



Agenda

DATE 2/25/15 TIME 11:40L
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CITY OF SANTA FE AUDIT COMMITTEE MEETING
CONVENTION CENTER ADMINISTRATIVE CONFERENCE ROOM
Wednesday, March 4, 2015, 2:00 P.M. to 4:00 P.M.

1. CALL TO ORDER
2. ROLL CALL
3. APPROVAL OF AGENDA
4. APPROVAL OF MINUTES
 - a. Wednesday, February 4, 2015
5. EXTERNAL AUDIT MATTERS
 - a. Completed Audits within the Last 4 Years with Open Findings (Liza Kerr)
 - b. Schedule and Status
 - c. Discussion
 - a. Park Bond Audit
 - b. BDD Operations Audits
 - c. Lodger's Tax Audit
 - d. Santa Fe Solid Waste Management Agency Audit Report 06/30/2014
 - e. Santa Fe Railyard Audit Report 06/30/2014
 - d. Report from External Audit Committee (Clark de Schweinitz and Marc Tupler)
6. REVIEW OF FINANCIAL REPORTS FROM CITY
 - a. Financial Reports (Hazeldine Romero)
 - b. Update from Finance Director (Oscar Rodriquez)
7. INTERNAL AUDIT MATTERS (Liza Kerr)
 - a. Completed Audits within the Last 4 Years with Open Findings
 - b. Schedule and Status
 - i. Discussion
 - a. ITT Follow-Up Audit
 - b. Public Utilities Audit
 - c. General Information
 - a. Fraud, Waste and Abuse Hotline
 - b. Risk Assessment / Audit Plan
 - d. Report of Internal Audit Subcommittee (Hazeldine Romero and Cheryl Pick Sommer)
8. UNFINISHED BUSINESS
 - a. Committee Annual Report to the Finance Committee / Discussion of ideas and points to cover (Clark de Schweinitz)
9. NEW BUSINESS – Proposed Ordinance by Councilor Maestas – For Discussion
 - a. AN ORDINANCE AMENDING SECTION 2-22 SFCC 1987 TO RENAME THE "INTERNAL AUDIT DEPARTMENT" THE "ACCOUNTABILITY AND PERFORMANCE MANAGEMENT DEPARTMENT"; ESTABLISH A POSITION OF A FRAUD AUDITOR TO INVESTIGATE FRAUD, WASTE AND ABUSE ALLEGATIONS AND INCREASE EFFICIENCY THROUGHOUT CITY OPERATIONS BY IDENTIFYING OPPORTUNITIES FOR RECOVERY OF REVENUE OR OTHER ASSETS; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY TO CLARIFY CERTAIN PROVISIONS OF THE ACCOUNTABILITY AND PERFORMANCE MANAGEMENT ORDINANCE. (Councilor Maestas) (Kelley Brennan)
10. NEXT MEETING DATE
 - a. Wednesday, April 1, 2015
11. ADJOURNMENT

Persons with Disabilities in need of accommodations,
contact the City Clerk's office at 955-6520 five (5) working days prior to the meeting date.

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CITY OF SANTA FÉ AUDIT COMMITTEE
March 4, 2015

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MINUTES OF THE

CITY OF SANTA FÉ

AUDIT COMMITTEE

March 4, 2015
2:00 p.m. – 4:00 p.m.

1. CALL TO ORDER

A regular meeting of the City of Santa Fé Audit Committee was called to order by Mr. Clark de Schweinitz, Chair on this date at approximately 2:00 p.m. in the Convention Center Administrative Conference Room, Santa Fé, New Mexico.

2. ROLL CALL

Roll call indicated the presence of a quorum as follows:

Members Present:

Clark de Schweinitz,
Hazeldine Romero, Vice Chair
Marc Tupler
One Vacancy

Members Absent:

Cheryl Pick Sommer

Others Attending:

Liza Kerr, Internal Auditor
Oscar Rodriguez, Finance Director
Kelly Brennan, City Attorney
Elizabeth Martin, Stenographer

NOTE: All items in the Committee packet for all agenda items are incorporated herewith to these minutes by reference. The original Audit Committee packet is on file in the Audit Department.

3. APPROVAL OF AGENDA

Mr. Tupler moved to approve the agenda, subject to moving things around to accommodate guests. Ms. Romero seconded the motion and it passed by unanimous voice vote.

4. APPROVAL OF MINUTES

- **February 4, 2015**

Ms. Romero requested the following changes to the minutes:

On page 2, line 127 where it says “the staff stated, insert “in the CAFR that.” For clarification on page 8, line 397, “Ms. Valencia said they ...”, replace “they” with “she and Ms. Romero.” On line 403, it says “the investment report was redundant,” insert “because the Audit Committee already receives this report.” On line 404, it says “the other was a debt service report,” and should change “she” to “we.” On page 11, line 500, should be reworded to say “Ms. Kerr provided a copy of the 2014 Railyard audit report and commented that she had just received it.” Line 497 should be moved after that where “Chair de Schweinitz said the Committee should review clarify the Railyard audit report for the next meeting.” Add a comment, “Mr. Tupler had a concern about the Flying Star bankruptcy filing and that might have a financial effect on the city.”

Ms. Romero moved to approve the minutes of February 4, 2015 as amended. Mr. Tupler seconded the motion and it passed by unanimous voice vote.

Chair de Schweinitz announced that Loretta Valencia had to resign and took a job with the State Auditor’s office. They wanted her very quickly. Her letter of resignation is in the packet [attached as Exhibit A]. Judge Yalman has been contacted. If anyone here knows an interested person, we need to get back to full strength.

Mr. Rodriguez asked if the member would have to be a city resident.

Chair de Schweinitz said no, just a state resident.

Ms. Kerr said Carolyn Martínez had already contacted her and she knows Ms. Sommer so Ms. Kerr will contact Ms. Sommer as a reference. Since she is a CPA, she couldn’t attend the meeting as the tax deadline is near.

Chair de Schweinitz said he would send a note to Loretta Valencia thanking her for her service.

5. EXTERNAL AUDIT MATTERS

a. Completed Audits within the Last Four Years with Open Findings (Liza Kerr)

Ms. Kerr asked if the Committee wanted to move this item off the agenda permanently.

Chair de Schweinitz agreed that would be a good idea.

The Committee agreed to modify the agenda and consider #6 next.

6. REVIEW OF FINANCIAL REPORTS FROM CITY (considered out of agenda order)

Chair de Schweinitz explained this is a second draft of the Financial Report.

Mr. Rodriguez said this is the second ever monthly financial report. [A copy of the report is attached to these minutes as Exhibit B.] Mr. Rodriguez identified the various items in the report and said, "The bottom line appears to be that we are doing ok." Revenue is slightly above budget, primarily in the Water Department. The report shows what was approved and what was amended. The budget overall went up \$22 million. Expenditures went up almost double that amount. Revenues seem to be coming in above budget. Much of what is coming in under budget will be made up in other areas; property tax, lodgers' tax, etc.

Ms. Kerr asked how he resolved the beginning balance issue.

Mr. Rodriguez said it was still open for suggestions on how to treat it. There have been some additions to the report addressing that. Not everything in the beginning balance was cash but there were no receivables to consider. To be clear, DFA requires a certain minimum amount and it is pretty liberal, just looking at things from the standpoint of liquidity.

Mr. Rodriguez is projecting revenues will come in up 7% from budget. The main variances are the proceeds from bond sales.

Chair de Schweinitz asked if what is labeled "grants" is really grants or capital outlay money.

Mr. Tupler asked if that is what the state is giving Santa Fe.

Mr. Rodriguez agreed and explained that everything the City applied for was included because the City was confident it would be granted. The City could apply for more but those would come with strings and matching funds. About 90% are recurring grants and the biggest one is transit and transportation. After that is highway construction. There are many other small grants.

Ms. Kerr asked why he wasn't calculating a projected variance on revenue from State down and expenditures from capital purchases down. It looks like there is a variance.

Mr. Rodriguez said at this stage and the rate they are coming in he didn't think there would be a change. He has asked the departments to give us a plan. The General Fund is broken up by departments. Among all of the revenue streams, the GRT is the largest piece.

Mr. Tupler asked if they are classified correctly.

Mr. Rodriguez agreed. The transfer from those funds to construction and other funds is appropriate.

Mr. Rodriguez said the Gross Receipts are coming in just below budget. Property taxes are above

budget. Water Utility receipts are above what was budgeted. Bond proceeds almost doubled.

Ms. Kerr asked what comprises the other taxes.

Mr. Rodriguez said it includes liquor tax, real estate contract sales, etc. The biggest is franchise taxes. Ambulance fees are significantly below but he expected revenue to come in at budget and expenditures a little below. He briefly addressed the reason for lower ambulance revenues.

Mr. Rodriguez said he prefaced his remarks to Council with the need to get departments to start using these protocols.

Ms. Kerr said this is really helpful. Mr. Tupler agreed.

Mr. Rodriguez noted that the airport, recreational complex and convention center were all running with negative balances and at some point, the Council needs to make a decision whether the MRC is really an enterprise fund. It has never functioned as an enterprise fund. Those three funds are generating most of the negative balances although the convention center is getting better. The convention center revenues are going up very fast and that is not reflected in this report.

He said Mr. Randall has a challenge to use those revenues in some way before the new budget is developed.

Mr. Rodriguez summarized that this report is a draft to get the format and methodology right. He hoped eventually to have two layers with one showing projected expenditures and projected cash (Liquidity). That will get better and he would be better able to give the Committee projected expenditures. A spike at the end of year is bad planning. He suggested it might show an increase in the summer and down in winter but this tremendous spike is bad planning.

Mr. Rodriguez said the last piece is the cash report. The challenge is having some 600 funds out there. For a city the size of Santa Fe, there should be about 200 funds. There are all kinds of reasons. It has to do with folks in the past not having a good a grip on finances so they created funds. The other reason is our software which creates funds from projects. It would be a lot better insight into our operations for field and upper management to use cost centers. Our system does not consolidate cash.

Chair de Schweinitz asked who had the authority to create all these funds.

Mr. Rodriguez said it is the department heads and he is encouraging those departments to not create different funds. The system does show a balance of cash on hand which now is about \$17 million.

Ms. Kerr noted that Economic Development has a significant negative cash balance of \$284,000 and asked what is going on.

Mr. Rodriguez said on Monday he took this item to Council. Economic Development is funded by proceeds of a number of projects that generate profits such as the business incubator. That money is held in a fund. As expenditures happen in anticipation of money the City runs negative balances. Then land is

sold and it recharges the fund because those profits are restricted. The Council budgeted for an amount without the cash there. Mr. Rodriguez informed them that Finance is not doing that anymore and he was not going to sign budget adjustments that are not tied to cash. They will have to go to Council for the appropriation of the money. So far, they haven't appropriated any.

In response to Mr. Tupler, Mr. Rodriguez said their revenue comes from various sources. One is land sales in Tierra Contenta.

Ms. Kerr said it would be good to see that in a report.

Mr. Rodriguez said he is trying to show that in ending days of cash and now is 59 days. It has been a challenge in getting them to understand it. The actual cash is about \$52,000 above the state minimum requirement.

Chair de Schweinitz asked what kind of reception he received from the Finance Committee.

Mr. Rodriguez said the Finance Committee Chairman is better informed as to how we are financially. There was not a lot of conversation with Council. The same is true with department heads. Incredibly, they have never done this before. He could not believe that there was no monthly financial report. That explains why Teresita has been so strict and conservative.

Mr. Tupler said this type of reporting is critical and a giant improvement and a very useful tool.

Chair de Schweinitz said the Committee appreciates the inclusion of what Ms. Romero and Ms. Valencia requested.

