Exhibit / Statement / Schedule</u>	<u>Page</u>
INTRODUCTORY SECTION		
Official Roster		i
Table of Contents		ii-iii
FINANCIAL SECTION		
Independent Auditors' Report		iv-v
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Assets	A-1	1
Statement of Activities	A-2	2-3
Fund Financial Statements		
Balance Sheet – Governmental Funds	B-1	4
Reconciliation of the Balance sheet to the Statement of Net Assets		5
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	B-2	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities		7
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: Weatherization for Low Income Persons Fund	C-1	8
Statement of Net Assets—Proprietary Funds	D-1	9-10
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Proprietary Funds	D-2	11-12
Statement of Cash Flows—Proprietary Funds	D-3	13-14
Notes to Financial Statements		15-32
SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Budget and Actual		
Woodleaf Development Fund	A-1	33
Colonial Hillcrest Development Fund	A-2	34
La Posada Development Fund	A-3	35
Casa Hermosa Development Fund	A-4	36
Rio Felix FmHA Development Fund	A-5	37
Low Rent Public Housing Program Fund	A-6	38
Section 8 Housing Program Fun	A-7	39
Administrative Services Department Fund	A-8	40
SUPPORTING SCHEDULES		
Schedule of Pledged Collateral	I	41
Schedule of Cash and Cash Equivalents by Depository for Public Funds	II	42
Supporting Data Required by Bond Indenture	III	43-45
COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE		

**STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.**

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		46-47
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		48-49
Schedule of Expenditures of Federal Awards	IV	50-51
Schedule of Findings and Questioned Costs	V	52-59
OTHER SUPPORTING SCHEDULES		
Financial Data Schedule		60-71

FINANCIAL SECTION

(This page intentionally left blank.)

INDEPENDENT AUDITORS' REPORT

Hector Balderas,
New Mexico State Auditor
The Office of Management and Budget
and
Executive Director and Board of Commissioners
Eastern Regional Housing Authority, New Mexico, Inc.
Roswell, New Mexico

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the budgetary comparison for the major special revenue fund of the Eastern Region Housing Authority, New Mexico, Inc. (the "Authority") as of and for the year ended June 30, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Authority's individual enterprise funds, including budgetary comparisons, presented as supplementary information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2010 as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and business-type activities of the Eastern Regional Housing Authority, New Mexico, Inc. as of the year ended June 30, 2010, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the individual enterprise funds of the Eastern Regional Housing Authority, New Mexico, Inc., New Mexico, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and respective budgetary comparison for all enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

(This page intentionally left blank.)

In accordance with *Government Auditing Standards*, we have also issued a report dated September 21, 2010 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

For the year ended June 30, 2010, the Authority has not presented the *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the financial statements. The Financial Data Schedule is required by the U.S. Department of Housing and Urban Development. The additional schedules listed as "Supporting Schedules" and the Financial Data Schedule listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Griego Professional Services, LLC
Albuquerque, NM
September 21, 2010

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2010

Exhibit A-1

ASSETS	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<i>Current assets:</i>			
Cash and cash equivalents	3,541	2,247,416	\$ 2,250,957
Investments	-	96,212	96,212
Receivables (net of allowance for uncollectibles)	14,445	81,079	95,524
Interfund Receivables	-	17,986	17,986
<i>Restricted Assets</i>			
Cash and cash equivalents	-	236,380	236,380
Replacement Reserve	-	1,023,234	1,023,234
<i>Other Assets</i>			
Land, structures and equipment	5,338	12,786,207	12,791,545
Accumulated Depreciation	(1,245)	(7,079,260)	(7,080,505)
Bond Issuance Costs	-	816,371	816,371
Accumulated Amortization	-	(345,794)	(345,794)
<i>Total assets</i>	<u>\$ 22,079</u>	<u>\$ 9,879,831</u>	<u>\$ 9,901,910</u>
LIABILITIES AND NET ASSETS			
<i>Current liabilities (payable from current assets):</i>			
Accounts payable	\$ -	\$ 75,464	\$ 75,464
Accrued expenses	-	16,684	16,684
Prepaid rents	-	27,085	27,085
Interfund Balances	17,986	-	17,986
Bond Interest Payables	-	115,051	115,051
Security Deposits	-	90,511	90,511
Deferred Revenue	-	-	-
Escrow funds held for others	-	633	633
Current Portion of debt and bonds payable	-	310,167	310,167
Liability for compensated absences	-	19,633	19,633
<i>Total current liabilities (payable from current assets)</i>	<u>17,986</u>	<u>655,228</u>	<u>673,214</u>
<i>Non-current liabilities :</i>			
Escrow funds held for others	-	121,652	121,652
Long-term Debt	-	5,686,867	5,686,867
Deferred Loss on advanced refunding	-	(103,982)	(103,982)
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>5,704,537</u>	<u>5,704,537</u>
<i>Net assets:</i>			
Net assets invested in capital assets, net of related debt	4,093	5,706,947	5,711,040
Restricted for:			
Replacement reserves/escrow deposits	-	1,259,614	1,259,614
Unrestricted	-	(3,446,495)	(3,446,495)
<i>Total Net assets</i>	<u>4,093</u>	<u>3,520,066</u>	<u>3,524,159</u>
<i>Total liabilities and net assets</i>	<u>22,079</u>	<u>9,879,831</u>	<u>9,901,910</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS - ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2010

<u><i>Functions/Programs</i></u>	<u>Expenses</u>	<u>Charges for Service</u>
Primary Government:		
Governmental Activities:		
General Expenses	110,225	\$ -
Materials	268,250	-
Personnel	379,809	-
Travel	28,708	-
<i>Total governmental activities</i>	<u>786,992</u>	<u>-</u>
 <i>Business-type activities</i>		
Woodleaf	923,243	955,625
Colonial Hillcrest	498,841	135,551
La Posada	86,764	26,613
Casa Hermosa	614,411	320,324
Rio Felix	82,967	27,206
Low Rent Public Housing	739,230	118,517
Section 8 Housing	6,141,540	-
Administrative Services	873,601	1,004,675
<i>Total business-type activities</i>	<u>9,960,597</u>	<u>2,588,511</u>
 <i>Total Primary Government</i>	<u><u>10,747,589</u></u>	<u><u>2,588,511</u></u>

The accompanying notes are an integral part of these financial statements

Program Revenues		Net (Expenses) Revenue and Changes in Net Assets Primary Government		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 110,062	\$ -	\$ (163)	\$ -	\$ (163)
267,852	-	(398)	-	(398)
379,246	-	(563)	-	(563)
28,665	-	(43)	-	(43)
785,825	-	(1,167)	-	(1,167)
-	-	-	32,382	32,382
313,478	-	-	(49,812)	(49,812)
52,574	-	-	(7,577)	(7,577)
57,024	-	-	(237,063)	(237,063)
30,443	-	-	(25,318)	(25,318)
196,370	236,148	-	(188,195)	(188,195)
6,294,812	-	-	153,272	153,272
-	-	-	131,074	131,074
6,944,701	236,148	-	(191,237)	(191,237)
7,730,526	236,148	(1,167)	(191,237)	(192,404)
General Revenues:				
Insurance proceeds		-	20,135	20,135
Loss on disposal of assets		-	(19,461)	(19,461)
Other income		-	226,147	226,147
Unrestricted investment earnings		11	197	208
Total general revenues		11	227,018	227,029
Change in Net Assets		(1,156)	35,781	34,625
Net assets-beginning of year		5,249	3,484,285	3,489,534
Net assets-ending		4,093	3,520,066	3,524,159

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO Exhibit B-1
EASTERN REGIONAL HOUSING AUTHORITY (Page 1 of 2)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Weatherization</u>
ASSETS	
<i>Current Assets</i>	
Cash and temporary investments	\$ 3,541
Accounts receivable	14,445
	<hr/>
<i>Total assets</i>	17,986
	<hr/> <hr/>
LIABILITIES AND FUND BALANCES	
<i>Current Liabilities:</i>	
Due to other funds	17,986
	<hr/>
<i>Total liabilities</i>	17,986
	<hr/>
<i>Fund balances</i>	
Fund Balance:	
Undesignated, reported in Special Revenue Funds	-
	<hr/>
<i>Total fund balance</i>	-
	<hr/>
<i>Total liabilities and fund balance</i>	\$ 17,986
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
GOVERNMENTAL FUNDS

Exhibit B-1
(Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Weatherization</u>
Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	\$ -
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>4,093</u>
Net Assets-total Governmental Activities	<u><u>\$ 4,093</u></u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 EASTERN REGIONAL HOUSING AUTHORITY
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B-2
 (Page 1 of 2)

	<u>Weatherization</u>
<i>Revenues:</i>	
Intergovernmental subsidies	785,825
Interest income	11
<i>Total revenues</i>	785,836
 <i>Expenditures:</i>	
Current:	
Weatherization materials	268,250
Salaries	304,461
Contract labor	75,348
Utilities	26,234
Maintenance	6,291
General expense	52,253
Office expense	9,771
Travel expense	28,708
Rent expense	14,520
<i>Total expenditures</i>	785,836
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-
 <i>Net changes in fund balances</i>	-
 <i>Fund balances - beginning of year</i>	-
 <i>Fund balances - end of year</i>	\$ -

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Exhibit B-2
 (Page 2 of 2)

	<u>Weatherization</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ -
<p>Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	<u>(1,156)</u>
Change in Net Assets-total Governmental Activities	<u><u>\$ (1,156)</u></u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

STATE OF NEW MEXICO

Exhibit C-1

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
WEATHERIZATION FOR LOW INCOME PERSONS FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Intergovernmental grants	294,056	294,056	785,825	491,769
Interest income	-	-	11	11
<i>Total revenues</i>	294,056	294,056	785,836	491,780
<i>Expenditures:</i>				
Current				
Weatherization materials	94,871	94,871	268,250	(173,379)
Salaries	221,992	221,992	304,461	(82,469)
Contract labor	34,381	34,381	75,348	(40,967)
Utilities	13,735	13,735	26,234	(12,499)
Maintenance	3,359	3,359	6,291	(2,932)
General expense	14,694	14,694	52,253	(37,559)
Office expense	10,375	10,375	9,771	604
Travel expense	6,268	6,268	28,708	(22,440)
Rent expense	12,076	12,076	14,520	(2,444)
<i>Total expenditures</i>	411,751	411,751	785,836	(374,085)
<i>Operating Income (loss)</i>	(117,695)	(117,695)	-	117,695
<i>Other financing sources (uses):</i>				
Designated cash	117,695	117,695	-	(117,695)
<i>Total other financing sources (uses)</i>	117,695	117,695	-	(117,695)
<i>Change in Net Assets before GAAP adjustments</i>	117,695	117,695	-	(117,695)
<i>(Expenses) not budgeted</i>				
Depreciation			(1,156)	
Change in net assets as reported in statement of revenues, expenses and changes in net assets			(1,156)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGION HOUSING AUTHORITY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2010

Exhibit D-1
Page 1 of 2

ASSETS	<u>Woodleaf Development</u>	<u>Colonial Hilcrest Development</u>	<u>La Posada Development</u>
<i>Current assets</i>			
Cash	104,161	648	13,039
Investments	-	-	-
Accounts receivable, net	3,742	7,888	3,498
Interfund receivables	362,394	89,754	33,686
<i>Total current assets</i>	<u>470,297</u>	<u>98,290</u>	<u>50,223</u>
<i>Restricted assets</i>			
Cash	51,575	12,200	2,300
Replacement reserve/escrow deposits	358,535	357,964	68,114
<i>Total restricted assets</i>	<u>410,110</u>	<u>370,164</u>	<u>70,414</u>
<i>Other assets</i>			
Land, buildings, & equipment	3,609,204	1,365,734	245,907
Accumulated depreciation	(1,939,863)	(870,028)	(187,527)
Bond issuance costs	293,360	241,202	39,265
Accumulated amortization	(122,641)	(104,603)	(16,816)
Advances to other funds	-	331,522	54,440
<i>Total other assets</i>	<u>1,840,060</u>	<u>963,827</u>	<u>135,269</u>
<i>Total assets</i>	<u><u>2,720,467</u></u>	<u><u>1,432,281</u></u>	<u><u>255,906</u></u>
LIABILITIES AND NET ASSETS			
<i>Current liabilities</i>			
Accounts payable	3,561	-	-
Accrued expenses	2,368	2,765	1,024
Prepaid rents	20,908	1,955	119
Interfund payables	2,041	25	506
Bond interest payable	7,763	36,445	5,932
Security deposits	46,291	12,336	2,144
Escrow funds held for others	-	-	-
Current portion of debt and bonds payable	65,000	34,400	5,600
Accrued compensated absences	1,824	1,683	974
<i>Total current liabilities</i>	<u>149,756</u>	<u>89,609</u>	<u>16,299</u>
<i>Long-term liabilities</i>			
Advances from other funds	-	-	-
Escrow funds held for others	-	-	-
Long-term debt and bonds payable	2,490,000	1,255,600	204,400
Deferred loss on advanced refunding	-	-	-
<i>Total long-term liabilities</i>	<u>2,490,000</u>	<u>1,255,600</u>	<u>204,400</u>
<i>Net assets</i>			
Invested in capital assets, net of related debt	(714,940)	(657,695)	(129,171)
Restricted for:			
Replacement reserves/escrow deposits	410,110	370,164	70,414
Unrestricted	385,541	374,603	93,964
<i>Total net assets</i>	<u>80,711</u>	<u>87,072</u>	<u>35,207</u>
<i>Total liabilities and net assets</i>	<u><u>2,720,467</u></u>	<u><u>1,432,281</u></u>	<u><u>255,906</u></u>