Mr. Rodriguez said next month is the last practice run.

Ms. Kerr asked regarding the beginning balance what he recommended. Mr. Rodriguez said right now it does tie in to the financial statement but it could bear some caveats. He was not accepting the explanation he was getting from staff.

Mr. Rodriguez briefly explained the Bates Act of New Mexico that says state and local governments are not obligated to pay something if Council determines there is no money for it at the end of the year.

Ms. Brennan clarified that money spent during the year has to be money that was appropriated in the year.

Mr. Rodriguez agreed and it expires at the end of the year.

Ms. Brennan noted there are some exceptions like bonds and insurance.

Mr. Rodriguez said that instead of saying that the cash carries over, it should be closed and then appropriated anew.

Mr. Tupler would like to see a separate fund that holds restricted cash which would be like our liabilities.

Chair de Schweinitz agreed - good point.

Mr. Tupler commented that having restricted and unrestricted cash gives a better understanding of our cash situation.

The Committee briefly discussed the beginning balance issue further.

Mr. Rodriguez said at some point, when they have a better handle, he would be interested in any of the Audit Committee's recommendations regarding beginning balance.

Chair de Schweinitz asked the members and Ms. Kerr to work on that before the next meeting.

Chair de Schweinitz pointed out that General Counsel is here that the Committee needs to let her talk too.

Mr. Rodriguez said he would follow up in email and excused himself from the meeting.

Chair de Schweinitz modified the agenda again to hear from Ms. Brennan.

9. NEW BUSINESS

a. Proposed Ordinance Amendment - Renaming the Committee to Accountability and Performance Management Department and adding Fraud Auditor

Chair de Schweinitz welcomed Ms. Brennan and introduced her to the members.

Ms. Brennan thanked the Committee for allowing her to speak now. She wanted to give the Committee some history of this proposed ordinance. The Committee has the working draft and fiscal impact report [attached as Exhibit C]. This reflects many comments from the Audit Committee and Ms. Kerr. It also has some from Councilor Maestas, who is interested in the Office of Inspector General. Council asked her to look at it. The information she gathered, under certain circumstances, could be a good thing for municipalities. She could not find any comparison to municipalities of the size of Santa Fé. She looked at Albuquerque also. She had a conversation long before with Ms. Kerr and her work and whether it would be beneficial to have a forensic auditor to help her accomplish all of her responsibilities. At the same time, the fraud, waste and abuse hotline was being pursued by the City. It seemed the best way was to start with small steps to see if there was a basis to establish the office of inspector general. The City needed to give Ms. Kerr the resources she needed and take the opportunity to amend the ordinance and provide for a forensic auditor. These things came together.

Ms. Brennan said most of the changes to this proposed ordinance came from comments from the Committee and Ms. Kerr. The Council heard her report and recommendation and decided that starting with

a phased approach was best. Part of her concern was about these roles and how they would affect employment practice and collective bargaining agreements. She didn't want to lose time frames, given the legal requirements. She made some changes, including taking the whistle blower statute out of the ordinance but it still applies because it is a statutory requirement. Councilor Maestas has taken a strong interest in this and the Audit Committee will be assisting with the effort.

Ms. Kerr had her emailed timeline. This is on the agenda for the Finance Committee on March 16 and City Council on March 25. In light of that, she asked when the Audit Committee needed to get recommended changes to her.

Ms. Brennan said they should be sent in a week but if that was impossible, they could adjust that schedule.

Chair de Schweinitz said he and Ms. Romero spent time on this already and have some comments. In his mind, he thought the new title is a bit too global. They thought it should at least keep the term "audit" in there.

Ms. Brennan said Councilor Maestas was interested in considering this title but she thought the Committee's suggestion was right.

Ms. Romero pointed out that the term "audit" is clear defined and this name is kind of vague.

Chair de Schweinitz thought the fraud and abuse hot line is not even up yet.

Ms. Kerr said she talked to the City Manager about not having a press release yet but it is officially going into the payroll on Friday.

Chair de Schweinitz pointed out that we don't know to what extent there is fraud and abuse yet. It seems this might be premature.

Ms. Brennan agreed. That part of the value of creating a position would be useful in any event.

Mr. Tupler asked what title other cities used.

Ms. Brennan said Albuquerque created an Office of Inspector General and an Accountability Committee but Santa Fe did not feel the City should start with that.

Ms. Kerr asked if that was now defunct in Albuquerque.

Ms. Brennan had not heard that.

Chair de Schweinitz was not sure it was defunct but they had some big problems complying with the IPRA - (inspection of public records).

Ms. Brennan said they actually called her and talked about that. There is an opinion of the Attorney

General on that point.

Chair de Schweinitz noted she pulled that 30-day part.

Ms. Brennan agreed. That was one of her changes.

Chair de Schweinitz's other concern about who oversees the City Auditor. This proposed ordinance says the Department would oversee her. He realized that meant there is no person to oversee her. The current ordinance has the same language that there is some entity out there overseeing her. The Audit Committee doesn't see itself as overseeing her because it is advisory.

Ms. Brennan you are right.

Ms. Kerr offered to go through it and do word changes with Ms. Romero and Chair de Schweinitz.

Chair de Schweinitz thought Councilor Maestas seems keen on auditing as a way to bring back money to the City. It worried him that the City might be moving toward a money return angle and getting away from the risk-based stuff.

Ms. Brennan didn't think that was the intention of the Council but it was rather to gain efficiencies and to control loss. So saving money might not be the way to express that in a report.

Chair de Schweinitz thought in some ways that was corrected on page 15 and mitigate the tendency toward cost reimbursement as opposed to risk.

Ms. Kerr said she talked with Ms. Brennan about this paragraph and considered taking out "cost savings."

Ms. Brennan suggested the word "opportunity" might have a role to play. Is there a mechanism to adopt?

Chair de Schweinitz said he could help with the language. The time line seemed pretty fast to him. He asked if the City Auditor would be the supervisor of new forensic position.

Ms. Brennan thought so. This would be a position that could grow and change.

Ms. Romero said they talked about the City Auditor would be the main position with internal auditors under the Auditor and one of those is the forensic auditor. She asked if the current internal auditor position would become the City Auditor once this ordinance is approved.

Ms. Brennan said that is still up in the air.

Ms. Kerr referred to the last sentence on page 17 that said, "The Governing Body may determine whether an Inspector General office is required." She suggested that "is required" be changed to "would be beneficial."

Ms. Brennan supported that.

Chair de Schweinitz noted there is one section in the current ordinance about the types of audits to be done: financial, performance, etc. He asked if it should have the definition of what a forensic audit is.

Ms. Kerr said the definitions come out of governmental audit standards (GASB) so that would just fall under special audits.

Ms. Romero said it was on page 8.

Ms. Kerr said that would fall under category 4 - Special investigations.

Chair de Schweinitz said with a new position like this Ms. Kerr will control what work is undertaken.

Ms. Brennan agreed. The management relationship is for Ms. Kerr. Otherwise conflicts arise.

Chair de Schweinitz asked if Ms. Brennan wanted Audit Committee members to attend the meeting.

Ms. Brennan said that would be fine. If we can stick to this time frame that would be great.

Ms. Romero asked about the changes made here.

Ms. Kerr said she would put them in as tracked changes.

Ms. Romero agreed and asked that she send them back to the members.

Chair de Schweinitz thanked Ms. Brennan for attending.

Ms. Brennan left the meeting.

The Committee went back to the approved agenda.

5. EXTERNAL AUDIT MATTERS

a. Completed Audits within the Last Four Years with Open Findings (Liza Kerr)

Chair de Schweinitz said this item should be limited to the ones the Committee is going to talk about each time. The Committee should spend some time on the Santa Fe Railyard Audit.

Ms. Kerr said she did split the reports between external and internal. The first was External Audits completed with the last four years with open findings. [The report is attached to the minutes as Exhibit D.] She pointed out that there are only sixteen open findings now. The four findings from the CAFR won't be cleared until the audit is done next year.

Ms. Romero didn't agree with not doing anything with those findings. She wanted to make sure there is progress and not suddenly report back that they are there at the end of the year.

Ms. Kerr said she would periodically report on them. She recalled they started with 200 at the beginning and were now down to just a handful. The forensic audit on parking had nine open findings. She talked with Mr. Gurulé about it yesterday and he told her all of those findings were now cleared. She would work with him on presenting the evidence.

With Lodger's Tax is down to one open finding. Shelter Plus is down to one open finding also.

Mr. Tupler asked what Shelter Plus is.

Ms. Kerr said it had to do with housing.

Ms. Kerr said BDD operations just had one finding. She agreed to pull the findings any time the Committee wanted to look at the detail.

Chair de Schweinitz reminded the Committee that its duty is to review the findings and make recommendations to the Finance Committee concerning the corrective action plan. The Audit Committee relies on Ms. Kerr to bring them.

Ms. Kerr agreed and now that there are only 16 she could bring them in.

Ms. Romero thought it wasn't necessary to bring them in but to have a report on their status.

Ms. Kerr said that is what she is doing now.

Mr. Tupler asked what the mechanism is for the department head providing the Auditor with the evidence.

Ms. Kerr said it depends on the type of finding is and gave an example.

Mr. Tupler asked if this database allows PDF documents

Ms. Kerr said it doesn't but she has asked in the budget for a database that would do that and follow the GAP principles but the database would cost \$31,000.

b. Schedule and Status of External Audits

Ms. Kerr said her report is in the packet [attached as Exhibit E]. The Status Review includes the Santa Fe Civic Housing Authority, Santa Fe Solid Waste Management Agency, The Santa Fe Railyard Community Corporation, the 2014 Lodger's Tax Audit, the 20108 Park Bond Audit and the Santa Fe Buckman Diversion Project.

Also in the packet is the Civic Housing Audit Report [attached as Exhibit F]. Ms. Kerr had intended to have the SWMA Audit in the packet but it was not. She will make sure it is in the packet for the next meeting.

Chair de Schweinitz said the Audit Committee needs to take action on the Civic Housing audit but perhaps didn't need to do so at this meeting. He did not see any findings for the Railyard Audit.

Ms. Kerr said the Railyard has a large lease with the City and she recommended documenting that in the minutes and the fact that the Committee reviewed that.

Chair de Schweinitz suggested doing that for next time. He asked her to report on the Railyard and Civic Housing for next time.

Ms. Kerr said the Committee has Civic Housing but not SWMA

c. Discussion

1) Park Bond Audit

Ms. Kerr said the Park Bond Audit will be presented to the Finance Committee on March 30 and to City Council April 8th.

Mr. Tupler noted this is a high profile and some Audit Committee members should be there for the report. He would like to be at the March 30th Finance Committee meeting. He was certain that Bette Booth and Anna Hanson would be there.

Ms. Kerr said they have most of their findings completed and will group them into categories. There are a lot of them.

2) BDD Operations Audits

Ms. Kerr said they are supposed to have the entrance conference on March 11.

3) Lodgers' Tax Audit

Ms. Kerr said at the last Finance Committee meeting, the Councilors asked to track licenses for short term rentals. David Tapia said there are 374 licenses issued for short-term rentals as of June 30, 2014. However, the list they gave Barraclough and Associates only had 115 listed. He said there was no way to track that because the payment might come from a different name than is on the license. She is encouraging them to try to come up with some way to tie payments to the license.

After a brief discussion, Ms. Kerr agreed to follow up on it.

Ms. Romero suggested Barraclough put that in their audit report as a finding.

Ms. Kerr thought that was a great idea.

4) Santa Fe Solid Waste Management Agency Audit Report 06/30/2014

This agenda item was not considered and postponed to the next Audit Committee meeting.

5) Santa Fe Railyard Audit Report 06/30/2014

This agenda item was not considered and postponed to the next Audit Committee meeting.

d. Report from External Audit Committee (Clark de Schweinitz and Marc Tupler)

There was no External Audit Committee report.

7. INTERNAL AUDIT MATTERS (Liza Kerr)

a. Completed Audits within the Last Four Years with Open Findings

Ms. Kerr reported this is still in progress. She referred to her printed report [attached to these minutes as Exhibit H]. She hoped to get more time to deal with it.

For False Alarms, she reported there is a new Chief of Police and new Deputy Chiefs. She is meeting with them tomorrow in a group with Finance staff. Councilor Rivera is planning to propose a new ordinance revision. There is a fine of \$10 per day and the meeting will resolve that.

She plans to send Mr. Gurulé a list of the open findings for Parking. She is asking him to tell her how those findings have been cleared and show her the evidence or proof.

b. Schedule and Status

I. Discussion

a) ITT Follow-Up Audit

Ms. Kerr referred to her printed report [attached as Exhibit I].

Regarding the Data Center ITT Follow-Up Audit, Ms. Kerr said she is working on the open findings. It is in progress. She has the evidence she needs and just needs to do the report.

b) Public Utilities Audit

Ms. Kerr said the water audit will be next. She talked to the Water Director earlier today.

c. General Information

a) Fraud, Waste and Abuse Hotline

Ms. Kerr received a notice from the State Auditor's Office regarding a hot line complaint involving a person at the water utility. She was able to pull the back-up to substantiate that this is an unfounded complaint. She will report that substantiation to them later today at their office to close it out. She talked with the City Manager about entering this in to our hotline.

Mr. Tupler asked if the complaint came from the state hot line about an employee.

Ms. Kerr agreed. It was a fraud issue and she investigated it and determined that it was unfounded.

Chair de Schweinitz asked if the reason she had to do that comes from the ordinance.

Ms. Kerr said she didn't know. She would like to talk about that with the Committee.

Ms. Romero wondered if that should be turned over to the State Police and have them investigate it.

Chair de Schweinitz was worried about the process for Ms. Kerr. He recalled that she had sent a fraud alert to state auditor and asked if that should come back to the Committee.

The Committee briefly discussed the implications and the processes for the hot line.

b) Risk Assessment / Audit Plan

Ms. Kerr said it is time for this again. It is due now and the process is smoother this year. This is the 3rd year. She will be conducting interviews over the next couple of weeks.

d. Report of Internal Audit Subcommittee (Ms. Hazeldine Romero and Cheryl Pick Sommer)

There was no report.

8. UNFINISHED BUSINESS

a. Committee Annual Report to the Finance Committee - Ideas and Points to Cover (Clark de

Schweinitz)

Chair de Schweinitz promised to have a draft on April 1. He asked the members to let him know any points anyone wants to include in the annual report.

Ms. Romero asked if he had an outline

Chair de Schweinitz said he has some points written out. It was going to speak to timelines, in depth , implementation of our own ordinance, internal auditors audit plan, participation, the fraud and abuse hot line starting, the concern about Ms. Kerr being pulled into too many administrative tasks and assignments.

Ms. Kerr explained that the Finance Committee passes a resolution that assigns more work to her and all of it takes more of her time.

Ms. Kerr said she will be doing an amendment to the audit plan.

Chair de Schweinitz asked her to send that draft to him as soon as she could. He will in turn send out a draft to her and the Committee by email for comments.

10. NEXT MEETING DATE: Wednesday, April 1, 2015

Ms. Romero said she would not be present for the April meeting or the June meeting.

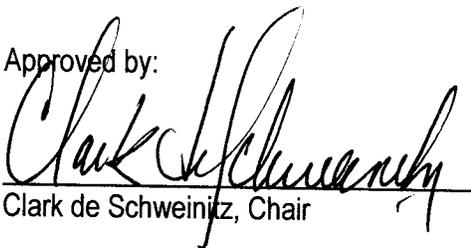
Ms. Kerr said she would not be present for the May meeting.

11. ADJOURNMENT

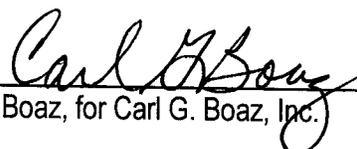
Mr. Tupler moved to adjourn the meeting. Ms. Romero seconded the motion and it passed by unanimous voice vote.

The meeting was adjourned at 4:15 p. m.

Approved by:


Clark de Schweinitz, Chair

Submitted by:


Carl Boaz, for Carl G. Boaz, Inc.

Loretta E. Valencia, BA, MA
Certified Public Accountant
2369 Brother Abdon Way
Santa Fe, NM 87505
(505) 982-7838

February 27, 2015

Honorable Ann Yalman
City of Santa Fe Municipal Court
2511 Camino Entrada
Santa Fe, NM 87507

Honorable Ann Yalman,

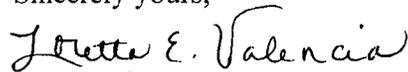
This letter is to inform you, Mayor Javier Gonzales, the City of Santa Fe Council and the Audit Committee Members that I must resign from my position as a member of the Audit Committee effective today at 5PM.

The reason for my resignation is that I have very recently accepted a position with the New Mexico Office of the State Auditor. Serving on the Audit Committee will pose a conflict of interest with this position.

I have truly been honored to serve on the Audit Committee for the last six months. I want to express my gratitude to the members of the committee who are very committed, intelligent and progressive individuals. I will certainly miss interacting with them and being a part of their accomplishments.

Thank you for your continued service to the citizens of Santa Fe.

Sincerely yours,



Loretta E. Valencia

Digitally signed by Loretta E. Valencia
DN: cn=Loretta E. Valencia, o, ou=CPA,
email=lev100@comcast.net, c=US
Date: 2015.02.27 12:50:11 -07'00'

cc: Clark de Schweinitz, Chairman, City of Santa Fe Audit Committee
Members, City of Santa Fe Audit Committee
Honorable Mayor Javier M. Gonzales
City of Santa Fe Council

Exhibit B

CITY OF SANTA FE
FISCAL YEAR-TO-DATE FINANCIAL PERFORMANCE
REPORT

As of December 31, 2014

Presented to the Mayor and City Council

February 25, 2015

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

The following report is a summary of financial results for the City. It provides summarized information on how the City's financial sources and uses have performed to date by major categories and Departments. Significant financial developments and budget variances are highlighted and explained. The report also includes a projection of revenues and expenditures to the end of the fiscal year based on the rate of activity already realized.

Highlights

At the end of the second quarter, the City's financial performance as a whole appears to be on course with the FY 2014-2015 Budget Plan. Not counting the \$18.7 million in bond proceeds that were received this fall, the revenues appear to be coming in 1% above budget, with lower than expected Gross Receipts Taxes (GRT) being made up by higher than expected utilities revenue. Meanwhile, expenditures are occurring 7% below budget. Contractuals, Repairs & Maintenance, and Supplies are the main areas where the level of expenditures indicates lower and/or slower activity than expected. The experience year-to-date has brought no major development that would indicate a significant unanticipated shortfall. Looking forward, there are a number of points that staff are monitoring:

- In the General Fund, the City's principle operating revenue source, GRT, is trending 1.1% below what was budgeted, indicating a \$0.6 million shortfall by the end of the fiscal year. A number of other important revenue sources are also under-performing, including Ambulance Fees. Fortunately, Property and Franchise taxes are outperforming what was budgeted, and at this point in the year appear to be making up the shortfalls in the other revenue streams. Total revenue in this fund is projected to come in slightly (0.11%) above budget.
- The methodology used to project financial performance to the end of the year indicates that expenditures in the General Fund as a whole will come in 5% below budget. Staff checked with each of the interested departments and found no new information that would advocate a significant change in this projection. The principal departments contributing to this under-expenditure are Police, Community Development, Public Works and Community Services. Together, they will appear to account for more than \$2.8 million in savings. The principal areas that are expending under budget are Contractuals and Repairs & Maintenance.
- In response to requests by some members of the Finance Committee, we are including for the first time a fund summary of the three Enterprise Funds that have been showing negative balances for some time. Two of these funds appear to be improving their ending balance. Only Airport is showing a significant revenue shortfall (\$0.7 million) above what was budgeted, although expenditures are projected to come in at budget.

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

ALL FUNDS - OPERATING BUDGET SUMMARY & PROJECTIONS

DESCRIPTION	FISCAL YEAR 2013/2014 ACTUAL	FISCAL YEAR 2014/2015				
		APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
BEGINNING BALANCE	155,378,212	146,227,772	146,227,772	146,227,772	146,227,772	
<i>Revenues:</i>						
Gross Receipts Tax	95,725,848	97,244,078	97,244,078	50,192,778	96,670,768	-1%
Property Tax	9,251,086	8,225,005	9,595,713	3,045,734	10,638,183	11%
Lodgers' Tax	8,376,475	8,000,000	8,000,000	5,455,578	9,020,076	13%
Other Taxes	4,938,789	5,116,152	5,116,152	1,525,013	6,123,750	20%
Licenses & Permits	2,378,207	2,641,500	2,641,500	1,169,346	2,633,293	0%
Ambulance Fees	3,511,498	2,000,000	2,000,000	776,704	1,787,577	-11%
Insurance Premiums	24,993,908	27,522,846	27,522,846	13,680,189	27,004,357	-2%
Parking Fees	3,927,368	4,392,963	4,392,963	2,072,907	3,987,437	-9%
Recreation Fees	3,247,009	3,356,843	3,356,843	1,424,274	3,145,183	-6%
Solid Waste Fees	18,034,108	18,206,951	18,206,951	9,015,145	19,091,619	5%
Wastewater Fees	11,000,820	11,327,400	11,327,400	5,534,264	12,261,687	8%
Water Fees	34,511,650	38,365,611	38,402,140	18,326,489	40,644,345	6%
Other Fees/Services	22,239,989	15,713,920	15,677,911	7,599,145	16,734,013	7%
Fines & Forfeitures	1,724,194	2,002,350	2,002,350	645,057	1,387,925	-31%
Miscellaneous Revenues	17,788,118	5,654,898	15,161,570	30,359,552	33,829,985	123%
Interest on Investments	977,130	776,013	776,013	296,524	725,798	-6%
State Grants	2,906,658	5,757,225	3,013,830	1,832,065	3,013,830	0%
Federal Grants	6,157,366	3,975,232	5,908,298	4,405,445	5,908,298	0%
SF County/Other Grants	2,759,589	6,120,514	6,925,951	5	6,925,951	0%
Transfers In	60,913,862	54,230,413	64,932,104	28,780,166	64,932,104	0%
Subtotal - Revenues	335,363,675	320,629,914	342,204,613	186,136,380	366,466,181	7%
TOTAL RESOURCES	490,741,887	466,857,686	488,432,385	332,364,152	512,693,952	
<i>Expenditures:</i>						
Salaries	69,868,698	74,322,442	74,562,717	33,952,197	71,528,146	-4%
Benefits	34,421,888	36,901,786	35,901,416	17,647,290	34,631,595	-4%
Contractual Services	20,956,652	22,768,812	25,946,761	15,676,122	15,084,782	-42%
Utilities	11,164,646	13,415,660	11,808,092	8,627,507	10,649,454	-10%
Repairs & Maintenance	4,115,112	5,836,753	5,633,191	3,312,322	4,400,061	-22%
Supplies	8,318,764	10,138,885	10,134,428	5,398,250	8,156,083	-20%
Insurance	28,167,219	32,355,629	32,307,603	15,822,441	28,207,882	-13%
Other Operating	21,503,186	18,605,477	19,118,494	9,750,801	17,152,786	-10%
Capital Purchases	5,683,446	8,654,024	16,742,771	12,147,983	16,742,771	0%
Land & Building	11,976,090	8,900	1,160,295	667,360	1,160,295	0%
Debt Service-Principal	22,943,220	20,291,015	20,291,015	1,949,000	20,291,015	0%
Debt Service-Interest	16,854,003	16,248,036	16,248,036	8,251,048	16,248,036	0%
Transfers Out	88,541,191	66,598,203	102,159,262	35,614,185	102,159,262	0%
TOTAL EXPENDITURES	344,514,115	326,145,622	372,014,081	168,816,506	346,412,169	-7%
ENDING BALANCE	146,227,772	140,712,064	116,418,304	163,547,646	166,281,783	