The accompanying notes are an integral part of these financial statements

Casa Hermosa Development	Rio Felix FmHA Program	Low Rent Public Housing Program	Section 8 Housing Program	Administrative Services Department	Interprogram Eliminations	Total
1,518	301	92,757	1,997,540	37,452	-	2,247,416
-	-	96,212	-	-	-	96,212
17,521	1,685	11,040	-	35,705	-	81,079
-	-	-	-	508,642	(976,490)	17,986
<u>19,039</u>	<u>1,986</u>	<u>200,009</u>	<u>1,997,540</u>	<u>581,799</u>	<u>(976,490)</u>	<u>2,442,693</u>
14,050	4,470	29,500	-	-	-	114,095
174,501	64,120	-	122,285	-	-	1,145,519
<u>188,551</u>	<u>68,590</u>	<u>29,500</u>	<u>122,285</u>	<u>-</u>	<u>-</u>	<u>1,259,614</u>
1,242,931	797,306	4,961,069	-	564,056	-	12,786,207
(624,629)	(386,447)	(2,757,140)	-	(313,626)	-	(7,079,260)
242,544	-	-	-	-	-	816,371
(101,734)	-	-	-	-	-	(345,794)
-	-	-	-	-	(385,962)	-
<u>759,112</u>	<u>410,859</u>	<u>2,203,929</u>	<u>-</u>	<u>250,430</u>	<u>(385,962)</u>	<u>6,177,524</u>
<u>966,702</u>	<u>481,435</u>	<u>2,433,438</u>	<u>2,119,825</u>	<u>832,229</u>	<u>(1,362,452)</u>	<u>9,879,831</u>
18,176	1,197	18,921	-	33,609	-	75,464
1,123	-	2,537	-	6,867	-	16,684
2,931	433	739	-	-	-	27,085
637,220	28,450	152	-	308,096	(976,490)	-
64,911	-	-	-	-	-	115,051
11,426	3,258	15,056	-	-	-	90,511
-	-	-	633	-	-	633
40,000	4,262	37,199	-	123,706	-	310,167
1,351	-	5,129	-	8,672	-	19,633
<u>777,138</u>	<u>37,600</u>	<u>79,733</u>	<u>633</u>	<u>480,950</u>	<u>(976,490)</u>	<u>655,228</u>
-	-	-	-	385,962	(385,962)	-
-	-	-	121,652	-	-	121,652
1,490,000	30,667	170,750	-	45,450	-	5,686,867
(103,982)	-	-	-	-	-	(103,982)
<u>1,386,018</u>	<u>30,667</u>	<u>170,750</u>	<u>121,652</u>	<u>431,412</u>	<u>(385,962)</u>	<u>5,704,537</u>
(770,888)	375,930	1,995,980	-	81,274	-	180,490
188,551	68,590	29,500	122,285	-	-	1,259,614
(614,117)	(31,352)	157,475	1,875,255	(161,407)	-	2,079,962
<u>(1,196,454)</u>	<u>413,168</u>	<u>2,182,955</u>	<u>1,997,540</u>	<u>(80,133)</u>	<u>-</u>	<u>3,520,066</u>
<u>966,702</u>	<u>481,435</u>	<u>2,433,438</u>	<u>2,119,825</u>	<u>832,229</u>	<u>(1,362,452)</u>	<u>9,879,831</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGION HOUSING AUTHORITY
PROPRIETARY FUNDS

Exhibit D-2
Page 1 of 2

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
YEAR ENDED JUNE 30, 2010

	<u>Woodleaf Development</u>	<u>Colonial Hilcrest Development</u>	<u>La Posada Development</u>
<i>Operating revenues</i>			
Rent income	955,625	135,551	26,613
Management and administrative fees	-	-	-
Miscellaneous income	24,127	23,250	2,267
<i>Total operating revenues</i>	<u>979,752</u>	<u>158,801</u>	<u>28,880</u>
<i>Operating expenses</i>			
Salaries, payroll taxes, and employee benefits	227,544	130,689	33,753
Management and administrative fees (Note 7)	57,076	37,148	6,533
Depreciation and ammorization expense	94,256	37,286	7,801
Utilities	103,149	84,899	11,385
Maintenance	44,762	22,342	1,970
Office expense	31,593	7,141	193
General Expense	32,211	35,602	3,861
Travel Expense	31,100	16,109	2,924
Professional fees	14,713	7,925	1,425
Nonrecurring expenditures	-	-	-
Repair and replacement	93,889	19,222	584
Insurance	8,769	4,384	692
<i>Total Operating expenses</i>	<u>739,062</u>	<u>402,747</u>	<u>71,121</u>
Operating Income	<u>240,690</u>	<u>(243,946)</u>	<u>(42,241)</u>
<i>Nonoperating revenues (expenses)</i>			
Government subsidies	-	313,478	52,574
Housing assistance payments	-	-	-
Capital Grants	-	-	-
Interest Income	154	17	2
Interest expense	(184,181)	(96,094)	(15,643)
(Loss) on sale of assets	-	-	-
Insurance proceeds	-	-	-
<i>Total nonoperating revenues (expenses)</i>	<u>(184,027)</u>	<u>217,401</u>	<u>36,933</u>
Income (Loss) before transfers	<u>56,663</u>	<u>(26,545)</u>	<u>(5,308)</u>
Transfers in	-	-	-
Transfers (out)	(6,997)	-	-
<i>Total Transfers</i>	<u>(6,997)</u>	<u>-</u>	<u>-</u>
<i>Change in net assets</i>	<u>49,666</u>	<u>(26,545)</u>	<u>(5,308)</u>
Net assets, beginning of year	<u>31,045</u>	<u>113,617</u>	<u>40,515</u>
Net assets, end of year	<u>80,711</u>	<u>87,072</u>	<u>35,207</u>

The accompanying notes are an integral part of these financial statements

<u>Casa Hermosa Development</u>	<u>Rio Felix FmHA Program</u>	<u>Low Rent Public Housing Program</u>	<u>Section 8 Housing Program</u>	<u>Administrative Services Department</u>	<u>Interprogram Eliminations</u>	<u>Total</u>
320,324	27,206	118,517	-	9,106	-	1,592,942
-	-	-	-	995,569	-	995,569
25,404	5,694	7,234	43,723	94,448	-	226,147
<u>345,728</u>	<u>32,900</u>	<u>125,751</u>	<u>43,723</u>	<u>1,099,123</u>	<u>-</u>	<u>2,814,658</u>
81,521	2,623	196,781	-	577,650	-	1,250,561
22,559	-	42,540	801,867	-	-	967,723
36,319	15,605	148,973	-	27,654	-	367,894
141,490	22,025	15,532	-	11,155	-	389,635
27,818	21,425	29,813	-	50,366	-	198,496
7,687	1,800	11,586	-	73,928	-	133,928
75,701	11,201	8,445	-	13,340	-	180,361
12,128	-	6,509	-	21,721	-	90,491
24,966	1,486	4,075	-	90,054	-	144,644
-	-	230,199	-	-	-	230,199
60,268	5,275	25,175	-	2,274	-	206,687
5,077	1,154	4,846	-	130	-	25,052
<u>495,534</u>	<u>82,594</u>	<u>724,474</u>	<u>801,867</u>	<u>868,272</u>	<u>-</u>	<u>4,185,671</u>
<u>(149,806)</u>	<u>(49,694)</u>	<u>(598,723)</u>	<u>(758,144)</u>	<u>230,851</u>	<u>-</u>	<u>(1,371,013)</u>
57,024	30,443	196,370	6,294,812	-	-	6,944,701
-	-	-	(5,339,673)	-	-	(5,339,673)
-	-	236,148	-	-	-	236,148
9	15	-	-	-	1,200	1,397
(118,877)	(373)	(14,756)	-	(5,329)	(1,200)	(436,453)
-	-	-	-	(19,461)	-	(19,461)
-	-	-	20,135	-	-	20,135
<u>(61,844)</u>	<u>30,085</u>	<u>417,762</u>	<u>975,274</u>	<u>(24,790)</u>	<u>-</u>	<u>1,406,794</u>
<u>(211,650)</u>	<u>(19,609)</u>	<u>(180,961)</u>	<u>217,130</u>	<u>206,061</u>	<u>-</u>	<u>35,781</u>
-	-	-	-	6,997	-	6,997
-	-	-	-	-	-	(6,997)
-	-	-	-	6,997	-	-
<u>(211,650)</u>	<u>(19,609)</u>	<u>(180,961)</u>	<u>217,130</u>	<u>213,058</u>	<u>-</u>	<u>35,781</u>
<u>(984,804)</u>	<u>432,777</u>	<u>2,363,916</u>	<u>1,780,410</u>	<u>(293,191)</u>	<u>-</u>	<u>3,484,285</u>
<u>(1,196,454)</u>	<u>413,168</u>	<u>2,182,955</u>	<u>1,997,540</u>	<u>(80,133)</u>	<u>-</u>	<u>3,520,066</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2010

Exhibit D-3
Page 1 of 2

	<u>Woodleaf Development</u>	<u>Colonial Hilcrest Development</u>	<u>La Posada Development</u>
<i>Cash flows from operating activities:</i>			
Cash received from customers	934,036	188,754	41,370
Cash paid to suppliers and employees	<u>(639,988)</u>	<u>(368,113)</u>	<u>(62,714)</u>
<i>Net cash provided (used) by operating activities</i>	<u>294,048</u>	<u>(179,359)</u>	<u>(21,344)</u>
<i>Cash flows from non-capital and related financing activities</i>			
Intergovernmental HUD subsidy	-	313,478	52,574
Housing assistance payments	-	-	-
Fraud recovery income	-	-	-
Interfund transfers	(6,997)	-	-
<i>Net cash (used) by non-capital and related financing activities</i>	<u>(6,997)</u>	<u>313,478</u>	<u>52,574</u>
<i>Cash flows from capital and related financing activities</i>			
Retirement of bonds payable	(60,000)	(28,300)	(4,900)
Acquisition and construction of capital assets	-	-	-
Loss on disposal of assets	-	-	-
<i>Net cash (used) by capital and related financing activities</i>	<u>(60,000)</u>	<u>(28,300)</u>	<u>(4,900)</u>
<i>Cash flows from investing activities</i>			
Interest received (paid)	(184,027)	(96,077)	(15,641)
<i>Net cash provided by investing activities</i>	<u>(184,027)</u>	<u>(96,077)</u>	<u>(15,641)</u>
<i>Net (decrease) in cash and cash equivalents</i>	43,024	9,742	10,689
<i>Cash and cash equivalents - beginning of year</i>	<u>471,247</u>	<u>361,070</u>	<u>72,764</u>
<i>Cash and cash equivalents - end of year</i>	<u>514,271</u>	<u>370,812</u>	<u>83,453</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	240,690	(243,946)	(42,241)
<i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>			
Depreciation & amortization	94,257	37,286	7,802
<i>(Increase) decrease in:</i>			
Accounts receivable	(1,091)	(272)	(2,196)
Interfund receivable	(34,641)	29,044	14,595
<i>Increase (decrease) in:</i>			
Accounts payable	3,561	(5,423)	(964)
Interfund payables	-	-	-
Accrued payroll	1,528	1,958	674
Security deposits	300	710	(27)
Prepaid rents	(10,284)	471	118
Deferred loss	-	-	-
Accrued interest	-	-	-
Compensated absences	(272)	813	895
<i>Net cash (used) by operating activities</i>	<u>294,048</u>	<u>(179,359)</u>	<u>(21,344)</u>

The accompanying notes are an integral part of these financial statements

Casa Hermosa Development	Rio Felix FmHA Program	Low Rent Public Housing Program	Section 8 Housing Program	Administrative Services Department	Total
361,377	33,484	132,886	61,872	932,189	2,685,968
(247,887)	(75,578)	(559,244)	(802,906)	(839,195)	(3,595,625)
<u>113,490</u>	<u>(42,094)</u>	<u>(426,358)</u>	<u>(741,034)</u>	<u>92,994</u>	<u>(909,657)</u>
57,024	30,443	196,370	6,294,812	-	6,944,701
-	-	-	(5,339,673)	-	(5,339,673)
-	-	-	20,135	-	20,135
-	-	-	-	6,997	-
<u>57,024</u>	<u>30,443</u>	<u>196,370</u>	<u>975,274</u>	<u>6,997</u>	<u>1,625,163</u>
(35,000)	(4,218)	(34,864)	-	(51,800)	(219,082)
-	-	236,148	-	-	236,148
-	-	-	-	(16,380)	(16,380)
<u>(35,000)</u>	<u>(4,218)</u>	<u>201,284</u>	<u>-</u>	<u>(68,180)</u>	<u>686</u>
(118,868)	(358)	(14,756)	-	(5,329)	(435,056)
<u>(118,868)</u>	<u>(358)</u>	<u>(14,756)</u>	<u>-</u>	<u>(5,329)</u>	<u>(435,056)</u>
16,646	(16,227)	(43,460)	234,240	26,482	281,136
<u>173,423</u>	<u>85,118</u>	<u>261,929</u>	<u>1,885,585</u>	<u>10,970</u>	<u>3,322,106</u>
<u>190,069</u>	<u>68,891</u>	<u>218,469</u>	<u>2,119,825</u>	<u>37,452</u>	<u>3,603,242</u>
(149,806)	(49,694)	(598,723)	(758,144)	230,851	(1,371,013)
36,319	15,605	148,973	-	27,654	367,896
16,635	584	(6,750)	-	10,587	17,497
-	-	14,052	-	(177,221)	(154,171)
(1,585)	(945)	11,801	-	8,842	15,287
149,215	(7,173)	-	-	-	-
757	(173)	1,302	(400)	2,450	8,096
(2,337)	624	140	18,149	(300)	17,259
1,351	(624)	(307)	-	-	(9,275)
6,726	-	-	-	-	6,726
55,463	-	-	-	-	55,463
752	(298)	3,154	(639)	(9,869)	(5,464)
<u>113,490</u>	<u>(42,094)</u>	<u>(426,358)</u>	<u>(741,034)</u>	<u>92,994</u>	<u>(909,657)</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies

On March 31, 2009 the New Mexico Legislature restructured the State's Regional Housing Authorities. The Region VI and Region IV Housing Authorities were combined to form the Eastern Regional Housing Authority. The Region VI Housing Authority had chosen to maintain separate financial records from Region IV Authority until the end of the 2009 fiscal year since all HUD contracts were separately issued through June 30, 2009. As of July 1, 2009 the operations of Region VI and IV were combined. The Regional Housing Authority of Region VI had been the fiscal agent for Region IV Housing Authority since May 8, 2008 through June 30, 2009.

The Eastern Regional Housing Authority, New Mexico, Inc. (the Authority) was created pursuant to the Regional Housing Law of the State of New Mexico and exists to provide decent, safe and sanitary housing for lower income resident of Chaves, Eddy, Lea, Lincoln, Otero, Curry, Union, Roosevelt, Harding, Quay, Guadalupe, and De Baca Counties. The Authority also assists other organizations and units of local governments to operate, manage and administer housing programs and projects and achieve this objective. The Authority's Administrative Services Department is dependent upon administrative fees from the U.S. Department of Housing and Urban Development ("HUD") Section 8 program and on administrative and management fees earned from the Authority owned apartment complexes, as more fully described below.