*includes year-to-date actuals plus encumbrances; excludes CIP funds

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

GENERAL FUND SUMMARY & PROJECTIONS

DESCRIPTION	FISCAL YEAR	FISCAL YEAR 2014/2015				
	2013/2014 ACTUAL	APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
BEGINNING BALANCE	8,121,688	9,305,512	9,305,512	9,305,512	9,305,512	
<i>Revenues:</i>						
Gross Receipts Tax	52,621,883	53,836,678	53,836,678	27,509,782	53,241,123	-1%
Property Tax	3,288,358	3,262,577	3,464,591	1,092,096	3,814,489	10%
Franchise Tax	2,873,554	3,145,000	3,145,000	533,652	3,684,714	17%
Other Taxes	468,660	490,000	490,000	236,687	592,950	21%
Licenses & Permits	2,346,669	2,628,000	2,628,000	1,154,058	2,596,444	-1%
Ambulance Fees	3,511,498	2,000,000	2,000,000	776,704	1,787,577	-11%
Planning/Land Use Fees	207,451	271,400	203,900	152,226	323,774	59%
Recreation Fees	467,169	490,000	490,000	215,881	476,725	-3%
Reimbursed Expenditures	5,944,541	5,397,995	5,397,995	2,632,752	5,397,995	0%
Other Fees/Services	206,804	235,800	235,800	65,472	174,388	-26%
Fines & Forfeitures	506,527	544,700	544,700	222,038	517,967	-5%
Miscellaneous Revenues	62,904	149,000	149,000	21,357	56,506	-62%
Interest on Investments	49,918	29,038	29,038	13,344	32,661	12%
State/Other Grants	73,578	-	109,840	51,952	108,245	-1%
Transfers In	3,155,921	3,291,762	4,141,762	1,720,881	4,141,762	0%
Subtotal - Revenues	75,785,437	75,771,950	76,866,304	36,398,883	76,947,320	0%
TOTAL RESOURCES	83,907,125	85,077,462	86,171,816	45,704,395	86,252,832	
<i>Expenditures:</i>						
Community Development Department	1,188,575	1,295,819	1,398,325	832,294	1,097,256	-22%
Community Services Department:						
-Administration Division	424,594	593,537	660,501	515,117	516,611	-22%
-Library Division	2,586,901	2,603,177	2,603,203	1,388,859	2,496,634	-4%
-Senior Services Division	2,224,573	2,374,548	2,374,548	1,187,486	2,374,760	0%
-Youth & Family Division	675,405	754,120	754,216	394,651	753,964	0%
Finance Department	5,551,101	3,986,326	3,992,931	2,066,581	3,820,023	-4%
Fire Department	14,829,280	14,614,959	15,464,959	8,168,263	15,220,133	-2%
General Government	5,568,378	5,547,392	5,750,682	2,889,630	5,312,710	-8%
Human Resources Department	834,723	831,127	831,127	490,578	880,812	6%
Information Technology and Telecommunications Department	3,198,547	3,349,676	3,418,088	1,848,295	3,238,195	-5%
Land Use Department	3,811,855	4,049,442	4,051,230	1,913,570	3,865,678	-5%
Police Department	20,392,955	22,977,918	23,067,553	10,847,180	21,505,785	-7%
Environmental Services / Graffiti	147,121	299,723	299,723	127,332	270,234	-10%
Public Works Department:						
-Administration Division	82,565	31,625	31,625	26,774	36,498	15%
-Facilities Maintenance Division	2,689,873	2,615,200	2,611,448	1,456,398	2,573,239	-1%
-Parks, Trails & Watershed Division	5,221,566	5,956,498	5,998,839	3,122,022	5,826,456	-3%
-Recreation Division	2,285,419	2,596,169	2,600,819	1,365,927	2,413,540	-7%
-Streets & Drainage Division	422,654	496,926	496,926	226,836	461,562	-7%
-Traffic Engineering Division	2,465,529	2,566,274	2,566,770	1,671,176	2,268,407	-12%
TOTAL EXPENDITURES	74,601,613	77,540,456	78,973,513	40,538,970	74,932,496	-5%
ENDING BALANCE	9,305,512	7,537,006	7,198,303	5,165,425	11,320,336	
<i>City Council-Mandated Minimum General Fund Balance[†]</i>	<i>6,136,549</i>	<i>6,050,312</i>	<i>6,169,630</i>		<i>6,169,630</i>	
<i>General Fund Ending Balance - Equivalent # Days of Operation</i>	<i>46</i>	<i>38</i>	<i>35</i>		<i>59</i>	

*includes year-to-date actuals plus encumbrances

†minimum balance defined as 1:12 budgeted annual General Fund expenditures excluding transfers (30 days)

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

SUMMARY & PROJECTIONS: FUNDS WITH NEGATIVE PROJECTED BALANCES

DESCRIPTION	FISCAL YEAR 2013/2014 ACTUAL	FISCAL YEAR 2014/2015				
		APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
MUNICIPAL RECREATION COMPLEX FUND [5600]						
BEGINNING BALANCE	(1,149,920)	(1,168,973)	(1,168,973)	(1,168,973)	(1,168,973)	
<i>Revenues :</i>						
Recreation Fees	965,545	1,012,237	1,012,237	576,465	1,272,991	26%
Reimbursed Expenditures	4,847	4,000	4,000	2,505	5,559	39%
Parks & Recreation Rentals	45,006	25,200	25,200	14,036	41,986	67%
Other Rentals	22,858	23,000	23,000	11,990	28,099	22%
Miscellaneous Revenues	43,074	47,000	47,000	18,192	50,825	8%
Transfers In	95,306	197,605	297,605	98,802	297,605	0%
Subtotal - Revenues	1,176,637	1,309,042	1,409,042	721,990	1,697,065	20%
TOTAL RESOURCES	26,717	140,069	240,069	(446,982)	528,093	
<i>Expenditures :</i>						
Salaries	273,504	364,553	364,553	165,873	349,606	-4%
Benefits	119,105	141,132	141,132	62,978	129,745	-8%
Contractual Services	146,288	185,978	185,978	76,683	145,109	-22%
Utilities	172,350	152,067	152,067	150,683	161,972	7%
Repairs & Maintenance	19,027	33,926	40,480	18,841	35,426	-12%
Supplies	45,955	50,671	144,671	21,331	86,047	-41%
Insurance	1,976	2,334	2,334	1,167	2,334	0%
Other Operating	187,199	219,172	218,618	151,307	213,002	-3%
Capital Purchases	147,519	159,209	159,209	149,681	159,209	0%
Debt Service-Interest	-	-	-	184,226	184,226	100%
Transfers Out	82,766	-	-	-	-	0%
TOTAL EXPENDITURES	1,195,689	1,309,042	1,409,042	982,769	1,466,676	4%
ENDING BALANCE [5600]	(1,168,973)	(1,168,973)	(1,168,973)	(1,429,752)	(938,584)	
AIRPORT FUND [5800]						
BEGINNING BALANCE	(159,552)	(418,538)	(418,538)	(418,538)	(418,538)	
<i>Revenues :</i>						
Airport Fees	690,959	825,268	856,759	106,471	198,272	-77%
Airport Rentals	44,093	14,140	14,140	5,067	13,055	-8%
Other Rentals	139,129	170,000	170,000	49,929	128,647	-24%
Miscellaneous Revenues	15	-	-	-	-	0%
State Grants	-	10,000	10,000	-	10,000	0%
Transfers In	400,001	582,646	582,646	291,323	582,646	0%
Subtotal - Revenues	1,274,198	1,602,054	1,633,545	452,790	932,619	-43%
TOTAL RESOURCES	1,114,646	1,183,516	1,215,007	34,252	514,082	
<i>Expenditures :</i>						
Salaries	772,000	623,006	623,006	332,306	646,298	4%
Benefits	368,408	309,305	309,305	167,144	313,470	1%
Contractual Services	88,990	90,650	114,556	59,369	89,353	-22%
Utilities	68,018	62,680	62,680	61,157	50,004	-20%
Repairs & Maintenance	18,471	37,737	38,101	22,155	32,992	-13%
Supplies	30,354	34,786	34,222	19,893	28,864	-16%
Insurance	32,933	50,992	50,992	24,777	37,773	-26%
Other Operating	154,010	163,139	163,339	79,804	165,047	1%
TOTAL EXPENDITURES	1,533,184	1,372,295	1,396,201	766,604	1,363,802	-2%
ENDING BALANCE [5800]	(418,538)	(188,779)	(181,194)	(732,352)	(849,720)	

*includes year-to-date actuals plus encumbrances; excludes CIP funds

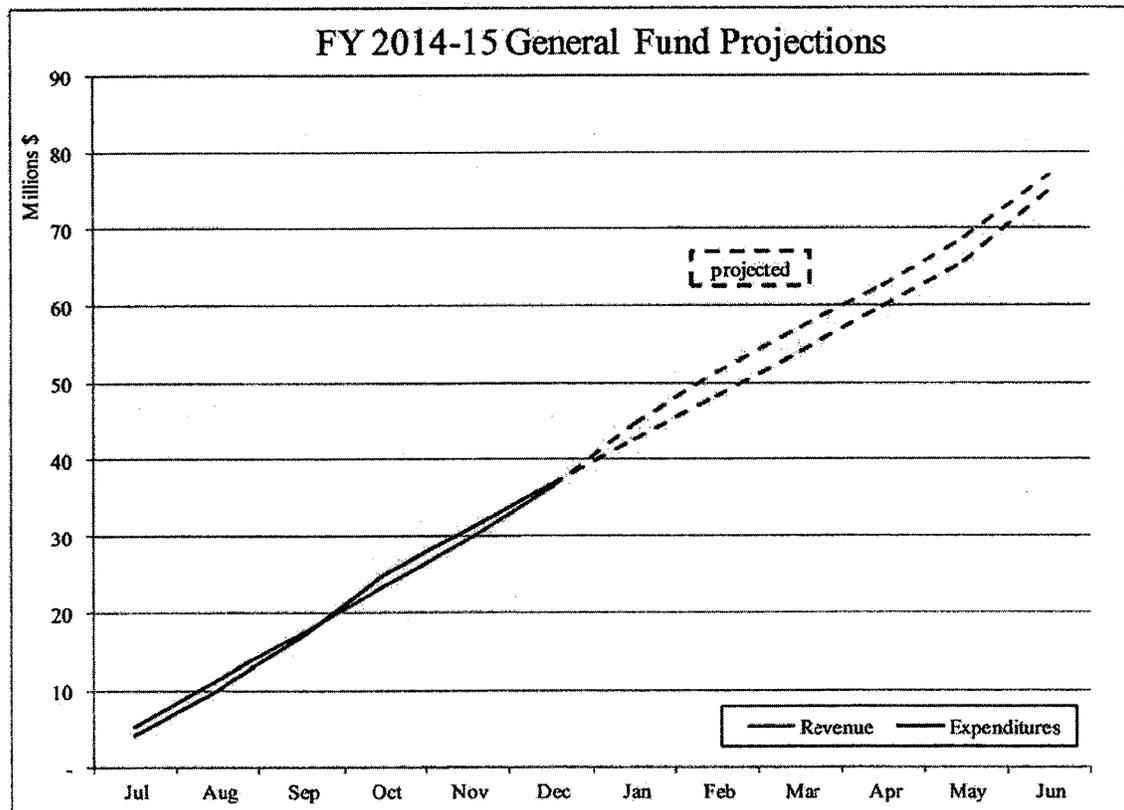
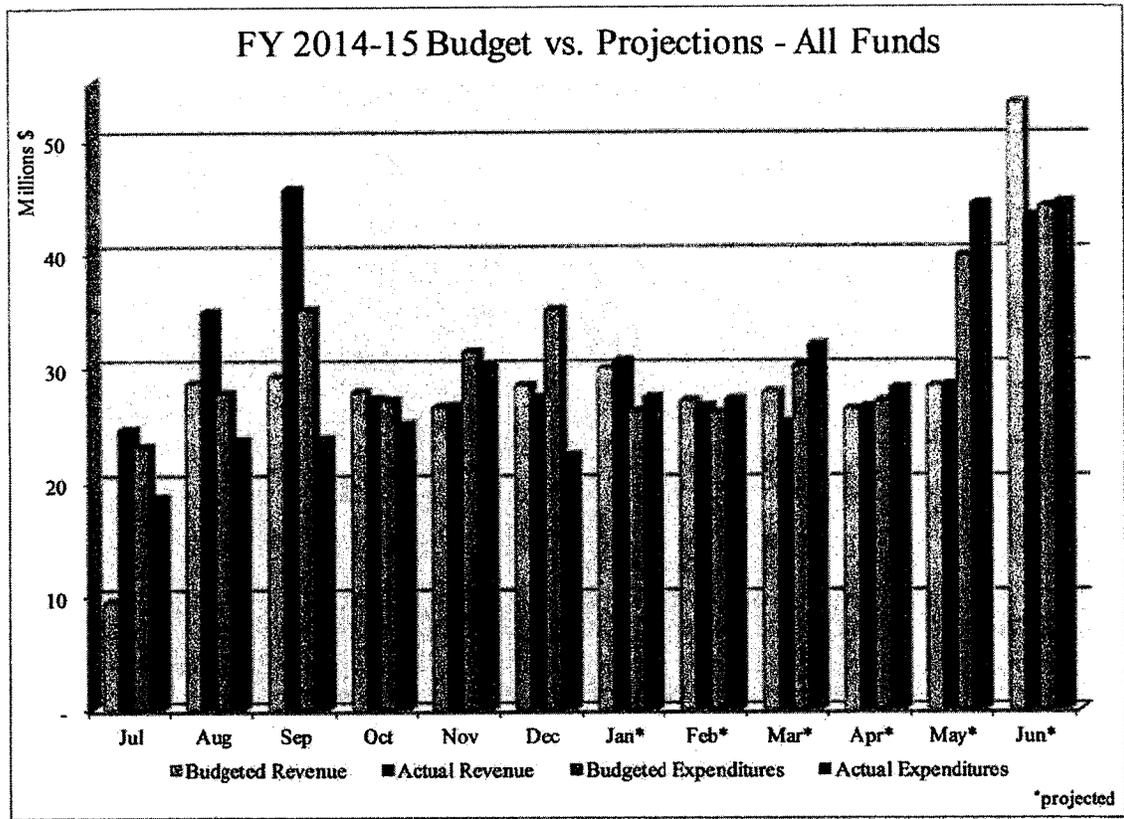
FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

SUMMARY & PROJECTIONS: FUNDS WITH NEGATIVE PROJECTED BALANCES

DESCRIPTION	FISCAL YEAR	FISCAL YEAR 2014/2015				
	2013/2014 ACTUAL	APPROVED BUDGET	AMENDED BUDGET	YEAR TO DATE*	PROJECTED YEAR-END	PROJECTED VARIANCE
SF CIVIC CONVENTION CENTER FUND [5100]						
BEGINNING BALANCE	1,715,482	544,979	544,979	544,979	544,979	
<i>Revenues:</i>						
Civic Center Fees	185,318	-	-	142,657	314,134	100%
Reimbursed Expenditures	-	-	-	8,223	18,250	100%
Other Fees/Services	18,418	-	-	7,765	16,034	100%
Rentals & Concessions	917	420,000	420,000	-	-	-100%
Sales Revenue	84	-	-	2,450	2,947	100%
Miscellaneous Revenues	13,218	-	-	6,701	18,721	100%
Interest on Investments	15,229	7,199	7,199	4,344	10,633	48%
Transfers In	3,428,571	3,794,793	3,794,793	1,897,397	3,794,793	0%
Subtotal - Revenues	3,661,755	4,221,992	4,221,992	2,069,536	4,175,510	-1%
TOTAL RESOURCES	5,377,237	4,766,971	4,766,971	2,614,515	4,720,489	
<i>Expenditures:</i>						
Salaries	351,226	382,574	382,574	181,088	373,903	-2%
Benefits	173,732	190,262	190,262	99,262	189,272	-1%
Contractual Services	250,772	149,638	149,638	118,549	149,218	0%
Utilities	310,421	238,500	251,500	236,118	264,346	5%
Repairs & Maintenance	60,607	232,189	232,189	87,781	145,758	-37%
Supplies	50,753	92,599	92,599	69,740	68,832	-26%
Insurance	31,676	19,815	19,815	9,908	19,815	0%
Other Operating	111,048	134,080	121,080	65,473	102,982	-15%
Land & Building	-	3,900	3,900	-	3,900	0%
Debt Service-Principal	1,175,000	1,235,000	1,235,000	-	1,235,000	0%
Debt Service-Interest	2,179,500	2,123,187	2,123,187	1,061,594	2,123,187	0%
Transfers Out	137,522	137,522	765,248	646,487	765,248	0%
TOTAL EXPENDITURES	4,832,258	4,939,266	5,566,992	2,575,998	5,441,461	-2%
ENDING BALANCE [5100]	544,979	(172,295)	(800,021)	38,517	(720,971)	

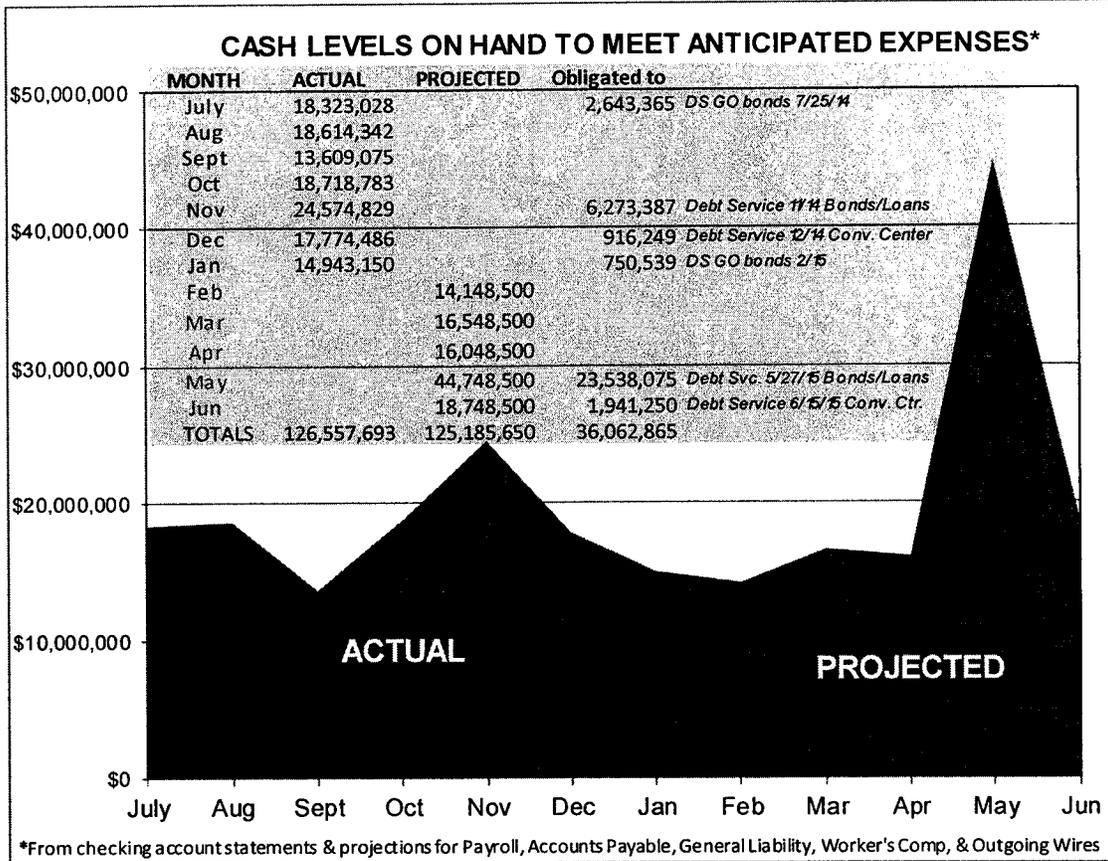
*includes year-to-date actuals plus encumbrances; excludes CIP funds