A. Financial Reporting Entity

The Authority's combined financial statements include all of the authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting, include whether: (1) the organization is legally separate (can sue and be sued in their own name), (2) the Authority holds the corporate powers of the organization, (3) the Authority appoints a voting majority of the organizations board, (4) the Authority is able to impose its will on the organization, (5) the organization has the potential to impose a financial/benefit/burden on the Authority, (6) there is fiscal dependency by the organization of the Authority. Based on the aforementioned criteria, the Authority determined it had blended component units as follows. The Authority has created, in accordance with the Regional Housing Law, Section 11-3A-1, NMSA 1978, the following non-profit corporations to issue bonds for the acquisition and rehabilitation of apartment projects: RHA Housing Development Corporation (Woodleaf), Southeastern New Mexico Affordable Housing Corporation (Casa Hermosa), and Carlsbad Housing Corporation (Colonial Hillcrest and La Posada). These are blended component units.

Programs and Developments

The Authority, through related non-profit organizations, owns various apartment complexes, and is also a designated public housing authority ("PHA") by HUD, and participates in various rental assistance programs which include:

- a. **Woodleaf Development** – A 152 unit apartment complex in Hobbs, New Mexico, which is owned by RHA Housing Development Corporation and Managed by the Authority.
- b. **Colonial Hillcrest and La Posada Development** – Two apartment complexes in Carlsbad, New Mexico owned by Carlsbad Housing Corporation and operated by the Authority. Colonial Hillcrest is a 74 unit low income multi-family development and La Posada is a 12 unit low income multi-family development.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (continued)

A. *Financial Reporting Entity(continued)*

- c. **Casa Hermosa Development** – An 88 unit multi-family rental housing project for low and moderate income persons located in Hobbs, New Mexico, owned by Southeastern New Mexico Affordable Housing Corporation and operated by the Authority.
- d. **Farmers Home Administration – Farm Labor Housing Project (Rio Felix)** – A development which is located in Hagerman, New Mexico, and is owned and managed by the Authority. The Project was constructed as a result of substantial grant and a small loan within a 1% interest rate from the Farmers Home Administration (“FmHA”). Tenants of the project pay a basic rent of 30% of their adjusted income as rent and FmHA subsidizes the difference between the tenant rent and basic rent for qualifying applicants.
- e. **Low Rent Public Housing** – A program with a combined total of 84 rental units in Roswell, Capitan and Carrizozo, New Mexico. The developments are owned and managed by the authority. Participants in this program pay rent equal to 30% of their adjusted income. HUD, through the Authority, pays the balance of the rent.
- f. **Section 8 Housing Voucher Program** – A rent subsidy program funded by HUD. The subsidy is equal to the difference between a payment standard based on HUD published fair market rents and a percentage of the tenant’s adjusted monthly income. Monthly rent subsidies for approximately 1,285 tenants were provided for during the year ended June 30, 2010.
- g. **Administrative Services Department** – The department of the authority which manages the above listed developments and provides support to the above listed programs for which it receives management and/or administrative fees.
- h. **Weatherization Program Special Revenue Fund** – A program to increase the energy efficiency of dwellings owned or occupied by low-income persons, reduce their total expenditures on energy, and improve their health and safety. This program was transferred to another entity as of 7/1/2010.

B. *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 inter-fund 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*. *Business-type activities* rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (continued)

B. *Government-Wide and Fund Financial Statements(continued)*

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Authority's enterprise programs are accounted for as one business-type activity for financial reporting purposes. Major individual enterprise funds are reported as separate columns in the fund financial statements. The financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenue from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs. The Authority has elected to follow Financial Accounting Standards Board (FASB) pronouncements issued subsequent to November 30, 1989. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued prior to November 30, 1989, unless they conflict with GASB pronouncements.

The economic resources measurement focus and the accrual basis of accounting are utilized by proprietary funds. Under this mentioned, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government reports all proprietary funds as major funds.

Private-sector standards of accounting and financial reporting issued prior to December 31, 1989 generally are followed in both the government-wide and proprietary fund financial 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 business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise funds (including administrative fees paid to the Administrative Services Department from the other programs), and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided such as rental fees; and 2) operating grants and contributions such as weatherization assistance. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (continued)

C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation(cont'd)*

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for rent and Section 8 rent vouchers. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority prepares its budgets on a full accrual basis; therefore there is no reconciliation between the GAAP financial report and the budgetary comparison. The budget is approved by the Board of Commissioners for all funds. In addition, the budgets for the low Rent Public Housing and the Housing and the Section 8 Housing Program are approved by HUD.

D. *Assets, Liabilities, and Net Assets*

Revenue Recognition

The Authority has entered into annual contributions contracts with HUD to develop, manage, and own public housing projects and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as government subsidies revenue in the accompanying revenues, except for capital related contributions, which are recorded as non-operating revenues.

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

Deposits and Investments

The Authority considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury, certified financial institution time deposits, and New Mexico political subdivision obligations. Invested funds of the authority properly followed state investment requirements as of June 30, 2010.

Investments for the authority are reported at fair value.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities, and Equity (continued)*

Accounts Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either 'due to/from other funds' (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the *governmental activities* and *business-type activities* are reported in the governmental-wide financial statements as "internal balances."

Inter-program receivables and payables arose from loans and reimbursable expenses between developments and programs. Accounts receivable and accounts payable relate to operating trade activities.

All receivables are reported at their gross value and, where appropriate are reduced by the estimated portion that is expected to be uncollectible.

Restricted Assets

Certain resources set aside for the repayment of security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited. Assets held in replacement reserves and other escrows as required by bond indenture agreements are classified as restricted.

Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, when received, are recorded at fair market value on the date received. State law sets a capitalization threshold of \$5,000 for acquisitions of capital assets. Capital assets, which include property, plant, equity, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB statement No. 34, the historical costs of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the governmental capital assets reported in the government-wide statements. Information Technology Equipment including software is being capitalized in accordance with NMAC 2.20.1.9 C (5) Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the authority during the current fiscal year was \$380,990. No Interest was included as part of the cost of capital assets under construction.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (continued)

D. *Assets, Liabilities, and Equity (continued)*

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	7-20
Equipment and Office Equipment	3-10

Accrued Expenses

Accrued expenses include payroll and related taxes incurred but not paid by the end of the fiscal year.

Deferred Revenues

Accounting principles generally accepted in the United States of America require that the grant revenue be recognized at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended are shown as deferred revenues.

Vacation, Sick Leave, and other Compensated Absences

Vested or accumulated vacation leave is reported as an expense and a liability of the program to which it relates. Employees accrue vacation at the rate of 10 hours per month and are required to use 80 hours of annual leave and/or administrative leave each year. Annual leave can be accumulated up to 40 hours.

Sick leave is earned at a rate of 8 hours per month and may be accrued from year to year, up to a maximum of 320 hours. Accumulated sick leave is not paid upon termination of employment. In accordance with provisions of Government Accounting Standards Statement No. 16 'Accounting for Compensated Absences', no ability is recorded for non-vested accumulated rights to receive sick pay benefits.

Bond Issue Costs

The Authority capitalizes underwriter fees, legal fees, bond counsel, and related costs of refinancing as bond issue costs. Bond issuance costs and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the bonds using a method that approximates the effective interest method. See Note 6 regarding the deferred loss on advance refunding.

Revenues and expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the authority. Operating revenues consist primarily of charges for services paid by tenants and by grantor agencies. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 1 Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity (continued)*

Allocation of Expenses

For purposes of the statement of revenues, expenses and changes in fund net assets, payroll taxes and fringe benefits were allocated to operations and administration based on direct salaries.

Estimates

The preparation of 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 of assets, liabilities and disclosures of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates.

Components of Net Assets

Component of net assets include the following:

1. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
2. Restricted net assets include net assets that are subject to constraints on their use by creditors, grantors, and the bond indentures. These are the replacement reserves and the bond escrow accounts.
3. Unrestricted net assets are available for general use by the authority for any obligation or expense.

Budgetary Information

The Authority prepares an annual budget for each fiscal year which is approved by the board of commissioners. This budget is prepared to the detail line item revenue and expenditure level, and is a management tool used by the authority and not legally restrictive, except for certain specific program budgets which are approved by HUD.

Note 2 Deposits and Investments

State statutes authorize the investment of the Authority's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2010.

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 Authority. Deposits may be made to the extent that they are insured by an authority of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 2 Deposits and Investments (continued)

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution. This coverage has increased to \$250,000 for time and savings deposits as well as demand deposits until December 31, 2013. Additionally, until December 31, 2010, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

Custodial Credit Risk-Deposits

Custodial Credit risk is defined as the risk that the government's deposits may not be returned to it in the event of a bank failure. The authority does not have a policy for custodial risk, other than following state statutes as put forth in the public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the authority for a least one half of the amount on the deposit with the institution. The schedule listed below will meet the state of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits. As of June 30, 2010, \$3,507,383 of the authority's bank balance of \$3,757,383 was exposed to custodial credit risk as follows:

	<u>Wells Fargo Bank</u>
Checking/CD deposits	\$ 2,798,270
Money market fund deposits	<u>959,113</u>
Total amount of deposits	3,757,383
FDIC coverage	<u>(250,000)</u>
 Total uninsured public funds	 <u>\$ 3,507,383</u>
 Collateral requirement (50% of uninsured public funds)	 1,753,692
Pledged security	<u>(2,767,068)</u>
 Over/(Under)-collateralized	 <u>\$ (1,013,376)</u>

The collateral pledged is listed on Schedule I of this report. The types of collateral allowed are limited to securities of the United States, its agencies or instrumentalities; securities of the State of New Mexico its agencies, instrumentalities, counties, municipalities or other subdivisions; securities, including student loans, that are guaranteed by the United States or the State of New Mexico; revenue bonds that are underwritten by a member of the national association of securities dealers, known as N.A.S.D, and are rated "BAA" or above by a nationally recognized bond rating service; or letters of credit issued by a federal home loan bank.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 3 Accounts Receivable

The Authority's accounts receivable at June 30, 2010, are as follows:

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net</u>
Accounts receivable – Tenants	\$ 47,293	\$ 8,266	\$ 39,027
Accounts receivable – HUD	20,792	—	97,548
Accounts receivable – Other	<u>35,705</u>	<u>—</u>	<u>35,705</u>
	<u>\$ 103,790</u>	<u>\$ 8,266</u>	<u>\$ 95,524</u>

Note 4 Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as "Interfund receivables" or "Interfund payables" on the balance sheet.

<u>Project</u>	<u>Interfund Receivables</u>	<u>Interfund Payable</u>	<u>Interfund Net Balance</u>
Woodleaf	\$ 362,394	\$ (2,041)	\$ 360,353
Colonial Hillcrest	89,754	(25)	89,729
La Posada	33,686	(506)	33,180
Casa Hermosa	—	(637,220)	(637,220)
Rio Felix	—	(28,450)	(28,450)
Low Rent Public Housing	—	(152)	(152)
Admin Services	508,642	(308,096)	200,546
Weatherization	<u>—</u>	<u>(17,986)</u>	<u>(17,986)</u>
	<u>\$ 994,476</u>	<u>\$ (994,476)</u>	<u>\$ —</u>

The interfund receivables and payables are expected to be repaid within one year by the named fund. The balances are primarily due to payroll and certain other operating expenses which were paid by the Administrative Services Department and occasionally by other funds.

Note 5 Capital Assets

**Capital Assets used in
Governmental Activities**

	<u>Balance 06/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustment</u>	<u>Balance 06/30/2010</u>
Weatherization Program					
Capital Assets:					
Equipment	<u>5,338</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,338</u>
Total Capital Assets	<u>5,338</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>5,338</u>
Accumulated Depreciation:					
Equipment	<u>(89)</u>	<u>(1,156)</u>	<u>—</u>	<u>—</u>	<u>(1,245)</u>
Total Accumulated Depreciation	<u>(89)</u>	<u>(1,156)</u>	<u>—</u>	<u>—</u>	<u>(1,245)</u>
Capital Assets, Net	<u>5,249</u>	<u>(1,156)</u>	<u>—</u>	<u>—</u>	<u>4,093</u>

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

**Capital Assets used in
Business-type Activities**

	Balance 06/30/2009	Additions	Deletions	Adjustment	Balance 06/30/2010
Land					
Woodleaf Development	259,920	—	—	—	259,920
Colonial Hillcrest Development	47,917	—	—	—	47,917
La Posada Development	11,897	—	—	—	11,897
Casa Hermosa Development	62,000	—	—	—	62,000
Rio Felix FmHA Development	169,050	—	—	—	169,050
Low Rent Public Housing	335,734	—	—	—	335,734
Administrative Services Department	30,104	—	—	—	30,104
Total Land	<u>916,622</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>916,622</u>
Buildings					
Woodleaf Development	3,296,666	—	—	—	3,296,666
Colonial Hillcrest Development	1,277,221	—	—	(1,228)	1,275,992
La Posada Development	223,073	—	—	—	223,073
Casa Hermosa Development	1,178,073	—	—	—	1,178,073
Rio Felix FmHA Development	618,248	—	—	—	618,248
Low Rent Public Housing	4,546,158	—	—	—	4,546,158
Administrative Services Department	206,154	—	—	—	206,154
Total Buildings	<u>11,345,593</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,344,365</u>
Equipment					
Woodleaf Development	52,618	—	—	—	52,618
Colonial Hillcrest Development	40,596	—	—	1,228	41,824
La Posada Development	10,937	—	—	—	10,937
Casa Hermosa Development	2,858	—	—	—	2,858
Rio Felix FmHA Development	10,008	—	—	—	10,008
Low Rent Public Housing	79,177	—	—	—	79,177
Administrative Services Department	360,636	—	32,838	—	327,798
Total Equipment	<u>556,830</u>	<u>—</u>	<u>32,838</u>	<u>—</u>	<u>525,220</u>
Total Capital Assets	<u>12,819,045</u>	<u>—</u>	<u>32,838</u>	<u>—</u>	<u>12,786,207</u>
Accumulated Depreciation					
Woodleaf Development	(1,855,385)	(84,478)	—	—	(1,939,863)
Colonial Hillcrest Development	(840,782)	(29,246)	—	—	(870,028)
La Posada Development	(181,034)	(6,493)	—	—	(187,527)
Casa Hermosa Development	(596,395)	(28,234)	—	—	(624,629)
Rio Felix FmHA Development	(370,842)	(15,605)	—	—	(386,447)
Low Rent Public Housing	(2,608,167)	(148,973)	—	—	(2,757,140)
Administrative Services Department	(302,317)	(27,654)	(16,345)	—	(314,354)
Total Accumulated Depreciation	<u>(6,754,922)</u>	<u>(340,683)</u>	<u>16,493</u>	<u>—</u>	<u>(7,079,260)</u>
Total Capital Assets used in Business-type activities, Net	<u>6,064,123</u>	<u>(340,683)</u>	<u>16,493</u>	<u>—</u>	<u>5,706,947</u>

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 6 Conduit Debt

During the year ended June 30, 2001 the Authority issued \$2,710,000 of multifamily housing revenue bonds for the purpose of providing funds to an unrelated organization for acquiring Wildewood Apartments, a 60 unit multifamily housing complex located in Roswell, New Mexico for rental to elderly and handicapped persons. Repayment of the bonds is from the net revenues of the housing complex. The Authority did not pledge its faith or credit towards repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of the conduit debt obligation outstanding as of June 30, 2010 was \$2,375,000.

During the year ended June 30, 2004 the Authority issued \$3,300,000 of multifamily housing revenue bonds for the purpose of providing funds to an unrelated organization for acquiring Washington Place Apartments, a 76 unit multifamily housing complex located in Hobbs, New Mexico. Repayment of the bonds is from the net revenues of the housing complex. The Authority did not pledge its faith or credit towards repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The aggregate amount of this conduit debt obligation outstanding as of June 30, 2010 was \$2,320,000.

Note 7 Long Term Debt

The following summarizes the changes in Long Term Debt during the year ended June 30, 2010:

	Balance <u>06/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/2010</u>	Due Within <u>One Year</u>
Woodleaf Development	2,615,000	—	60,000	2,555,000	65,000
Colonial Hillcrest Development	1,320,100	—	30,100	1,290,000	34,400
La Posada Development	214,900	—	4,900	210,000	5,600
Casa Hermosa Development	1,565,000	—	35,000	1,530,000	40,000
Rio Felix FmHA Development	39,147	—	4,218	34,929	4,262
Low Rent Public Housing	242,813	—	34,864	207,949	37,199
Administrative Services Dept-WF	74,130	—	21,867	52,263	23,276
Administrative Services Dept-CI	50,000	—	50,000	—	—
Administrative Services Dept-RIII	95,258	—	—	95,258	95,258
Administrative Services Dept-Can	13,180	10,694	2,239	21,635	5,172
Total Long-term Debt	<u>\$ 6,229,528</u>	<u>\$ 10,694</u>	<u>\$ 243,188</u>	<u>\$ 5,997,034</u>	<u>\$ 310,167</u>

Annual debt service requirements to maturity for all long-term debt (both current and long term portions) are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 214,909	\$ 471,774	\$ 686,683
2012	224,678	400,931	625,609
2013	222,870	384,841	607,711
2014	228,168	368,786	596,954
2015	237,961	352,421	590,382
2016-2020	1,198,190	1,517,680	2,715,870
2021-2025	1,685,000	1,003,979	2,688,979
2026-2030	1,890,000	149,694	2,039,694
Totals	<u>\$ 5,901,776</u>	<u>\$ 4,652,141</u>	<u>\$ 10,551,881</u>

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 Long Term Debt (continued)

Long-term debt and bonds payable of the Authority's respective programs at June 30, 2010 are summarized as follows:

Woodleaf Development

Revenue bonds payable -Series 1997A, 7.125% interest rate. Principal maturities of \$35,000 to \$470,000 to be paid through December 2027. Collateralized by pledged revenues and assets held by the bond trustee as established by the bond indenture.

Annual requirements to amortize Woodleaf Development revenue bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 65,000	\$ 179,728	\$ 244,728
2012	70,000	174,919	244,919
2013	75,000	169,753	244,753
2014	80,000	164,231	244,231
2015	90,000	158,175	248,175
2016-2020	545,000	683,109	1,228,109
2021-2025	770,000	451,013	1,221,013
2026-2030	860,000	111,863	871,863
Totals	<u>\$ 2,555,000</u>	<u>\$ 2,092,791</u>	<u>\$ 4,547,791</u>

Colonial Hillcrest Development

Revenue bonds payable -Series 1997A, 7.25-7.375% interest rate. Principal maturities of \$20,000 to \$280,000 to be paid through August 2027. Collateralized by pledged revenues and assets held by the bond trustee as established by the bond indenture.

Annual requirements to amortize Colonial Hillcrest Development revenue bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 34,400	\$ 93,756	\$ 128,156
2012	34,400	91,262	125,662
2013	38,700	88,613	127,313
2014	38,700	85,782	124,482
2015	43,000	82,775	125,775
2016-2020	270,900	358,193	629,093
2021-2025	391,300	237,685	628,985
2026-2030	438,600	59,296	497,902
Totals	<u>\$ 1,290,000</u>	<u>\$ 1,097,362</u>	<u>\$ 2,387,368</u>

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 Long Term Debt (continued)

La Posada Development

Revenue bonds payable -Series 1997A, 7.125% interest rate. Principal maturities of \$20,000 to \$280,000 to be paid through August 2027. Collateralized by pledged revenues and assets held by the bond trustee as established by the bond indenture.

Annual requirements to amortize La Posada Development revenue bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 5,600	\$ 15,263	\$ 20,863
2012	5,600	14,857	20,457
2013	6,300	14,425	20,725
2014	6,300	13,965	20,265
2015	7,000	13,475	20,475
2016-2020	44,100	58,310	102,410
2021-2025	63,700	38,693	102,393
2026-2030	71,400	9,654	81,054
Totals	<u>\$ 210,000</u>	<u>\$ 178,641</u>	<u>\$ 388,641</u>

Casa Hermosa Development

Revenue bonds payable -Series 1997A, 7-7.25% interest rate. Principal maturities of \$20,000 to \$285,000 to be paid through December 2027. Collateralized by pledged revenues and assets held by the bond trustee as established by the bond indenture.

Annual requirements to amortize Casa Hermosa Development revenue bonds as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 40,000	\$ 164,938	\$ 204,938
2012	40,000	106,575	146,575
2013	45,000	103,494	148,494
2014	50,000	100,050	150,050
2015	50,000	96,425	146,425
2016-2020	325,000	417,781	742,781
2021-2025	460,000	276,588	736,588
2026-2030	520,000	68,875	588,875
Totals	<u>\$ 1,530,000</u>	<u>\$ 1,334,726</u>	<u>\$ 2,864,726</u>

Rio Felix FmHA Development

Two notes payable to Farmer's Home Administration with interest at 1%. Principal and interest of 211 and 172 due monthly through May 2018. Collateralized by real estate.

Annual requirements to amortize Rio Felix FmHA Development long-term debt as of June 30, 2010, including interest payments are as follows:

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 Long Term Debt (continued)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 2,344	\$ 182	\$ 2,256
2012	2,368	158	2,526
2013	2,391	134	2,525
2014	2,415	110	2,525
2015	2,438	87	2,525
2016	7,282	158	7,440
Totals	<u>\$ 19,238</u>	<u>\$ 828</u>	<u>\$ 20,066</u>

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 1,918	\$ 149	\$ 2,067
2012	1,937	129	2,066
2013	1,957	109	2,066
2014	1,976	90	2,066
2015	1,995	71	2,066
2016	5,909	129	6,038
Totals	<u>\$ 15,691</u>	<u>\$ 677</u>	<u>\$ 16,368</u>

Low Rent Public Housing Program

Notes payable to F & H Investments, LLC, interest rate of 6.50%. Monthly principal and interest of \$4,135, maturity in May 2015. Collateralized by office building.

Annual requirements to amortize Low Rent Public Housing Program long-term debt as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ 37,199	\$ 12,421	\$ 49,620
2012	39,690	9,930	49,620
2013	42,348	7,272	49,620
2014	45,184	4,436	49,620
2015	43,528	1,413	44,941
Totals	<u>\$ 207,949</u>	<u>\$ 35,472</u>	<u>\$ 243,421</u>

Administrative Services Department

Note payable to Wells Fargo Bank, National Association, interest at 6%. Principle and interest of \$2,148 due monthly through August 2012. Collateralized by real estate.

Note payable to Cannon, capital lease based on interest of 14.50%. Principal and interest payments of \$317 due monthly through December 2013.

Note due to Region III, 0% interest, no stated maturity. This debt was incurred by Region IV in prior years and absorbed by Eastern Regional as part of the combination of the two offices. Eastern Regional is currently awaiting guidance from the State on how to properly dispose of this debt.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 Long Term Debt (continued)

Annual requirements to amortize Administrative Services Department long-term debt as of June 30, 2010, including interest payments are as follows:

Wells Fargo Fiscal Year <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 23,276	\$ 2,500	\$ 25,776
2012	24,711	1,065	25,776
2013	4,276	31	4,307
Totals	<u>\$ 52,263</u>	<u>\$ 3,596</u>	<u>\$ 55,859</u>

Canon Fiscal Year <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 5,172	\$ 2,838	\$ 8,010
2012	5,972	2,036	8,008
2013	6,898	1,010	7,908
2014	3,593	122	3,715
Totals	<u>\$ 21,635</u>	<u>\$ 6,006</u>	<u>\$ 27,641</u>

Region III Fiscal Year <u>Ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	\$ 95,258	\$ —	\$ 95,258

In a prior year, the Authority defeased the 1995A series bond issue for Casa Hermosa Development by creating an irrevocable trust fund from proceeds of the 1997A series revenue bonds. The proceeds were used to purchase U.S. government securities that were placed in the trust fund. The investment and earnings from the investment are sufficient to service the defeased debt until the debt is called or matures. The amount outstanding at June 30, 2010 was \$1,180,000.

For financial reporting purposes, the debt has been considered defeased and therefore removed as a liability from the Casa Hermosa financial statements. A deferred loss arising from the debt defeasance is recorded as an offset to the 1997A series revenue bonds. The deferral is being amortized over the original remaining life of the 1995A series bonds, twenty-eight years, with the resulting amortization reported as interest expense. For the year ended June 30, 2010 the unamortized deferred loss is \$103,982 and amortization of \$6,726 was reported as interest expense.

Debt coverage service and other covenants exist for the Authority's bonds and notes payable listed above. As of June 30, 2010, the Authority was in violation of certain debt covenants. Since the Authority has been in violation of this bond covenant for several years without having their bonds called, we are continuing to report the bonds as long term debt. The Authority has obtained a forbearance agreement which indicates that the debt will not be called as long as the Authority provides monthly financial information to the bond trustee.

The Section 8 Housing Program has a long-term obligation for a Family Self Sufficiency (FSS) Escrow for Section 8 money being held for the benefit of the program participants. The money is to assist the participants in achieving home ownership. The money can be drawn upon completion of the program or under certain other circumstances. The total amount at June 30, 2010 was \$121,652 of which \$633 is shown as short-term relating to the current year's graduates of the program.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 7 Long Term Debt (continued)

In a prior year, the Colonial Hillcrest and La Posada developments completed a bond issue in the amount of \$1,800,000. Bond proceeds of \$284,790 were loaned to the Administrative Services Department. A restructured promissory note was executed in May 2007, which provides for repayment of monthly interest payments of \$100, interest at 8.47%, with a maturity in August 2027. A balance of \$387,762 (including \$115,361 of accrued interest) was outstanding at June 30, 2010. \$1,200 in payments were made by the Administrative Services Department to Colonial Hillcrest and La Posada development during the year ended June 30, 2010.

Annual requirements to amortize this long-term debt as of June 30, 2010, including interest payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2011	\$ —	\$ 1,200	\$ 1,200
2012	—	1,200	1,200
2013	—	1,200	1,200
2014	—	1,200	1,200
2015	—	1,200	1,200
2016-2020	—	6,000	6,000
2021-2025	—	6,000	6,000
2026-2028	385,962	469,085	856,847
Totals	<u>\$ 385,962</u>	<u>\$ 487,085</u>	<u>\$ 873,047</u>

The Administrative Services Department is to receive fees for the management of the apartment complexes and programs described in Note 1. As set forth in bond indentures, the Administrative Services Department receives a management fee equal to 6% of the gross revenues for Woodleaf, 6% of gross revenues for Casa Hermosa, and 8.25% of gross revenues from Colonial Hillcrest and La Posada. The Administrative Services Department can receive additional management fees from these complexes provided certain bond debt ratios are met or if rehabilitation work is performed. Management and administrative fees earned for remaining programs and complexes are based on factors and rates specified in executed agreements. The Administrative Services Department also assesses an additional fee of five dollars per unit per month.

Inter-program receivable and payable balances relate to payment of operating and payroll expenses and advance of funds between the entities which are expected to be repaid within one year.

Note 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.

Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
\$ 25,097	\$ 47,111	\$ 52,575	\$ 19,633

Note 9 Risk Management

The Authority is exposed to various risks of losses related to torts, thefts of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority is insured through the Risk management Division of the General Services Department which is accounted for as an internal service fund of the State of New Mexico. In general, the Risk Management Division responds to suits against the State of New Mexico and state agencies,

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 9 Risk Management (continued)

manages funds to provide unemployment compensation, tort liability insurance, worker's compensation and general and property insurance, and attempts to reduce the number of suits against the state and state agencies through the risk management process. The actuarial gains and losses of the Risk Management Division were not available and not included in this report. However, the Authority is not liable for more than the premiums paid.

Note 10 PERA Pension Plan

Plan Description: Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy: Plan members covered under Municipal Plan I. Under Plan I, members are required to contribute 7.00% of their gross salary. The Authority is required to contribute 7.00% of the gross covered salary. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. Total Authority contributions to PERA for the year ending June 30, 2010, 2009, and 2008 were \$77,705, \$66,745, and \$52,551, respectively. All amounts expended were equal to the amount of the required contributions for each year.

Note 11 Post Employment Benefits—State Retiree Health Care Plans

The Authority has not elected to participate in the New Mexico Public Employee Health Care Act plan and there are no required contributions for fiscal year ending June 30, 2010.

Note 12 Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustments 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 Authority expects such amounts, if any, to be immaterial.

Note 13 Concentrations

72% percent of the Authority's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Authority.

Note 14 Subsequent Events

The Authority is currently in the process of negotiating a contract for the sale of the Casa Hermosa apartment complex located in Hobbs, NM.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Note 15 Subsequent Accounting Standard Pronouncements

In June 2008, the GASB issued Statement No. 51, *Accounting and financial Reporting for Intangible Assets*, which is effective for financial statements for periods beginning after June 15, 2010. This statement requires that all intangible assets not specifically excluded by its scope provision be classified as capital assets. The Authority is analyzing the effect that this standard will have on its financial statements.