ANALYSIS

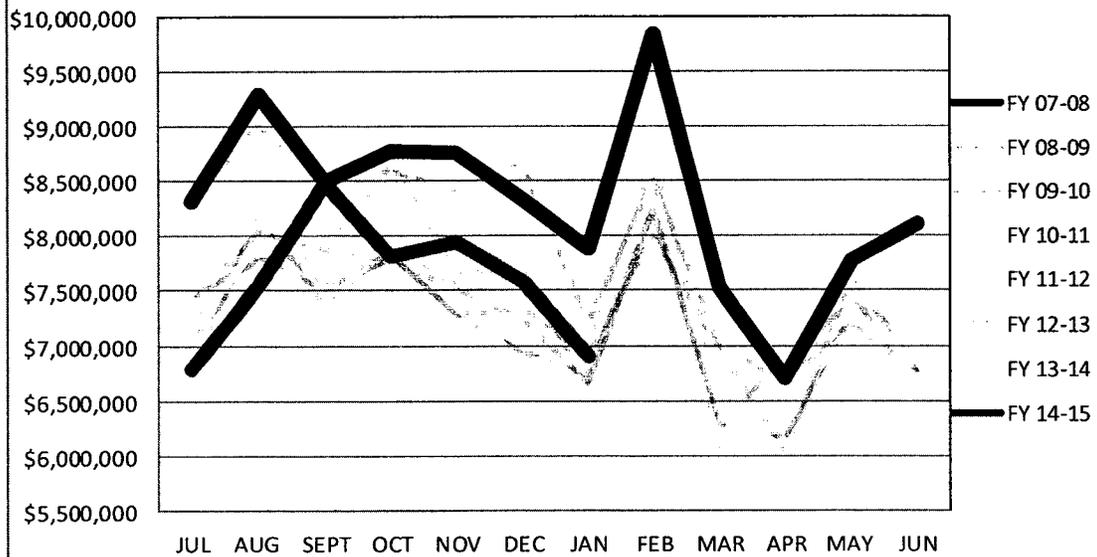


FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

TREASURY REPORT



**Year-to-Date Gross Receipts Tax Revenue as of January
2015:
Comparison to 2008 in 2014-\$'s**



FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

**City of Santa Fe
Second Quarter Cash Balance Comparisons**

Fund Type	Type of Account	Audit Cash Balance 06-30-2014	Restricted State Mandated 'minimum balance'	Restricted for Debt Payment/ Actuarial Reserve/ miscellaneous	Committed- Accts Payable & Escrows	Total Cash Available 06-30-2014	Cash Balance General Ledger 09-30-2014	Cash Balance General Ledger 12/31/14
Major Government Funds								
	GEN - General Fund	9,305,512	6,136,549		3,079,917	89,046	7,847,609	6,852,766
	GRT - 1/2% Gross Receipts Tax	2,356,377			33,574	2,322,803	2,810,957	3,089,715
	DBT - Debt Service Funds	5,144,335		3,509,669	40,015	1,594,651	29,336,830	31,232,635
Special Revenue Government Funds								
General Government								
	CAP - Capital Equipment Reserve	129,598			4,352	125,246	122,286	113,370
	MTG - Mortgage Refund Residual	8,361			-	8,361	8,373	8,382
	FEE - Franchise Fee	1,938			8,137	(6,199)	(24,635)	(23,771)
	LNS - Economic Development	31,962			31,275	687	(133,486)	(284,434)
	LDG - Lodger's Tax Funds	2,983,884			558,641	2,425,243	3,884,808	4,162,174
	SPL - Other Special Revenue Funds	451,541				451,541	483,387	515,182
	SFB - Santa Fe Business Incubator	32,937				32,937	32,988	33,024
	GRT - 1/2% Gross Receipts Tax	1,298,770				1,298,770	1,460,027	1,692,783
	CHD - Child Care Center	-				-	(1,282)	-
Public Safety								
	ANM - Animal Services	147,189			323	146,866	153,567	150,964
	EMG - Emergency Services Funds	717,277			5,203	712,074	1,146,440	1,004,282
	ENV - Environmental Services	180,932			-	180,932	52,805	291,034
	LAW - Law Enforcement Grants	2,249,599			125,088	2,124,511	2,449,801	2,662,356
	HOS - Affordable Housing Program	(0)				(0)	(0)	
Public Works								
	CON - Resource Conservation	1,810				1,810	1,810	1,810
	DRN - City Drainage Projects	25,736			5,110	20,626	22,766	(67,538)
	IFP - Impact Fee Projects	1,481,147			-	1,481,147	1,635,915	1,754,219
	TRN - Transportation Grants	219,406			5,315	214,091	191,362	193,558
Community Development								
	COM - Community Development Grants	1,032,982			60,049	972,933	1,228,262	1,017,487
	SEN - Senior Grants	184,358			9,105	175,253	52,841	372,863
Culture and Recreation								
	HIS - Historic Preservation Grants	157,639			-	157,639	161,697	156,782
	LIB - Library Grants	401,177		250,000	60,250	90,927	430,966	450,969
	NEA - NEA Grant	(77)				(77)	7,423	(77)
	PLA - Plaza Use Fund	96,162				96,162	114,186	98,065
	PUB - Public Facilities Purchases	56,262				56,262	56,349	56,410
	QUA - Quality of Life Project	141,426			7,705	133,721	169,062	219,773
	REC - Recreation Grants	846,282			121,318	724,964	755,618	824,654
	TEA - Land Development	1,572,971			-	1,572,971	1,575,045	1,574,090
	SRL - Special Recreation League	130,102			1,029	129,073	127,465	127,454
Total Special Revenue funds		14,581,371		250,000	1,002,900	13,328,471	16,038,380	17,105,865

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

Fund Type	Type of Account	Audit Cash Balance 06-30-2014	Restricted State Mandated 'minimum balance'	Restricted for Debt Payment/ Actuarial Reserve/ miscellaneous	Committed-Accts Payable & Escrows	Total Cash Available 06-30-2014	Cash Balance General Ledger 09-30-2014	Cash Balance General Ledger 12/31/14
Capital Projects Government Funds								
General Government								
	CP - CIP Re-allocation	181,433			-	181,433	202,420	218,839
	CON - Resource Conservation	2,505,509			-	2,505,509	2,500,800	282,203
	RNV - Building Renovation Projects	291,283			67,815	223,468	676,619	343,661
	PRJ - Other CIP	(512,948)			-	(512,948)	(512,948)	(513,028)
Public Works								
	ARL - Beautif. of Major Arterials	106,715			5,395	101,320	63,022	61,389
	BND - Bond Aquisition Funds	79,494			-	79,494	79,494	79,494
	DRN - City Drainage Projects	134,366			4,125	130,241	127,177	122,513
	PAV - City Paving Projects	3,831,198			391,416	3,439,782	3,282,684	2,253,267
	RVR - Santa Fe River Channel	32,507			-	32,507	32,507	32,507
	SIG - City Signalization Projects	406,011			77,670	328,341	235,285	140,572
	STR - City Street Constr. Projects	3,530,931			14,818	3,516,113	3,464,491	3,457,390
	WLK - City Sidewalk Projects	508,785			134	508,651	401,811	392,970
	ZIA - Zia Road Street Lighting	151,301			-	151,301	142,746	109,129
Community Development								
	HOS - Affordable Housing Program	1,000			-	1,000	1,000	1,000
	PUC - Public Care Facilities	1,687,156			-	1,687,156	1,678,025	1,537,412
Culture and Recreation								
	ART - Art for CIP Projects	339,984			17,018	322,966	302,156	275,638
	PRK - City Parks Imprvmt.	9,853,803			724,839	9,128,964	7,765,732	5,772,742
	SPC - Open Space Acquisition	146,307			-	146,307	246,345	239,289
	LB - Library Grants	57,119			-	57,119	39,560	39,560
Total Capital Projects Funds		23,331,953			1,303,230	22,028,723	20,728,628	14,846,546
Enterprise Funds								
	WWT - Wastewater Enterprise	20,646,606	180,312	206,292	673,603	19,586,399	21,782,262	22,685,599
	WTR - Water Enterprise	90,334,614	-	6,017,797	2,337,114	81,979,703	98,466,559	102,354,281
	SLD - Solid Waste Management	6,849,406	171,616	108,990	70,505	6,498,295	6,965,540	7,710,882
	UTL - Utilities Administration	3,676,216	-	-	-	3,676,216	2,962,610	1,341,810
	RRL - Railyard Properties	972,392	-	118,386	104,426	749,580	1,138,619	1,078,906
	SWY - Santa Fe Convention Enterprise	3,126,762	-	49,366	475,489	2,601,907	4,443,330	4,008,368
	CSF - College of Santa Fe	2,160,852			-	2,160,852	2,738,170	1,974,204
	MUN - Municipal Recreation Complex	(841,334)			34,132	(875,466)	(386,507)	(171,564)
	PAR - Parking Enterprise	1,216,488			9,932	1,206,556	1,417,689	1,235,451
	BUS - Transit Bus Enterprise	4,059,993			120,939	3,939,054	6,969,827	6,508,707
	AR - Airport Enterprise	(92,036)			119	(92,155)	(421,298)	(672,467)
	GCC - Genoveva Chavez Community Ctr	1,684,691			117,928	1,566,763	1,600,931	1,478,478
Total Enterprise Funds		133,794,650	351,928	6,500,831	83,944,187	122,997,704	147,677,731	149,532,656
Internal Service Funds								
	RSK - Risk Management	2,288,404		2,167,549	69,726	51,129	1,134,185	1,575,350
	SFH - Santa Fe Health/dental	5,776,720		2,465,974	563,959	2,746,787	4,954,761	5,572,634
	WRK - Workers Compensation	5,456,164		4,134,729	8,800	1,312,635	5,540,518	5,797,747
	SLB - AFSCME Sick Leave Bank	214,690				214,690	200,584	179,187
	FUL - Fire Union Sick Leave Bank	-				-	(7,401)	(13,004)
	NUL - Non Union Sick Leave Bank	-				-	(363)	9,758
	PUL - Police Union Sick Leave Bank	-				-	(1,255)	10,118
Total Internal Service Funds		13,735,978		8,768,252	642,485	4,325,241	11,821,030	13,131,790
Overall Totals		202,250,176	6,488,477	19,028,752	10,046,308	166,686,639	236,261,465	235,791,972