In November 2008, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, which is effective for financial statement periods beginning after June 15, 2009. This statement requires endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income.

In June 2009, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which is effective for financial statement periods beginning after June 15, 2010. This statement requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting.

In March 2010, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for financial statement periods beginning after June 15, 2010. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

BUDGETARY STATEMENTS OF INDIVIDUAL FUNDS

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
WOODLEAF DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

Statement A-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-
	Original	Final		Positive (Negative)
<i>Revenues:</i>				
Tenant rent	925,000	925,000	955,625	30,625
Other operating revenue	19,328	19,328	24,127	4,799
<i>Total revenues</i>	<u>944,328</u>	<u>944,328</u>	<u>979,752</u>	<u>35,424</u>
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	159,753	159,753	227,544	(67,791)
Management and administrative fees	53,478	53,478	57,076	(3,598)
Utilities	116,989	116,989	103,149	13,840
Maintenance	25,426	25,426	44,762	(19,336)
Office expense	39,426	39,426	31,593	7,833
General Expense	21,809	21,809	32,211	(10,402)
Travel Expense	15,464	15,464	31,100	(15,636)
Professional fees	25,630	25,630	14,713	10,917
Nonrecurring expenditures	-	-	-	-
Repair and replacement	116,364	116,364	93,889	22,475
Insurance	11,737	11,737	8,769	2,968
<i>Total expenditures</i>	<u>586,076</u>	<u>586,076</u>	<u>644,806</u>	<u>(58,730)</u>
<i>Operating Income (loss)</i>	<u>358,252</u>	<u>358,252</u>	<u>334,946</u>	<u>(23,306)</u>
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	-	-
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	(6,997)	(6,997)
Interest income(expense)	-	-	(184,027)	(184,027)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>(191,024)</u>	<u>(191,024)</u>
<i>Change in Net Assets before GAAP adjustments</i>	<u>358,252</u>	<u>358,252</u>	143,922	<u>(214,330)</u>
<i>(Expenses) not budgeted</i>				
Depreciation			<u>(94,256)</u>	
Change in net assets as reported <i>in statement of revenues, expenses and changes in net assets</i>			<u>49,666</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
COLONIAL HILLCREST DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

Statement A-2

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<i>Revenues:</i>				
Tenant rent	141,262	141,262	135,551	(5,711)
Other operating revenue	13,641	13,641	23,250	9,609
<i>Total revenues</i>	<u>154,903</u>	<u>154,903</u>	<u>158,801</u>	<u>3,898</u>
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	102,763	102,763	130,689	(27,926)
Management and administrative fees	32,980	32,980	37,148	(4,168)
Utilities	112,714	112,714	84,899	27,815
Maintenance	19,647	19,647	22,342	(2,695)
Office expense	11,181	11,181	7,141	4,040
General Expense	16,226	16,226	35,602	(19,376)
Travel Expense	15,950	15,950	16,109	(159)
Professional fees	14,443	14,443	7,925	6,518
Nonrecurring expenditures	-	-	-	-
Repair and replacement	30,177	30,177	19,222	10,955
Insurance	4,915	4,915	4,384	531
<i>Total expenditures</i>	<u>360,996</u>	<u>360,996</u>	<u>365,461</u>	<u>(4,465)</u>
<i>Operating Income (loss)</i>	<u>(206,093)</u>	<u>(206,093)</u>	<u>(206,660)</u>	<u>(567)</u>
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	313,478	313,478
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	(96,077)	(96,077)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>217,401</u>	<u>217,401</u>
<i>Change in Net Assets before GAAP adjustments</i>	<u>(206,093)</u>	<u>(206,093)</u>	10,741	<u>216,834</u>
<i>(Expenses) not budgeted</i>				
Depreciation			<u>(37,286)</u>	
Change in net assets as reported <i>in statement of revenues, expenses and changes in net assets</i>			<u>(26,545)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-3

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
LA POSADA DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	24,272	24,272	26,613	2,341
Other operating revenue	1,572	1,572	2,267	695
<i>Total revenues</i>	25,844	25,844	28,880	3,036
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	16,490	16,490	33,753	(17,263)
Management and administrative fees	5,711	5,711	6,533	(822)
Utilities	17,969	17,969	11,385	6,584
Maintenance	-	-	1,970	(1,970)
Office expense	23	23	193	(170)
General Expense	3,044	3,044	3,861	(817)
Travel Expense	1,342	1,342	2,924	(1,582)
Professional fees	2,011	2,011	1,425	586
Nonrecurring expenditures	-	-	-	-
Repair and replacement	536	536	584	(48)
Insurance	1,211	1,211	692	519
<i>Total expenditures</i>	48,337	48,337	63,320	(14,983)
<i>Operating Income (loss)</i>	(22,493)	(22,493)	(34,440)	(11,947)
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	52,574	52,574
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	(15,641)	(15,641)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	36,933	36,933
<i>Change in Net Assets before GAAP adjustments</i>	(22,493)	(22,493)	2,493	24,986
<i>(Expenses) not budgeted</i>				
Depreciation			(7,801)	
<i>Change in net assets as reported in statement of revenues, expenses and changes in net assets</i>			(5,308)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-4

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
CASA HERMOSA DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	371,186	371,186	320,324	(50,862)
Other operating revenue	15,870	15,870	25,404	9,534
<i>Total revenues</i>	387,056	387,056	345,728	(41,328)
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	68,979	68,979	81,521	(12,542)
Management and administrative fees	22,225	22,225	22,559	(334)
Utilities	174,775	174,775	141,490	33,285
Maintenance	16,164	16,164	27,818	(11,654)
Office expense	7,316	7,316	7,687	(371)
General Expense	23,384	23,384	75,701	(52,317)
Travel Expense	8,473	8,473	12,128	(3,655)
Professional fees	35,790	35,790	24,966	10,824
Nonrecurring expenditures	-	-	-	-
Repair and replacement	36,123	36,123	60,268	(24,145)
Insurance	5,490	5,490	5,077	413
<i>Total expenditures</i>	398,719	398,719	459,215	(60,496)
<i>Operating Income (loss)</i>	(11,663)	(11,663)	(113,487)	(101,824)
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	57,024	57,024
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	(118,868)	(118,868)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	-	-	(61,844)	(61,844)
<i>Change in Net Assets before GAAP adjustments</i>	(11,663)	(11,663)	(175,331)	(163,668)
<i>(Expenses) not budgeted</i>				
Depreciation			(36,319)	
Change in net assets as reported <i>in statement of revenues, expenses and changes in net assets</i>			(211,650)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
RIO FELIX FMHA DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

Statement A-4

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<i>Revenues:</i>				
Tenant rent	25,963	25,963	27,206	1,243
Other operating revenue	3,605	3,605	5,694	2,089
<i>Total revenues</i>	<u>29,568</u>	<u>29,568</u>	<u>32,900</u>	<u>3,332</u>
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	11,285	11,285	2,623	8,662
Management and administrative fees	-	-	-	-
Utilities	23,414	23,414	22,025	1,389
Maintenance	1,635	1,635	21,425	(19,790)
Office expense	2,029	2,029	1,800	229
General Expense	5,899	5,899	11,201	(5,302)
Travel Expense	203	203	-	203
Professional fees	1,904	1,904	1,486	418
Nonrecurring expenditures	-	-	-	-
Repair and replacement	3,618	3,618	5,275	(1,657)
Insurance	1,594	1,594	1,154	440
<i>Total expenditures</i>	<u>51,581</u>	<u>51,581</u>	<u>66,989</u>	<u>(15,408)</u>
<i>Operating Income (loss)</i>	<u>(22,013)</u>	<u>(22,013)</u>	<u>(34,089)</u>	<u>(12,076)</u>
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	30,443	30,443
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	(358)	(358)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>30,085</u>	<u>30,085</u>
<i>Change in Net Assets before GAAP adjustments</i>	<u>(22,013)</u>	<u>(22,013)</u>	<u>(4,004)</u>	<u>18,009</u>
<i>(Expenses) not budgeted</i>				
Depreciation			<u>(15,605)</u>	
<i>Change in net assets as reported in statement of revenues, expenses and changes in net assets</i>			<u>(19,609)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
LOW RENT PUBLIC HOUSING PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2010

Statement A-6

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<i>Revenues:</i>				
Tenant rent	120,067	120,067	118,517	(1,550)
Other operating revenue	8,093	8,093	7,234	(859)
<i>Total revenues</i>	<u>128,160</u>	<u>128,160</u>	<u>125,751</u>	<u>(2,409)</u>
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	130,844	130,844	196,781	(65,937)
Management and administrative fees	44,668	44,668	42,540	2,128
Utilities	22,312	22,312	15,532	6,780
Maintenance	23,233	23,233	29,813	(6,580)
Office expense	12,593	12,593	11,586	1,007
General Expense	2,292	2,292	8,445	(6,153)
Travel Expense	10,536	10,536	6,509	4,027
Professional fees	9,925	9,925	4,075	5,850
Nonrecurring expenditures	-	-	230,199	(230,199)
Repair and replacement	28,863	28,863	25,175	3,688
Insurance	6,570	6,570	4,846	1,724
<i>Total expenditures</i>	<u>291,836</u>	<u>291,836</u>	<u>575,501</u>	<u>(283,665)</u>
<i>Operating Income (loss)</i>	<u>(163,676)</u>	<u>(163,676)</u>	<u>(449,750)</u>	<u>(286,074)</u>
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	196,370	196,370
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	(14,756)	(14,756)
Insurance recovery	-	-	-	-
Capital grants	-	-	236,148	-
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>417,762</u>	<u>181,614</u>
<i>Change in Net Assets before GAAP adjustments</i>	<u>(163,676)</u>	<u>(163,676)</u>	<u>(31,988)</u>	<u>(104,460)</u>
<i>(Expenses) not budgeted</i>				
Depreciation			<u>(148,973)</u>	
<i>Change in net assets as reported in statement of revenues, expenses and changes in net assets</i>			<u>(180,961)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
SECTION 8 HOUSING PROGRAM FUND
FOR THE YEAR ENDED JUNE 30, 2010

Statement A-7

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget-
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<i>Revenues:</i>				
Tenant rent	-	-	-	-
Other operating revenue	9,358	9,358	43,723	34,365
<i>Total revenues</i>	<u>9,358</u>	<u>9,358</u>	<u>43,723</u>	<u>34,365</u>
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee ben	-	-	-	-
Management and administrative fees	850,538	850,538	801,867	48,671
Utilities	-	-	-	-
Maintenance	-	-	-	-
Office expense	-	-	-	-
General Expense	-	-	-	-
Travel Expense	-	-	-	-
Professional fees	-	-	-	-
Nonrecurring expenditures	-	-	-	-
Repair and replacement	-	-	-	-
Insurance	-	-	-	-
<i>Total expenditures</i>	<u>850,538</u>	<u>850,538</u>	<u>801,867</u>	<u>48,671</u>
<i>Operating Income (loss)</i>	<u>(841,180)</u>	<u>(841,180)</u>	<u>(758,144)</u>	<u>83,036</u>
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	6,294,812	6,294,812
Housing assistance payments	-	-	(5,339,673)	(5,339,673)
Transfers from other funds	-	-	-	-
Interest income(expense)	-	-	-	-
Insurance recovery	-	-	20,135	20,135
Loss on disposal of assets	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>-</u>	<u>-</u>	<u>975,274</u>	<u>975,274</u>
<i>Change in Net Assets before GAAP adjustments</i>	<u>(841,180)</u>	<u>(841,180)</u>	217,130	<u>1,058,310</u>
<i>(Expenses) not budgeted</i>				
Depreciation			<u>-</u>	
Change in net assets as reported <i>in statement of revenues, expenses and changes in net assets</i>			<u>217,130</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-8

EASTERN REGIONAL HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
ADMINISTRATIVE SERVICES DEPARTMENT FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Tenant rent	12,000	12,000	9,106	(2,894)
Management and administrative fees	1,294,744	1,294,744	995,569	(299,175)
Other operating revenue	231,696	231,696	94,448	(137,248)
<i>Total revenues</i>	1,538,440	1,538,440	1,099,123	(439,317)
<i>Expenditures:</i>				
Current				
Salaries, payroll taxes, and employee benefits	1,093,971	1,093,971	577,650	516,321
Management and administrative fees	-	-	-	-
Utilities	14,428	14,428	11,155	3,273
Maintenance	70,733	70,733	50,366	20,367
Office expense	102,714	102,714	73,928	28,786
General Expense	48,157	48,157	13,340	34,817
Travel Expense	59,759	59,759	21,721	38,038
Professional fees	49,116	49,116	90,054	(40,938)
Nonrecurring expenditures	-	-	-	-
Repair and replacement	100	100	2,274	(2,174)
Insurance	16,356	16,356	130	16,226
<i>Total expenditures</i>	1,455,334	1,455,334	840,618	614,716
<i>Operating Income (loss)</i>	83,106	83,106	258,505	175,399
<i>Non-operating revenues (expenses):</i>				
HUD operating subsidy	-	-	-	-
Housing assistance payments	-	-	-	-
Transfers from other funds	-	-	6,997	6,997
Interest income(expense)	-	-	(5,329)	(5,329)
Insurance recovery	-	-	-	-
Loss on disposal of assets	-	-	(19,461)	(19,461)
<i>Total non-operating revenues (expenses)</i>	-	-	(17,793)	(17,793)
<i>Change in Net Assets</i>				
<i>before GAAP adjustments</i>	83,106	83,106	240,712	157,606
<i>(Expenses) not budgeted</i>				
Depreciation			(27,654)	
Change in net assets as reported				
<i>in statement of revenues,</i>				
<i>expenses and changes in net assets</i>			213,058	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF DEPOSITORY COLLATERAL
JUNE 30, 2010

Schedule I

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2010	Name and Location of Safekeeper
Wells Fargo Bank	Federal National Mortgage Association Pool # 257004 CUSIP 31371NNVS Due 12/1/2037	\$ 293,152	Federal Reserve Bank
Wells Fargo Bank	Federal National Mortgage Association Pool # 667437 CUSIP 31409CV96 Due 5/1/2036	1,366,689	Federal Reserve Bank
Wells Fargo Bank	Federal National Mortgage Association Pool # 679124 CUSIP 31409UVR3 Due 6/1/2036	235,400	Federal Reserve Bank
Wells Fargo Bank	Federal National Mortgage Association Pool # 960463 CUSIP 31414AQQ8 Due 12/1/2037	871,827	Federal Reserve Bank
Total pledged securities		<u>\$ 2,767,068</u>	

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
JUNE 30, 2010

Schedule II

Financial Institution	Account Type	Bank Balance	Reconciled Balance
Wells Fargo Bank, Roswell			
Admin. Services Department Accounts Payable	Checking	114,127	25,277
Admin. Services Department Payroll	Checking	-	(2,897)
Family Self Sufficiency Escrow	Checking	128,550	122,285
Colonial Hillcrest General	Checking	18,689	648
Colonial Hillcrest Security	Checking	12,200	12,200
La Posada General	Checking	15,065	13,039
La Posada Security	Checking	2,300	2,300
Woodleaf General	Checking	87,029	103,461
Woodleaf Security	Checking	51,575	51,575
Rio Felix (FmHA) General	Checking	3,204	200
Rio Felix (FmHA) Security	Checking	4,470	4,470
Rio Felix (FmHA) Reserve	Checking	63,573	63,573
Rio Felix (FmHA) Insurance	Checking	547	547
Low Rent Public Housing (Sandstone Manor) General	Checking	100,143	92,557
Low Rent Public Housing (Sandstone Manor) Security	Checking	29,500	29,500
Casa Hermosa General	Checking	4,543	1,319
Casa Hermosa Security	Checking	14,050	14,050
Section 8 Program	Checking	1,317,448	1,291,456
Clovis Section 8	Checking	382	382
Section 8 Housing Assistance Payments	Checking	706,084	706,084
Weatherization	Checking	13,788	3,541
Clovis General	Checking	14,490	14,490
Clovis Security	Checking	300	300
RHA Payroll	Checking	-	-
Wells Fargo Bank CD	CD	96,212	96,212
Total Wells Fargo Bank, Roswell		<u>\$ 2,798,269</u>	<u>\$ 2,646,569</u>
Wells Fargo Bank, Minneapolis			
Colonial Hillcrest/La Posada Revenue Fund	Money Market	1	1
Colonial Hillcrest/La Posada Bond Fund	Money Market	70,156	70,156
Colonial Hillcrest/La Posada Repair/Replacement Fund	Money Market	128,953	128,953
Colonial Hillcrest/La Posada Debt Service Reserve Fund	Money Market	150,406	150,406
Colonial Hillcrest/La Posada Expense Fund	Money Market	3,819	3,819
Colonial Hillcrest/La Posada Rehab Fund	Money Market	7,528	7,528
Colonial Hillcrest/La Posada Surplus Fund	Money Market	65,215	65,215
Woodleaf Revenue Fund	Money Market	-	-
Woodleaf Repair/Replacement Fund	Money Market	69,333	69,333
Woodleaf Debt Service Reserve Fund	Money Market	251,544	251,544
Woodleaf Expense Fund	Money Market	3,085	3,085
Woodleaf Surplus Fund	Money Market	823	823
Woodleaf Bond Fund	Money Market	33,750	33,750
Casa Hermosa Revenue Fund	Money Market	97	97
Casa Hermosa Bond Fund	Money Market	50,673	50,673
Casa Hermosa Repair & Replacement Fund	Money Market	163	163
Casa Hermosa Debt Service Fund	Money Market	123,568	123,568
Total Wells Fargo Bank, Minneapolis		<u>\$ 959,114</u>	<u>\$ 959,114</u>
Petty Cash			1,100
Total Cash - June 30, 2010			<u>\$ 3,606,783</u>

The accompanying notes are an integral part of these financial statements

(This page intentionally left blank.)

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SUPPORTING DATA REQUIRED BY THE BOND INDENTURE
COMPUTATION OF DEBT SERVICE COVERAGE RATIO
RHA HOUSING DEVELOPMENT CORPORATION (WOODLEAF DEVELOPMENT)
FOR THE YEAR ENDED JUNE 30, 2010

Schedule III
Page (1 of 3)

Debt Service Ratio Calculation

Net revenue available for debt service	(1) \$ 335,100
Divided by	
Maximum Annual Debt Service as defined in the bond trust indenture	(2) 244,728
Debt Service Ratio	<u>1.37</u>
Debt Service Ratio required by bond indenture	<u>1.25</u>

Calculation of Net Revenues Available for Debt Service on the Bonds

Total gross revenues	\$ 979,906
Total operating expenses and interest expense	(923,243)
Plus: Recorded bond amortization and depreciation expense	94,256
Interest expense related to 1997A Series bonds	<u>184,181</u>
Net revenues from project excludng non-cash expenses and interest expense on 1997A Series bonds	(1) <u>\$ 335,100</u>

Debt Service for the year ended June 30, 2011:

Principal reduction on 1997A Series bonds during the year ended June 30, 2011	\$ 65,000
Interest due attributable to 1997a Series bonds during the year ended June 30, 2011	<u>179,728</u>
<i>Maximum Annual Debt Service</i> as defined in the bond indenture.	(2) <u>\$ 244,728</u>

Note:

The computation of Debt Service Coverage Ratio for the yar ended June 30, 2010, ("the computation") is not calculated on a GAAP basis as specified in the 1997A Series Bond Indenture between the RHA Housing Development Corporation, as issuer, and Wells Fargo Bank, N.A., as trustee, because the computaiton excludes non-cash expenses. The 1997A Series Bond indenture is an integral part of the computation and should be read in conjunction with it.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SUPPORTING DATA REQUIRED BY THE BOND INDENTURE
COMPUTATION OF DEBT SERVICE COVERAGE RATIO
CARLSBAD HOUSING CORPORATION (COLONIAL HILLCREST AND LA POSADA DEVELOPMENTS)
FOR THE YEAR ENDED JUNE 30, 2010

Schedule III
Page (2 of 3)

Debt Service Ratio Calculation

	Colonial Hillcrest	La Posada	Total
Net revenue available for debt service	(1) \$ 106,835	\$ 18,136	\$ 124,971
Divided by			
Maximum Annual Debt Service as defined in the bond trust indenture	(2) 128,156	20,863	\$ 149,019
Debt Service Ratio	<u>0.83</u>	<u>0.87</u>	<u>0.84</u>
Debt Service Ratio required by bond indenture	<u>1.25</u>	<u>1.25</u>	<u>1.25</u>

Calculation of Net Revenues Available for Debt Service on the Bonds

Total gross revenues	\$ 472,296	\$ 81,456	\$ 553,752
Total operating expenses and interest expense	(498,841)	(86,764)	\$ (585,605)
Plus: Recorded bond amortization and depreciation expense	37,286	7,801	\$ 45,087
Interest expense related to 1997A Series bonds	<u>96,094</u>	<u>15,643</u>	<u>\$ 111,737</u>
Net revenues from project excludng non-cash expenses and interest expense on 1997A Series bonds	(1) <u>\$ 106,835</u>	<u>\$ 18,136</u>	<u>\$ 124,971</u>

Debt Service for the year ended June 30, 2011:

Principal reduction on 1997A Series bonds during the year ended June 30, 2011	\$ 34,400	\$ 5,600	\$ 40,000
Interest due attributable to 1997a Series bonds during the year ended June 30, 2011	<u>93,756</u>	<u>15,263</u>	<u>109,019</u>
Maximum Annual Debt Service as defined in the bond indenture.	(2) <u>\$ 128,156</u>	<u>\$ 20,863</u>	<u>\$ 149,019</u>

Note:

The computation of Debt Service Coverage Ratio for the yar ended June 30, 2010, ("the computation") is not calculated on a GAAP basis as specified in the 1997A Series Bond Indenture between the Carlsbad Housing Corporation, as issuer, and Wells Fargo Bank, N.A., as trustee, because the computaiton excludes non-cash expenses. The 1997A Series Bond indenture is an integral part of the computation and should be read in conjunction with it.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SUPPORTING DATA REQUIRED BY THE BOND INDENTURE
COMPUTATION OF DEBT SERVICE COVERAGE RATIO
SOUTHWESTERN NEW MEXICO AFFORDABLE HOUSING CORPORATION (CASA HERMOSA DEVELOPMENT)
FOR THE YEAR ENDED JUNE 30, 2010

Schedule III
Page (3 of 3)

Debt Service Ratio Calculation

Net revenue available for debt service	(1) \$ (56,454)
Divided by	
Maximum Annual Debt Service as defined in the bond trust indenture	(2) 149,475
Debt Service Ratio	<u>(0.38)</u>
Debt Service Ratio required by bond indenture	<u>1.25</u>

Calculation of Net Revenues Available for Debt Service on the Bonds

Total gross revenues	\$ 402,761
Total operating expenses and interest expense	(614,411)
Plus: Recorded bond amortization and depreciation expense	36,319
Interest expense related to 1997A Series bonds	<u>118,877</u>
Net revenues from project excludng non-cash expenses and interest expense on 1997A Series bonds	(1) <u>\$ (56,454)</u>

Debt Service for the year ended June 30, 2011:

Principal reduction on 1997A Series bonds during the year ended June 30, 2011	\$ 40,000
Interest due attributable to 1997a Series bonds during the year ended June 30, 2011	<u>109,475</u>
Maximum Annual Debt Service as defined in the bond indenture.	(2) <u>\$ 149,475</u>

Note:

The computation of Debt Service Coverage Ratio for the yar ended June 30, 2010, ("the computation") is not calculated on a GAAP basis as specified in the 1997A Series Bond Indenture between the Southwestern New Mexico Affordable Housing Corporation, as issuer, and Wells Fargo Bank, N.A., as trustee, because the computaiton excludes non-cash expenses. The 1997A Series Bond indenture is an integral part of the computation and should be read in conjunction with it.

(This page intentionally left blank.)

COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE

(This page intentionally left blank.)

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

Hector Balderas
New Mexico State Auditor
To the Executive Director and the Board of Commissioners
Eastern Regional Housing Authority, New Mexico, Inc.
Roswell, New Mexico

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, the budgetary comparison for the major special revenue fund, and the budgetary comparisons for the business-type funds presented as supplemental information of Eastern Regional Housing Authority, New Mexico, Inc. (the “Authority”) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal 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 Authority’s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting identified as FS 2008-2, FS 2008-4, FS 2009-1, and FS 2009-4. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

(This page intentionally left blank.)

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 non-compliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items FS 2007-2, FS 2007-4, FS 2009-2, FS 2009-3, FS 2009-2, FS 2009-6, and FS 2009-7.

We noted no instances of non-compliance that are required to be reported under *Governmental Auditing Standards* paragraphs 5.14 and 5.16 and Section 12-6-5, NMSA 1978.

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

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

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Griego Professional Services, LLC
Albuquerque, NM
September 21, 2010

(This page intentionally left blank.)

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Executive Director and the Board of Commissioners
Eastern Regional Housing Authority, New Mexico, Inc.
Roswell, New Mexico

Compliance

We have audited Eastern Regional 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 Authority's major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA 2008-5 and FA 2010-1.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on 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

(This page intentionally left blank.)

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

This report is intended solely for the information and use of management, the Board of Commissioners, others within the Authority, the New Mexico State Legislature and its committees, and the New Mexico Department of Finance and Administration, the State Auditor, federal awarding agencies, and passthrough entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Griego Professional Services, LLC
Albuquerque, NM
September 21, 2010

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Schedule IV

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	206,646
Section 8 Housing Choice Vouchers (1)	14.871	5,339,673
Section 8 Housing Assistance Payment Programs - Special Allocations:		
Colonial Hillcrest Development	14.195	313,478
La Posada Development	14.195	52,574
Casa Hermosa Development	14.195	57,602
Public Housing Capital Fund	14.872	<u>236,148</u>
Total U.S. Department of Housing and Urban Development		<u>6,206,121</u>
<u>U.S. Department of Agriculture</u>		
Low Rent Public Housing	10.405	<u>31,446</u>
Total U.S. Department of Agriculture		<u>31,446</u>
<u>U.S. Department of Health and Human Services</u>		
Low Income Home Energy Assistance	93.568	<u>280,104</u>
Total U.S. Department of Health and Human Services		<u>280,104</u>
<u>U.S. Department of Energy</u>		
Weatherization Assistance for Low Income Persons	81.042	<u>108,623</u>
Total U.S. Department of Energy		<u>108,623</u>
Total Federal Financial Assistance		<u><u>\$ 6,626,294</u></u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Eastern Regional Housing Authority, New Mexico, Inc. (the Authority) and is presented on the accrual basis of accounting, which is described in Note 1. 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. Expenditures related to federal awards have been included in various categories in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. During the year ended June 30, 2010 there was no federal awards expended in the form of non-cash assistance and there were no loans or loan guarantees outstanding.

2. Subrecipients

The Authority did not provide any federal awards to subrecipients during the year.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$	6,626,294
Total expenditures funded by other sources		<u>4,121,295</u>
Total expenditures	\$	<u>10,747,589</u>

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors’ report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified not considered to be a material weaknesses? | Yes |
| c. Control deficiency identified not considered to be a significant deficiency? | No |

Federal Awards:

- | | |
|---|-------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | No |
| c. Control deficiency identified not considered to be significant deficiency? | Yes |
| 2. Type of auditors’ report issued on compliance for major programs | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
14.871	Section 8 Housing Choice Vouchers

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

Section II – Financial Statement Findings

FS 2007-2: Violation of Debt Covenant

Condition: The Authority's ratio is (0.38) for Casa Hermosa Development and 0.84 for Colonial Hillcrest/La Posada Developments. The Authority did not comply with the debt covenants related to Casa Hermosa Development or Colonial Hillcrest Development.

Criteria: The bond trust indentures require that the ratio of revenue available for debt service to the maximum annual debt service be 1.25.

Effect: If the ratio is not brought into compliance with the debt covenants, the loan could be declared in default and become due. It is noted that Wells Fargo does not intend to call the bonds unless there is a default by the Authority on their bond payments.

Cause: The primary cause of this noncompliance is that debt service requirements of \$149,475 were too high in relation to revenues available of \$(56,454) for Casa Hermosa Development and debt service requirements of \$149,019 were too high in relation to revenues available of \$124,971 for Colonial Hillcrest Development/La Posada.

Auditor's Recommendation: Revenues should be increased and expenses should be decreased at Casa Hermosa Development and Colonial Hillcrest Development.

Authority Response: Casa Hermosa remains in the process of completing the sale of the property. Colonial Hillcrest went through a number of management changes which have stabilized and we expect to meet Debt Service Ratio next year.