FINANCIAL PERFORMANCE REPORT: DECEMBER 2014

**City of Santa Fe
Lodging Tax Report
Fiscal Year Ending June 2015**

4% Lodging Tax Month	Fiscal Year 2010-2011		Fiscal Year 2011-2012		Fiscal Year 2012-2013		Fiscal Year 2013-2014		Fiscal Year 2014-2015		Monthly		
	Fiscal Year	% Gain/Loss	Fiscal Year	% Gain/Loss	Fiscal Year	% Gain/Loss	Fiscal Year	% Gain/Loss	Fiscal Year	% Gain/Loss	Monthly	% Gain/Loss	
July	\$ 466,349	-2%	\$ 429,660	-8%	\$ 541,735	26%	\$ 466,946	-13.44%	\$ 481,652	-13.44%	\$ 481,652	2.71%	
August	\$ 559,878	-3.18%	\$ 584,497	4%	\$ 536,103	-8%	\$ 517,387	-3.49%	\$ 521,466	-3.49%	\$ 521,466	20.12%	
September	\$ 621,818	-5.07%	\$ 608,661	-5%	\$ 608,661	4%	\$ 527,862	-13.30%	\$ 672,318	27.37%	\$ 672,318	27.37%	
October	\$ 417,264	-12.58%	\$ 457,746	10%	\$ 461,151	10%	\$ 557,971	21.00%	\$ 548,857	21.00%	\$ 548,857	-1.63%	
November	\$ 489,309	34.20%	\$ 447,667	-9%	\$ 450,359	1%	\$ 489,805	8.76%	\$ 358,944	-26.72%	\$ 358,944	-26.72%	
December	\$ 234,852	-37.23%	\$ 223,558	-5%	\$ 261,800	17%	\$ 195,314	-25.40%	\$ 434,235	122.33%	\$ 434,235	122.33%	
January	\$ 260,667	41.00%	\$ 275,908	6%	\$ 345,975	25%	\$ 395,718	15.53%	\$ 416,999	4.32%	\$ 416,999	4.32%	
February	\$ 201,287	-9.70%	\$ 184,248	-8%	\$ 193,829	5%	\$ 198,194	2.25%	\$ -	-100.00%	\$ -	-100.00%	
March	\$ 196,305	-15.91%	\$ 187,482	-16%	\$ 211,949	27%	\$ 240,976	13.70%	\$ -	-100.00%	\$ -	-100.00%	
April	\$ 285,430	27.07%	\$ 278,748	-3%	\$ 320,760	16%	\$ 342,814	6.88%	\$ -	-100.00%	\$ -	-100.00%	
May	\$ 265,120	-10.44%	\$ 263,949	0%	\$ 298,622	13%	\$ 310,324	3.85%	\$ -	-100.00%	\$ -	-100.00%	
June	\$ 349,553	-14.59%	\$ 481,800	38%	\$ 427,960	38%	\$ 478,708	11.86%	\$ -	-100.00%	\$ -	-100.00%	
Fiscal Year Totals	\$ 4,349,832		\$ 4,381,163	0.72%	\$ 4,659,304	6.35%	\$ 4,728,017	1.47%	\$ 3,534,472	-1.53%	\$ 3,534,472	11.96%	
Cumulative Months													
July - January Totals	\$ 3,050,137		\$ 3,006,936	-1.42%	\$ 3,205,984	6.62%	\$ 3,157,003	-1.53%	\$ 3,534,472	11.96%	\$ 3,534,472	11.96%	
Convention Center 3% Lodgers Tax													
Month	Fiscal Year 2010-2011	% Gain/Loss	Fiscal Year 2011-2012	% Gain/Loss	Fiscal Year 2012-2013	% Gain/Loss	Fiscal Year 2013-2014	% Gain/Loss	Fiscal Year 2014-2015	Monthly	% Gain/Loss	Monthly	% Gain/Loss
July	\$ 349,762	-2%	\$ 322,245	-8%	\$ 406,301	26%	\$ 351,709	-13.44%	\$ 361,239	-13.44%	\$ 361,239	2.71%	
August	\$ 419,908	-3.18%	\$ 438,373	4%	\$ 402,077	-8%	\$ 388,040	-3.49%	\$ 466,099	-3.49%	\$ 466,099	20.12%	
September	\$ 466,364	-5.07%	\$ 440,925	-5%	\$ 456,646	4%	\$ 395,896	-13.30%	\$ 504,239	27.37%	\$ 504,239	27.37%	
October	\$ 312,948	-12.58%	\$ 343,310	10%	\$ 345,663	10%	\$ 418,479	21.00%	\$ 411,643	21.00%	\$ 411,643	-1.63%	
November	\$ 366,982	34.20%	\$ 335,750	-9%	\$ 337,769	1%	\$ 367,354	8.76%	\$ 269,208	-26.72%	\$ 269,208	-26.72%	
December	\$ 176,141	-37.23%	\$ 167,688	-5%	\$ 196,350	17%	\$ 146,487	-25.39%	\$ 325,676	122.32%	\$ 325,676	122.32%	
January	\$ 195,500	41.00%	\$ 206,931	6%	\$ 259,482	25%	\$ 299,790	15.53%	\$ 312,749	4.32%	\$ 312,749	4.32%	
February	\$ 150,965	-9.70%	\$ 138,186	-8%	\$ 145,372	5%	\$ 148,646	2.25%	\$ -	-100.00%	\$ -	-100.00%	
March	\$ 148,729	-15.91%	\$ 125,611	-16%	\$ 158,962	27%	\$ 180,732	13.70%	\$ -	-100.00%	\$ -	-100.00%	
April	\$ 214,072	27.07%	\$ 207,561	-3%	\$ 240,570	16%	\$ 257,110	6.88%	\$ -	-100.00%	\$ -	-100.00%	
May	\$ 196,840	-10.44%	\$ 197,961	0%	\$ 224,117	13%	\$ 232,743	3.85%	\$ -	-100.00%	\$ -	-100.00%	
June	\$ 262,165	-14.59%	\$ 361,350	38%	\$ 320,970	38%	\$ 359,030	11.86%	\$ -	-100.00%	\$ -	-100.00%	
Fiscal Year Totals	\$ 3,262,376	-3.28%	\$ 3,265,871	0.72%	\$ 3,494,478	6.35%	\$ 3,546,015	1.47%	\$ 2,650,854	-1.53%	\$ 2,650,854	11.96%	
Cumulative Months													
July - January Totals	\$ 2,287,605		\$ 2,255,202	-1.42%	\$ 2,404,488	6.62%	\$ 2,367,755	-1.53%	\$ 2,650,854	11.96%	\$ 2,650,854	11.96%	
Fiscal Year Comparison													
Combined Total 4%+3% Fiscal Year Total	\$ 7,612,208	-3.28%	\$ 7,667,034	0.72%	\$ 8,153,783	6.35%	\$ 8,274,032	1.47%	\$ 6,185,326	-1.53%	\$ 6,185,326	25.24%	
Current Year to Date Comparison to Prior Year to Date													
July - January 2015	\$ 5,337,742	-32.18%	\$ 5,262,138	-1.42%	\$ 5,610,473	6.62%	\$ 5,524,758	-1.53%	\$ 6,185,326	11.96%	\$ 6,185,326	11.96%	

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CITY OF SANTA FE, NEW MEXICO

BILL NO. 2015-__

INTRODUCED BY:

Councilor Joseph Maestas

AN ORDINANCE

AMENDING SECTION 2-22 SFCC 1987 TO RENAME THE "INTERNAL AUDIT DEPARTMENT" THE "ACCOUNTABILITY AND PERFORMANCE MANAGEMENT DEPARTMENT"; ESTABLISH A POSITION OF A FRAUD AUDITOR TO INVESTIGATE FRAUD, WASTE AND ABUSE ALLEGATIONS AND INCREASE EFFICIENCY THROUGHOUT CITY OPERATIONS BY IDENTIFYING OPPORTUNITIES FOR RECOVERY OF REVENUE OR OTHER ASSETS; AND MAKING SUCH OTHER CHANGES AS ARE NECESSARY TO CLARIFY CERTAIN PROVISIONS OF THE ACCOUNTABILITY AND PERFORMANCE MANAGEMENT ORDINANCE.

BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SANTA FE:

Section 1. Section 2-22 SFCC 1987 (being Ord. #2012-32) is amended to read:

2-22 ~~[INTERNAL AUDIT]~~ ACCOUNTABILITY AND PERFORMANCE MANAGEMENT DEPARTMENT.

Section 2. Subsection 2-22.1 SFCC 1987 (being Ord. #2012-32, §2) is amended to read:

1 **2-22.1 Short Title.**

2 Section 2-22 SFCC 1987 shall be cited as the "[~~Internal-Audit~~] Accountability and
3 Performance Management Department Ordinance."

4 **Section 3. Subsection 2-22.2 SFCC 1987 (being Ord. #2012-32 §3, as amended) is**
5 **amended to read:**

6 **2-22.2 Findings; Purpose; Goals.**

7 A. The governing body finds that good governance, transparency and accountability are
8 critical in the public sector for the effective and credible functioning of a healthy democracy, and in
9 fulfilling the government's responsibility to citizens and taxpayers.

10 B. Transparent and reliable reporting and effective auditing in government serve to
11 promote accountability, enhance the effectiveness of government services to its citizens, and increase
12 the public's confidence in their government.

13 C. The members of the governing body share a duty to [~~insure~~] ensure that the actions of
14 public officials, employees and contractors of the city are carried out in the most responsible manner
15 possible and that city policies, budgets, goals and objectives are fully implemented.

16 D. To accomplish this, the city requires the services of an independent office to provide
17 independent, objective assurance and review services designed to promote transparency,
18 accountability, efficiency and effectiveness of city government.

19 E. In 2013, the governing body enacted Section 19-2 SFCC 1987, the Fraud, Waste and
20 Abuse Hotline Ordinance, which was created for the purpose of establishing a mechanism for city
21 employees to report alleged fraud, waste or abuse by city employees or city public officers.

22 F. The intent of the governing body in enacting the Fraud, Waste and Abuse Hotline
23 Ordinance was to protect public employees by keeping confidential the name of the public employee
24 who lodges a good faith complaint through the fraud, waste and abuse hotline from retaliation.

25 G. There is a need to establish a position of forensic auditor to facilitate the purpose and

1 intent within the accountability and performance management department to be responsible for
2 investigating fraud, waste and abuse, whether reported or identified through independent
3 investigation.

4 H. A forensic auditor will assist the governing body in evaluating and determining
5 whether there is a future need for an office of inspector general.

6 [E]I. The governing body does hereby establish the [~~internal audit~~] accountability and
7 performance management department, an independent city department of city government reporting
8 to the city manager, which shall oversee the [~~internal~~] city auditor and the functions hereby
9 established. To ensure independence and compliance with generally accepted governmental auditing
10 standards, the [~~internal~~] city auditor:

11 (1) Shall report results to [~~the city manager,~~] the audit committee, the city
12 manager, [~~the finance committee~~] and the governing body, through the finance committee;

13 (2) Is a city department located organizationally outside of other city
14 departments;

15 (3) Has access to the governing body in accordance with the Open Meeting Act;
16 and

17 (4) Is sufficiently removed from political pressures to conduct audits and report
18 findings, opinions and conclusions objectively without fear of political reprisal.

19 [F]J. The governing body also directs the [~~internal audit~~] accountability and performance
20 management department, in cooperation with the audit committee, to establish job descriptions and
21 department policies and procedures based on generally accepted governmental auditing standards;
22 and to adopt the Code of Ethics as defined by the Institute of Internal Auditors.

23 Section 4. Subsection 2-22.3 SFCC 1987 (being Ord. #2012-32 §4, as amended) is
24 amended to read:

25 2-22.3 Definitions.

1 For the purpose of this section, the following definitions shall apply unless the context clearly
2 indicates or requires a different meaning.

3 *Auditees* mean the city related departments, programs, activities, agencies, vendors,
4 contractors, employees, public officials or other city related entities affected by an audit or
5 investigation.

6 City auditor means the internal auditor who is the head of the accountability and performance
7 management department.

8 *Committee* means the City of Santa Fe audit committee.

9 *Contractors* mean all city contractors.

10 Forensic auditor means the internal auditor whose primary focus is the identification and
11 investigation of fraud, waste and abuse.

12 *Internal auditor* means ~~the internal auditor who is the head~~ an auditor employed ~~of~~ in the
13 ~~internal audit~~ accountability and performance management department.

14 *Employee* means a city employee.

15 *Official* means the mayor or a city councilor.

16 *Report* means an audit, a special audit, an investigation and/or an examination, or a summary
17 of work performed.

18 *Special investigation or special audit* means additional procedures or audits undertaken
19 because the need was not previously foreseen.

20 **Section 5. Subsection 2-22.4 SFCC 1987 (being Ord. #2012-32 §5, as amended) is**
21 **amended to read:**

22 **2-22.4 Creation of the ~~Internal Audit~~ Accountability and Performance**
23 **Management Department; Resources; Staff.**

24 A. The ~~internal audit~~ accountability and performance management department is
25 created as an independent office of city government. The ~~internal~~ city auditor is the head of the

1 ~~[internal audit]~~ accountability and performance management department and shall report to the city
2 manager.

3 B. The audit committee shall review applications for and make a recommendation to the
4 city manager for hiring of the ~~[internal]~~ city auditor, a city employee.

5 C. The ~~[internal]~~ city auditor shall review applications and make recommendations to
6 the city manager for hiring other ~~[internal-audit]~~ accountability and performance management
7 department employees; or independent contractors to be procured for assistance to the ~~[internal-audit]~~
8 accountability and performance management department.

9 D. Pursuant to Section 19-2 SFCC 1987, the Fraud, Waste and Abuse Hotline
10 Ordinance, a forensic auditor, an internal auditor within the accountability and performance
11 management department shall:

12 (1) Investigate fraud, waste and abuse, whether reported or identified through
13 independent investigation;

14 (2) Increase efficiency throughout the city by finding opportunities for recovery
15 of revenue or other assets; and

16 (3) Exercise zero tolerance for fraud, waste and abuse.

17 ~~[D]~~E. In accordance with law and in consultation with the city attorney's office, the city
18 manager shall report proposed personnel actions, such as hiring, discipline or termination, relating to
19 the ~~[internal]~~ city auditor to the audit committee in executive session, in accordance with the New
20 Mexico Open Meetings Act. Nothing in this paragraph shall prohibit the city manager from
21 immediately placing the ~~[internal]~~ city auditor on administrative leave due to a proposed personnel
22 action; however, the city manager shall report the proposed personnel action to the audit committee,
23 within seven (7) business days from the date the ~~[internal]~~ city auditor is placed on administrative
24 leave.

25 ~~[E.]~~ The internal auditor's work shall result in a complete written final report being made

1 of each annual audit, special audit, investigation and/or examination made ("report") and shall be
2 delivered to the city manager, except if city manager is the subject of the audit, then the report shall
3 be delivered to the mayor. The internal auditor shall also notify the governing body in writing that the
4 final report has been delivered. Each report, in its final form, shall set out in detail, in a separate
5 section, any violation of law or good accounting practices found. Such reports are confidential under
6 this section until placed on the finance committee's agenda or put in its final form, whichever occurs
7 first. Reports shall not exist in a draft form for more than thirty (30) days without presentation to the
8 finance committee. Final reports shall also be timely presented to the audit committee. If the draft
9 report is not ready to be delivered to the city manager in its final form or is not ready to be presented
10 to the finance committee after thirty (30) days, then staff shall inform the finance committee, in
11 writing, the specific date, absent court order not exceeding twenty (20) days, when the final report
12 will be delivered to the city manager or presented to the finance committee and the stated basis for the
13 additional time needed.