FS 2007-4: Expenditures in Excess of Budget Amounts

Condition: For the following expenditures, the Authority expended amounts in excess of the budget approved by the Board:

<u>Fund</u>	<u>Expenditure</u>	<u>Amount</u>
Woodleaf	Salaries	67,791
Woodleaf	Management and Admin Fees	3,598
Woodleaf	Maintenance	19,336
Woodleaf	General Expense	10,402
Woodleaf	Travel Expense	15,636
Colonial Hillcrest	Salaries	27,926
Colonial Hillcrest	Management and Admin Fees	4,168
Colonial Hillcrest	Maintenance	2,695
Colonial Hillcrest	General Expense	19,376
Colonial Hillcrest	Travel Expense	159
La Posada	Salaries	17,263
La Posada	Management and Admin Fees	822
La Posada	Maintenance	1,970
La Posada	Office Expense	170
La Posada	General Expense	817
La Posada	Travel Expense	1,582
La Posada	Repair and Replacement	48
Casa Hermosa	Salaries	12,542
Casa Hermosa	Management and Admin Fees	334
Casa Hermosa	Maintenance	11,654
Casa Hermosa	Office Expense	371

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

Casa Hermosa	General Expense	52,317
Casa Hermosa	Travel Expense	3,655
Casa Hermosa	Repair and Replacement	24,145
Rio Felix	Maintenance	19,790
Rio Felix	General Expense	5,302
Rio Felix	Repair and Replacement	1,657
Low Rent Public Housing	Salaries	65,937
Low Rent Public Housing	Maintenance	6,580
Low Rent Public Housing	General Expense	6,153
Low Rent Public Housing	Non-Recurring Expenditures	230,199
Administrative Services	Professional Fees	40,938
Administrative Services	Repair and Replacement	2,174
Weatherization	Materials	173,379
Weatherization	Salaries	82,469
Weatherization	Contract Labor	40,967
Weatherization	Utilities	12,499
Weatherization	Maintenance	2,932
Weatherization	General Expense	37,559
Weatherization	Travel Expense	22,440
Weatherization	Rent Expense	<u>2,444</u>
Total		1,052,196

Criteria: Per NMSA Section 6-3-7, no expenditures shall be made by any agency for the fiscal year covered by the budget until the budget has been approved.

Effect: The effect of making expenditures that have not been approved by the state budget division is that the public officer or employee who violated the law is guilty of a felony per Section 6-3-8 NMSA.

Cause: The budget was not effectively monitored or adjusted prior to being over expended.

Auditor's Recommendation: We recommend the Authority monitor the budget and adjust it when necessary.

Authority Response: The Eastern Regional Housing Authority will monitor budgets and expenditures as recommended.

FS 2008-2: IT Policy

Condition: During our audit we noted that the Authority does not have a written IT policy which is communicated to and signed by all employees and contractors.

Criteria: Paragraph 4.1 of the State of New Mexico Statewide Policy S-StD-011.001 Personnel Security states agencies shall establish and document personnel security policies as well as related procedures that show clear accountability for security administration. Policies and procedures shall be applied to every existing state employee and contractor, as well as to new state employees and contractors, in order to prevent potential unauthorized access to and misuse of sensitive and confidential information. Policies and procedures shall be made available to all state employees and contractors and should be signed to indicate acceptance and understanding.

Paragraph 4.2 of the State of New Mexico Statewide Policy S-STD-004-001 Account Management Standard states that agencies shall establish, document, and communicate a policy requirement that accountability for actions taken on an information technology (IT) resource (e.g. computer system,

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

agency or state application system, etc.) belongs to the owner of the specific user ID under which these actions take place.

Effect: The Authority has the potential for unauthorized access to and misuse of sensitive and confidential information.

Cause: The Authority has not communicated its IT policy and procedures to all employees on a regular basis, nor has it required a documented response from employees indicating the employees understanding and acceptance of the policy and procedures.

Auditor's Recommendation: The Authority should establish and document personnel security policies. These policies should include accountability for security administration. The written policy established should be signed and dated annually by each employee and contractor who has access to the IT system. The Authority should also have this IT policy signed by new employees.

Authority Response: The Eastern Regional Housing Authority has an It policy however we were unable to get all employees and contractor to sign the document prior to the year end.

FS 2008-4: Deficit Budgeting

Condition: In the following fund the prior year ending assets were not adequate to cover the ending budget deficit in FY 2010:

- Colonial Hillcrest Development budgeted expenditures in excess of revenues for the year of \$206,093, but only had unrestricted cash and accounts receivable from the prior year of \$148,340.
- Casa Hermosa Development budgeted expenditures in excess of revenues for the year of \$11,660, but only had unrestricted cash and accounts receivable from the prior year of \$3,452.
- Administrative Services Department budgeted expenditures in excess of revenues for the year of \$173,985, but only had unrestricted cash and accounts receivable from the prior year of \$23,325.

Criteria: Deficit budgeting is not allowed. The “designated cash” must be available at the end of the prior fiscal year to cover the deficit created when budgeted expenditures exceed budgeted revenues.

Effect: The Authority is in violation of 6.20.2.14(E) NMAC which requires each fund to disburse money for its specific purpose in accordance with its budget. The Authority has not complied with the requirement to ensure adequate cash is available for budgeted expenditures.

Cause: Prior year ending available cash and accounts receivable were not carefully monitored to determine adequacy for FY 2010 budgeting purposes.

Auditor's Recommendation: We recommend improved monitoring of the budget.

Authority Response: The Eastern Regional Housing Authority will follow the auditor recommendation on this finding.

FS 2009-6: Salary Advances

Condition: During our testing of payroll we noted the following:

:

- The Authority has advanced money to employees during the year.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

Criteria: Per Section 10-7-2 NMSA 1978, persons employed by and on behalf of the state, except those employed by institutions of higher education, including officers, shall receive their salaries and wages for service rendered in accordance with the rules issued by the Department of Finance and Administration. Per 2.20.4.8 of NMAC the following payroll deductions are allowed by the Department of Finance and Administration: 1) those required by law (state and federal taxes, FICA), 2) state sponsored and required insurance programs where the state shares the cost of the program, 3) PERA, ERA, or other state sponsored retirement programs mandated by the statute, 4) deferred compensation plans under Chapter 10, Article 7A, NMSA 1978, 5) union dues as permitted by the Department of Finance and Administration, 6) charities approved by the Department of Finance, 7) vanpool associations approved by the Department of Finance and Administration, 8) savings bond programs, 9) exceptional or emergency circumstances which require special consideration and are approved by the Department of Finance on a case by case basis.

Effect: Authority resources were used in a manner that did not benefit the Authority. Should one of these employees terminate, unused vacation was insufficient to pay back the loan balance. This could result in an uncollectable loan.

Cause: The Authority believed it had the ability to advance money to employees and then set up a payroll deduction.

Auditor's Recommendation: We recommend that the Authority require all employees to pay salary advances back to the Authority and not issue any more interest free loans to its employees to comply with state salary statutes. We also recommend that the Authority implement policies and procedures aimed at the elimination of unapproved payroll deductions so the Authority complies with all state and federal regulations regarding payroll deductions.

Authority Response: The Eastern Regional Housing Authority discontinued the practice listed in this finding as soon as we were made aware of it during the prior year's audit. All salary advances have been fully recovered.

FS 2009-7: Disposal of Capital Assets

Condition: During our test work of capital assets, we noted that the Authority disposed of a car after it was in an accident and was totaled by the Risk Management Division. The Authority failed to notify the State Auditor of the disposition.

Criteria: State Audit Rule NMAC 2.2.2.10 G (9) and Section 31-6-1, NMSA 1978, state that disposals of capital assets require written notification to the State Auditor's Office of the disposal.

Effect: The Authority is in violation of state statute and could be disposing of capital assets without properly notifying the State Auditor's Office.

Cause: The vehicle was in an accident and totaled by the Risk Management Division. The Authority was unaware that they still had to inform the Office of the State Auditor.

Auditor's Recommendation: We recommend that the Authority notify the State Auditor at least 30 days prior to any disposition of property and equipment, or as soon as possible for unplanned dispositions (i.e. accidents resulting in vehicles being totaled by RMD).

Authority Response: The Authority will notify the Office of the State Auditor as soon as possible after an automobile accident results in the disposal of the vehicle.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

FS 2010-8: Audit Report Not Submitted Timely

Condition: The Agency's audit report for the year ended June 30, 2010 was submitted to the State Auditor by the required due date, September 30, 2010, however, the report was rejected and had to be resubmitted at a date subsequent to the deadline.

Criteria: Audit reports rejected and not resubmitted before the due date are considered to be late submissions under 2.2.2.9.E of the State Audit Rule.

Effect: The result was the late submission of the Agency's audit report for the year ended June 30, 2010.

Cause: Due to a misclassification of the Authority's beginning net assets, the Authority's audit report was rejected and had to be resubmitted to the State Auditor after the September 30, 2010 deadline.

Auditors' Recommendations: The Agency and their auditor should ensure through thorough review that items are properly classified on financial statements.

Management's Response:

Section III – Federal Award Findings

FA 2008-05: Tenant File Documentation

Applicable Federal Programs: Section 8 Housing Voucher Program – CFDA No. 14.871

Questioned Costs: None

Criteria: NMAC 6.20 2.14: Protection of records requires that the administrator and every other custodian of public records shall carefully protect and preserve such records from deterioration, mutilation, loss or destruction and, whenever advisable, shall cause them to be properly repaired and renovated. All paper, ink and other materials used in public offices for the purposes of permanent records shall be of durable quality. Compliance Supplement 14.871 also list that all records from the new client checklist (SA-108) be maintained and available for inspection.

Condition: During our test of File Paperwork Compliance (SA-119) we requested 40 files to review for completeness. The client was unable to furnish complete files on two of the tenants that were selected for review. It was noted that these were client files that have come from other districts that the Eastern Regional Housing Authority had inherited.

Cause: Records were not properly completed and maintained

Effect: The Authority is in violation of NMAC 6 20 2.14 and Compliance supplement 147.871.

Auditor's Recommendation: We recommend that personnel in charge of documents for new and existing clients review the files of any other areas that are inherited into the Regions control.

Management's Response: The Eastern Regional Housing Authority follow the auditor's recommendation with regards to this finding.

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

FA 2010-01: Early Tenant Move In

Applicable Federal Programs: Section 8 Housing Voucher Program – CFDA No. 14.871

Questioned Costs: None

Criteria: Compliance Supplement 14.871; states “The PHA must pay a monthly HAP on behalf of the family that corresponds with the amount on line 12u of the HUD-50058. This HAP amount must be reflected on the HAP contract and HAP register. (24 CFR section 982.158 and 982 subpart K)”

Condition: During our test of HAP Payment compliance (SA-120) we requested 40 files to review for completeness and accuracy from the paperwork to the HAP payment. The client had two individuals whom had a move it date prior to the Landlord-Tenant agreement being signed. At the time of audit the client was processing the payments in the HAPPY system, but not sending them to the landlord.

Cause: Records were not properly completed and maintained

Effect: The Authority is in violation of Compliance supplement 147.871.

Auditor’s Recommendation: We recommend that the Authority ensure that all needed documents are signed and in the clients file, prior to move in approval.

Authority’s Response: Eastern Regional Housing Authority will take all necessary steps to insure agreements between tenants and landlord are formalized prior to tenant move in, however, in many cases this is outside of the control of the Authority. The Authority will insure HUD compliance in all such situations.

Section IV – Prior Year Audit Findings

Financial Statement Findings

- FS-2007-2: Violation of Debt Covenant-Repeated
- FS-2007-4: Expenditures in Excess of Budget Amounts-Repeated
- FS-2007-5: Preparation of Financial Statements-Cleared
- FS-2008-1: Laptop Security-Cleared
- FS-2008-2: IT Policy-Repeated
- FS-2008-4: Deficit Budgeting-Repeated
- FS-2009-1: Lack of Supporting Documentation for Credit Cards-Cleared
- FS-2009-2: Bids-Cleared
- FS-2009-3: Payments for Services Not Rendered-Cleared
- FS-2009-4: Lack of Internal Controls over Weatherization Program-Cleared
- FS-2009-5: Payroll Payments for Services Not Rendered-Cleared
- FS-2009-6: Salary Advances-Repeated
- FS-2009-7: Disposal of Capital Assets-Repeated

Federal Award Findings

- FA-2008-05: Tenant File Documentation-Repeated

STATE OF NEW MEXICO
EASTERN REGIONAL HOUSING AUTHORITY, NEW MEXICO, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule IV

Section V – Other Disclosures

Auditor Prepared Financials

The financial statements presented in this report were prepared by the auditors, Griego Professional Services, LLC.

Exit Conference

The contents of this report were discussed on September 30, 2010. The following individuals were in attendance:

Eastern Regional Housing Authority Officials

Chris Herbert, Executive Director
Mary Beth Fowler, Board Member

Griego Professional Services, LLC

J.J. Griego, CPA
Benjamin Martinez

(This page intentionally left blank.)

OTHER SUPPLEMENTAL INFORMATION

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 6/30/2010

	Project Total	14.871 Housing Choice Vouchers	2 State/Local
111 Cash - Unrestricted	92,757	1,997,540	104,161
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted		122,285	
114 Cash - Tenant Security Deposits	29,500		51,575
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$ 122,257	\$ 2,119,825	\$ 155,736
121 Accounts Receivable - PHA Projects	6,347		
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	4,819		7,571
126.1 Allowance for Doubtful Accounts -Tenants	(126)		(3,829)
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable			
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$ 11,040	\$ -	\$ 3,742
131 Investments - Unrestricted	96,212		
132 Investments - Restricted			358,535
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			362,394
145 Assets Held for Sale			
150 Total Current Assets	\$ 229,509	\$ 2,119,825	\$ 880,407
161 Land	335,734		259,920
162 Buildings	4,546,158		3,296,666
163 Furniture, Equipment & Machinery - Dwellings	79,177		52,618
164 Furniture, Equipment & Machinery - Administration			
165 Leasehold Improvements			
166 Accumulated Depreciation	(2,757,140)		(1,939,863)
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$ 2,203,929	\$ -	\$ 1,669,341
171 Notes, Loans and Mortgages Receivable - Non-Current			
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due			
173 Grants Receivable - Non Current			
174 Other Assets			170,719
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$ 2,203,929	\$ -	\$ 1,840,060
190 Total Assets	\$ 2,433,438	\$ 2,119,825	\$ 2,720,467
311 Bank Overdraft			

1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	93.568 Low-Income Home Energy Assistance	81.042 Weatherization Assistance for Low-Income Persons	10.405 Farm Labor Housing Loans and Grants	Subtotal	Total
37,452	15,208	3,541		301	2,250,957	2,250,957
					-	-
					122,285	122,285
	28,550			4,470	114,095	114,095
					-	-
\$ 37,452	\$ 43,755	\$ 3,541	\$ -	\$ 4,771	\$ 2,487,337	\$ 2,487,337
					6,347	6,347
					-	-
35,705			14,445		50,150	50,150
	33,218			1,685	47,293	47,293
	(4,311)			-	(8,266)	(8,266)
					-	-
					-	-
	115,361				115,361	115,361
\$ 35,705	\$ 144,268	\$ -	\$ 14,445	\$ 1,685	\$ 210,885	\$ 210,885
					96,212	96,212
	600,579			64,120	1,023,234	1,023,234
					-	-
					-	-
					-	-
508,642	123,440				994,476	994,476
					-	-
\$ 581,799	\$ 912,042	\$ 3,541	\$ 14,445	\$ 70,576	\$ 4,812,144	\$ 4,812,144
					-	-
30,104	121,814			169,050	916,622	916,622
206,154	2,678,367			618,248	11,345,593	11,345,593
327,798	54,391	5,338		10,008	529,330	529,330
					-	-
					-	-
					-	-
(313,626)	(1,682,184)	(1,245)		(386,447)	(7,080,505)	(7,080,505)
					-	-
					-	-
\$ 250,430	\$ 1,172,388	\$ 4,093	\$ -	\$ 410,859	\$ 5,711,040	\$ 5,711,040
					-	-
	270,601				270,601	270,601
					-	-
					-	-
	299,858				470,577	470,577
					-	-
\$ 250,430	\$ 1,742,847	\$ 4,093	\$ -	\$ 410,859	\$ 6,452,218	\$ 6,452,218
					-	-
\$ 832,229	\$ 2,654,889	\$ 7,634	\$ 14,445	\$ 481,435	\$ 11,264,362	\$ 11,264,362

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133	Fiscal Year End: 6/30/2010		
312 Accounts Payable <= 90 Days	18,921		3,561
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	2,537		2,368
322 Accrued Compensated Absences - Current Portion	5,129		1,824
324 Accrued Contingency Liability			
325 Accrued Interest Payable			7,763
331 Accounts Payable - HUD PHA Programs			
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	15,056		46,291
342 Deferred Revenues	739		20,908
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds			65,000
344 Current Portion of Long-term Debt - Operating Borrowings	37,199		
345 Other Current Liabilities		633	
346 Accrued Liabilities - Other			
347 Inter Program - Due To	152		2,041
348 Loan Liability - Current			
310 Total Current Liabilities	\$ 79,733	\$ 633	\$ 149,756
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			2,490,000
352 Long-term Debt, Net of Current - Operating Borrowings	170,750		-
353 Non-current Liabilities - Other		121,652	-
354 Accrued Compensated Absences - Non Current			
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities			
350 Total Non-Current Liabilities	\$ 170,750	\$ 121,652	\$ 2,490,000
300 Total Liabilities	\$ 250,483	\$ 122,285	\$ 2,639,756
508.1 Invested In Capital Assets, Net of Related Debt	1,995,980	-	(714,940)
509.2 Fund Balance Reserved			
511.2 Unreserved, Designated Fund Balance			
511.1 Restricted Net Assets	29,500	122,285	410,110
512.1 Unrestricted Net Assets	157,475	1,875,255	385,541
512.2 Unreserved, Undesignated Fund Balance			
513 Total Equity/Net Assets	2,182,955	1,997,540	80,711
600 Total Liabilities and Equity/Net Assets	\$ 2,433,438	\$ 2,119,825	\$ 2,720,467

33,609	18,176			1,197	75,464	75,464
					-	-
6,867	4,912				16,684	16,684
8,672	4,008				19,633	19,633
					-	-
	107,288				115,051	115,051
					-	-
					-	-
	25,906			3,258	90,511	90,511
	5,005			433	27,085	27,085
	80,000			4,262	149,262	149,262
123,706					160,905	160,905
					633	633
					-	-
308,096	637,751	730	17,256	28,450	994,476	994,476
\$ 480,950	\$ 883,046	\$ 730	\$ 17,256	\$ 37,600	\$ 1,649,704	\$ 1,649,704
	2,950,000			30,667	5,470,667	5,470,667
45,450					216,200	216,200
385,962	(103,982)				403,632	403,632
					-	-
					-	-
					-	-
\$ 431,412	\$ 2,846,018	\$ -	\$ -	\$ 30,667	\$ 6,090,499	\$ 6,090,499
\$ 912,362	\$ 3,729,064	\$ 730	\$ 17,256	\$ 68,267	\$ 7,740,203	\$ 7,740,203
81,274	(1,557,754)	4,093	-	375,930	184,583	184,583
					-	-
	629,129			68,590	1,259,614	1,259,614
(161,407)	(145,550)	2,811	(2,811)	(31,352)	2,079,962	2,079,962
					-	-
(80,133)	(1,074,175)	6,904	(2,811)	413,168	3,524,159	3,524,159
\$ 832,229	\$ 2,654,889	\$ 7,634	\$ 14,445	\$ 481,435	\$ 11,264,362	\$ 11,264,362

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 6/30/2010

	Project Total	14.871 Housing Choice Vouchers	2 State/Local
70300 Net Tenant Rental Revenue	118,517	-	955,625
70400 Tenant Revenue - Other	7,229	-	24,127
70500 Total Tenant Revenue	125,746	-	979,752
70600 HUD PHA Operating Grants	196,370	6,294,812	-
70610 Capital Grants	236,148	-	-
70710 Management Fee	-	-	-
70720 Asset Management Fee	-	-	-
70730 Book Keeping Fee	-	-	-
70740 Front Line Service Fee	-	-	-
70750 Other Fees	-	-	-
70700 Total Fee Revenue	432,518	6,294,812	-
70800 Other Government Grants	-	-	-
71100 Investment Income - Unrestricted	-	-	154
71200 Mortgage Interest Income	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-
71310 Cost of Sale of Assets	-	-	-
71400 Fraud Recovery	-	20,135	-
71500 Other Revenue	5	43,723	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-
72000 Investment Income - Restricted	-	-	-
70000 Total Revenue	558,269	6,358,670	979,906
91100 Administrative Salaries	80,815	-	90,832
91200 Auditing Fees	-	-	5,386
91300 Management Fee	42,540	801,867	57,076
91310 Book-keeping Fee	-	-	-
91400 Advertising and Marketing	-	-	-
91500 Employee Benefit contributions - Administrative	56,467	-	44,388
91600 Office Expenses	11,586	-	31,593
91700 Legal Expense	234	-	314
91800 Travel	6,509	-	31,100
91810 Allocated Overhead	-	-	-
91900 Other	3,841	-	9,013
91000 Total Operating - Administrative	201,992	801,867	269,702

1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special	93.568 Low-Income Home Energy Assistance	81.042 Weatherization Assistance for Low Income Persons	10.405 Farm Labor Housing Loans and Grants	Subtotal	Total
9,106	482,488	-	-	27,206	1,592,942	1,592,942
-	50,869	-	-	5,694	87,919	87,919
9,106	533,357	-	-	32,900	1,680,861	1,680,861
-	423,076	-	-	-	6,914,258	6,914,258
-	-	-	-	-	236,148	236,148
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	423,076	-	-	-	7,150,406	7,150,406
-	-	602,411	183,414	30,443	816,268	816,268
-	28	11	-	15	208	208
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	20,135	20,135
1,090,017	52	-	-	-	1,133,797	1,133,797
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,099,123	956,513	602,422	183,414	63,358	10,801,675	10,801,675
410,619	86,326	26,034	9,517	2,320	706,463	706,463
65,036	6,236	19,992	-	709	97,359	97,359
-	66,240	-	-	-	967,723	967,723
-	-	-	-	-	-	-
-	-	4,102	733	-	4,835	4,835
136,295	56,431	7,598	21,804	213	323,196	323,196
73,928	15,021	7,741	2,030	1,800	143,699	143,699
1,953	17,966	-	-	-	20,467	20,467
21,721	31,161	27,924	784	-	119,199	119,199
-	-	-	-	-	-	-
22,765	10,114	8,914	1,538	777	56,962	56,962
732,317	289,495	102,305	36,406	5,819	2,439,903	2,439,903

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 6/30/2010

92000 Asset Management Fee	-	-	-
92100 Tenant Services - Salaries	-	-	-
92200 Relocation Costs	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-
92400 Tenant Services - Other	-	-	-
92500 Total Tenant Services	-	-	-
93100 Water	2,363	-	52,849
93200 Electricity	7,285	-	22,282
93300 Gas	1,744	-	13,490
93400 Fuel	-	-	-
93500 Labor	-	-	-
93600 Sewer	-	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-
93800 Other Utilities Expense	4,140	-	14,528
93000 Total Utilities	15,532	-	103,149
94100 Ordinary Maintenance and Operations - Labor	52,893	-	83,680
94200 Ordinary Maintenance and Operations - Materials and Other	285,187	-	138,651
94300 Ordinary Maintenance and Operations Contracts	-	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	-	-	-
94000 Total Maintenance	338,080	-	222,331
95100 Protective Services - Labor	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-
95300 Protective Services - Other	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-
95000 Total Protective Services	-	-	-
96110 Property Insurance	4,846	-	8,769
96120 Liability Insurance	-	-	-
96130 Workmen's Compensation	-	-	-
96140 All Other Insurance	-	-	-
96100 Total insurance Premiums	4,846	-	8,769

-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,208	132,428	-	-	14,301	204,149	204,149
8,086	41,878	-	-	3,856	83,387	83,387
-	53,539	-	-	3,080	71,853	71,853
-	-	15,846	5,480	-	21,326	21,326
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
861	9,929	3,410	1,498	788	35,154	35,154
11,155	237,774	19,256	6,978	22,025	415,869	415,869
-	92,477	144,988	49,564	-	423,602	423,602
52,640	132,204	188,529	86,012	26,700	909,923	909,923
-	-	40,206	35,142	-	75,348	75,348
-	-	60,875	1,055	-	61,930	61,930
52,640	224,681	434,598	171,773	26,700	1,470,803	1,470,803
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
130	10,153	-	-	1,154	25,052	25,052
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
130	10,153	-	-	1,154	25,052	25,052

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 6/30/2010

96200 Other General Expenses	3,646	-	19,152
96210 Compensated Absences	6,606	-	8,644
96300 Payments in Lieu of Taxes	-	-	-
96400 Bad debt - Tenant Rents	4,799	-	13,059
96500 Bad debt - Mortgages	-	-	-
96600 Bad debt - Other	-	-	-
96800 Severance Expense	-	-	-
96000 Total Other General Expenses	15,051	-	40,855
96710 Interest of Mortgage (or Bonds) Payable	-	-	184,181
96720 Interest on Notes Payable (Short and Long Term)	14,756	-	-
96730 Amortization of Bond Issue Costs	-	-	-
96700 Total Interest Expense and Amortization Cost	14,756	-	184,181
96900 Total Operating Expenses	590,257	801,867	828,987
97000 Excess of Operating Revenue over Operating Expenses	(31,988)	5,556,803	150,919
97100 Extraordinary Maintenance	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-
97300 Housing Assistance Payments	-	5,339,673	-
97350 HAP Portability-In	-	-	-
97400 Depreciation Expense	148,973	-	94,256
97500 Fraud Losses	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-
97800 Dwelling Units Rent Expense	-	-	-
90000 Total Expenses	739,230	6,141,540	923,243
10010 Operating Transfer In	-	-	-
10020 Operating transfer Out	-	-	(6,997)
10030 Operating Transfers from/to Primary Government	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-
10060 Proceeds from Property Sales	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-
10080 Special Items (Net Gain/Loss)	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-
10093 Transfers between Program and Project - In	-	-	-
10094 Transfers between Project and Program - Out	-	-	-
10100 Total Other financing Sources (Uses)	-	-	(6,997)
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(180,961)	217,130	49,666
11020 Required Annual Debt Principal Payments	-	-	-

13,640	28,341	11,690	2,830	6,447	85,746	85,746
30,736	10,729	-	-	90	56,805	56,805
-	-	-	-	-	-	-
-	86,823	-	-	4,754	109,435	109,435
-	-	-	-	-	-	-
-	-	-	-	-	-	-
44,376	125,893	11,690	2,830	11,291	251,986	251,986
5,329	230,614	-	-	-	420,124	420,124
-	-	-	-	373	15,129	15,129
-	17,434	-	-	-	17,434	17,434
5,329	248,048	-	-	373	452,687	452,687
845,947	1,136,044	567,849	217,987	67,362	5,056,300	5,056,300
253,176	(179,531)	34,573	(34,573)	(4,004)	5,745,375	5,745,375
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	5,339,673	5,339,673
-	-	-	-	-	-	-
27,654	63,972	1,156	-	15,605	351,616	351,616
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
873,601	1,200,016	569,005	217,987	82,967	10,747,589	10,747,589
6,997	-	-	-	-	6,997	6,997
-	-	-	-	-	(6,997)	(6,997)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(19,461)	-	-	-	-	(19,461)	(19,461)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(12,464)	-	-	-	-	(19,461)	(19,461)
213,058	(243,503)	33,417	(34,573)	(19,609)	34,625	34,625
-	-	-	-	-	-	-

Eastern Regional Housing Authority (NM063)
ROSWELL, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

Fiscal Year End: 6/30/2010

11030 Beginning Equity	2,363,916	1,074,326	31,045
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	706,084	-
11050 Changes in Compensated Absence Balance	-	-	-
11060 Changes in Contingent Liability Balance	-	-	-
11070 Changes in Unrecognized Pension Transition Liability	-	-	-
11080 Changes in Special Term/Severance Benefits Liability	-	-	-
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents	-	-	-
11100 Changes in Allowance for Doubtful Accounts - Other	-	-	-
11170 Administrative Fee Equity	-	-	-
11180 Housing Assistance Payments Equity	-	1,997,540	-
11190 Unit Months Available	1,008	22,200	1,784
11210 Number of Unit Months Leased	971	15,673	1,732
11270 Excess Cash	155,733	-	-
11610 Land Purchases	-	-	-
11620 Building Purchases	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-
11650 Leasehold Improvements Purchases	-	-	-
11660 Infrastructure Purchases	-	-	-
13510 CFFP Debt Service Payments	-	-	-
13901 Replacement Housing Factor Funds	-	-	-