14 F. — Any final report for presentation to city committees or the governing body shall be
15 included in the meeting packet and such meeting packets shall be posted on the city's website.

16 G. — Prior to the committee meeting a final report placed on a committee agenda shall be
17 accessible by all members of the governing body and the public, and at such time shall become a
18 public record consistent with the Inspection of Public Records Act and its exemptions.

19 H. — Within thirty (30) days after receipt of the report, the employee and/or division
20 and/or department audited may notify the internal auditor of any errors in the report. If the internal
21 auditor is satisfied from data or documents at hand, or by an additional investigation, that the report is
22 erroneous, the internal auditor shall correct the report and furnish copies of the corrected report to all
23 parties receiving the original report.

24 I. — The internal auditor may disclose audit information or audit documentation that is
25 confidential, without losing the confidentiality under this Ordinance to an independent external

1 ~~auditor in connection with a special audit, performance audit, attestation engagement or other existing~~
2 ~~or potential engagement regarding the financial affairs and transactions of the city.]~~

3 [J]F. The [auditor's] accountability and performance management department's budget
4 shall be reflected in the city manager's proposed budget as a separate department. The budget shall be
5 sufficient to allow the organization to carry out its responsibilities including sufficient funding for
6 annual continuing professional education requirements and professional certification as required by
7 the generally accepted governmental auditing standards. The [auditor's] accountability and
8 performance management department's proposed budget shall be prepared by the city auditor and
9 presented to the finance director and the city manager.

10 **Section 4. Section 2-22.5 SFCC 1987 (being Ord. #2012-32 §6, as amended) is**
11 **amended to read:**

12 **2-22.5 [Internal] City Auditor's Duties; Responsibilities; Authority; Administrative**
13 **Subpoena Power.**

14 A. If [the] an internal auditor detects instances of possible fraud, waste, or abuse or
15 potential violations of law by an auditee, ~~[he shall report]~~ the irregularities shall be reported to the
16 city manager and the audit committee, or the chairperson of the finance committee if the city manager
17 is involved.

18 (1) In accordance with Section 12-6-6 NMSA 1978 and state auditor's Rule
19 2.2.2.10K(3), a notification letter regarding the possible fraud, waste or abuse shall also be
20 sent to the state auditor's office whether or not an investigation by [the] an internal auditor is
21 conducted.

22 (2) If the irregularity is criminal in nature, the internal auditor shall immediately
23 refer the irregularity to the appropriate prosecuting authority and apprise, concurrently, the
24 city attorney of such action.

25 (3) If the irregularity warrants a special investigation, audit, and/or special audit,

1 then the ~~[internal]~~ forensic auditor shall conduct a special investigation, audit and/or special
2 audit. The report shall be submitted to the audit committee, the city manager or the
3 chairperson of the finance committee if the city manager is involved, ~~[the audit committee,]~~
4 the auditee~~[,]~~ and the governing body through the finance committee.

5 (4) The ~~[internal]~~ city auditor shall not accept complaints related to
6 discrimination or labor law matters. ~~[In some cases, it may be appropriate for internal audit to~~
7 ~~work with or legal authorities, or withdraw from or defer further audit work on the audit or~~
8 ~~portion of the audit to avoid interfering with an ongoing investigation or legal proceeding]~~
9 The city auditor shall defer investigating complaints which are otherwise subject to
10 investigation pursuant to human resources department policies or the police department
11 internal affairs directives. In some cases, it may be appropriate for the city auditor to work
12 with investigators or legal authorities, or withdraw from or defer audit work on the audit or
13 portion of the audit to avoid interfering with an ongoing investigation or legal proceeding.

14 B. The ~~[internal]~~ city auditor shall adhere to generally accepted governmental auditing
15 standards in conducting its work and will be considered independent as defined by those standards.

16 C. The ~~[internal-audit]~~ accountability and performance management department is
17 subject to a peer review by an appropriate professional non-partisan objective group every three (3) to
18 five (5) years. A copy of the written report shall be furnished to the city manager, audit committee,
19 and governing body, via the finance committee.

20 D. The accountability and performance management department is authorized to
21 conduct the following audits as defined in generally accepted governmental auditing standards:

22 (1) Performance/Management Audits. Performance audits are defined as
23 engagements that provide assurance or conclusions based on an evaluation of sufficient and
24 appropriate evidence against stated criteria, such as specific requirements, measures, or
25 defined business practices.

1 (2) Financial Audits.

2 (3) Attestation Engagements. Attestation engagements result in an examination,
3 a review, or agreed upon procedures about a subject matter that is the responsibility of
4 another party. This includes special audits.

5 (4) Advisory (Non-Audit) Services. This includes special investigations. The
6 issued report shall not include an opinion statement or a statement indicating the investigation
7 was done in accordance with generally accepted government auditing standards. These
8 services are subject to applicable professional standards.

9 E. The city auditor shall have the authority to conduct performance and financial audits,
10 attestation engagements or to provide advisory (non-audit) services to independently and objectively
11 determine whether:

12 (1) City, state or federal law authorizes the implemented activities and programs
13 that are the subject of the audit;

14 (2) The objectives intended by city, state or federal law are efficiently and
15 effectively accomplished in the implementation of activities and programs;

16 (3) The expenditure of funds was or is in compliance with applicable laws;

17 (4) The revenues were or are properly collected, deposited and accounted for;

18 (5) The entity, programs, activities, functions, or policies are effective, including
19 the identification of any causes of inefficiencies or uneconomical practices;

20 (6) The desired result or benefits are being achieved;

21 (7) Resources, including funds, property and personnel, were or are adequately
22 safeguarded, controlled and used in a faithful, effective and efficient manner;

23 (8) Financial and other reports fairly and fully disclosed all information as
24 required by law necessary to evaluate and ascertain the nature and scope of programs and
25 activities;

1 (9) Management established operating and administrative procedures and
2 practices, accounting internal control systems and internal management controls were and are
3 adequate and functioning as intended;

4 (10) City policies, budgets, goals and objectives were and are fully implemented;
5 and

6 (11) Reports or other indications of fraud, waste, abuse or illegal acts are valid
7 and need further investigation.

8 F. The [internal] city auditor shall have the power to subpoena witnesses, administer
9 oaths and require the production of records subject to the New Mexico Rules of Civil Procedure. In
10 the case of a refusal to obey a subpoena issued to any person, the [internal] city auditor may make
11 application to any district court in the state that shall have the jurisdiction to order the witness to
12 appear before the [internal] city auditor and to produce evidence if so ordered, or to give testimony
13 touching on the matter in question.

14 G. The city auditor may implement administrative procedures to effectuate the
15 Accountability and Performance Management Department Ordinance.

16 Section 5. Section 2-22.6 SFCC 1987 (being Ord. #2012-32 §7, as amended) is
17 amended to read:

18 2-22.6 [Scope of] Audit Plan.

19 ~~[A. Audits, except for special audits or special investigations/examinations, will be~~
20 ~~conducted based on an annual audit plan developed in accordance with applicable professional~~
21 ~~auditing standards. This plan and any modifications thereof, are to be reviewed by the audit~~
22 ~~committee and recommended for approval.~~

23 ~~(1) Within sixty (60) days before the beginning of each fiscal year, the internal~~
24 ~~auditor shall submit a one to five year audit plan to the audit committee, the city manager~~
25 ~~and the governing body for review and comments, but the internal auditor shall have final~~

1 authority to select the audits planned. The proposed plan shall include the rationale for the
2 selections, for auditing departments, offices, boards, activities, subcontractors and agencies
3 for the period. This plan may be amended after review;

4 (2) — The final plan and any amendments will be presented to the audit committee,
5 the city manager, and subject to approval of the governing body;

6 (3) — In the selection of audit areas and audit objectives, the determination of audit
7 scope and the timing of audit work, the internal auditor should consult with federal, state and
8 other external auditors so that the desirable audit coverage is provided and audit effort is
9 properly coordinated.

10 B. — The internal auditor is authorized to conduct the following audits as defined in
11 generally accepted governmental auditing standards:

12 — (1) — *Performance/Management Audits.* Performance audits are defined as
13 engagements that provide assurance or conclusions based on an evaluation of sufficient and
14 appropriate evidence against stated criteria, such as specific requirements, measures, or
15 defined business practices.

16 — (2) — *Financial Audits.*

17 — (3) — *Attestation Engagements.* Attestation engagements result in an examination,
18 a review, or agreed upon procedures about a subject matter that is the responsibility of
19 another party. This includes special audits.

20 — (4) — *Advisory (Non Audit) Services.* This includes special investigations. The
21 issued report shall not include an opinion statement or a statement indicating the investigation
22 was done in accordance with generally accepted government auditing standards. These
23 services are subject to applicable professional standards.

24 C. — The auditor shall have the authority to conduct performance and financial audits,
25 attestation engagements or to provide advisory (non audit) services to independently and objectively

1 determine whether:

2 ~~_____ (1) _____ The city, state or federal law authorizes the implemented activities and~~
3 ~~programs that are the subject of the audit;~~

4 ~~_____ (2) _____ The objectives intended by city, state or federal law are efficiently and~~
5 ~~effectively accomplished in the implementation of activities and programs;~~

6 ~~_____ (3) _____ The expenditure of funds was or is in compliance with applicable laws;~~

7 ~~_____ (4) _____ The revenues were or are properly collected, deposited and accounted for;~~

8 ~~_____ (5) _____ The entity, programs, activities, functions, or policies are effective, including~~
9 ~~the identification of any causes of inefficiencies or uneconomical practices;~~

10 ~~_____ (6) _____ The desired result or benefits are being achieved;~~

11 ~~_____ (7) _____ Resources, including funds, property and personnel, were or are adequately~~
12 ~~safeguarded, controlled and used in a faithful, effective and efficient manner;~~

13 ~~_____ (8) _____ Financial and other reports fairly and fully disclosed all information as~~
14 ~~required by law necessary to evaluate and ascertain the nature and scope of programs and~~
15 ~~activities;~~

16 ~~_____ (9) _____ Management established operating and administrative procedures and~~
17 ~~practices, accounting internal control systems and internal management controls were and are~~
18 ~~adequate and functioning as intended;~~

19 ~~_____ (10) _____ City policies, budgets, goals and objectives were and are fully implemented;~~
20 ~~and~~

21 ~~_____ (11) _____ Indications of fraud, waste, abuse or illegal acts are valid and need further~~
22 ~~investigation.]~~

23 Audits, except for unforeseen special audits or special investigations/examinations, will be conducted
24 based on an annual audit plan developed in accordance with applicable professional auditing
25 standards. This plan and any modifications thereof, are to be reviewed by the audit committee and

1 recommended for approval.

2 A. Within sixty (60) days before the beginning of each fiscal year, the city auditor shall
3 submit a one-to-five-year audit plan to the audit committee, the city manager and the governing body
4 for review and comments, but the city auditor shall have final authority to select the audits planned.

5 The proposed plan shall include the rationale for the selections, for auditing departments, offices,
6 boards, activities, subcontractors and agencies for the period. This plan may be amended after review;

7 B. The final plan and any amendments will be presented to the audit committee, the city
8 manager, and the governing body through the finance committee;

9 C. In the selection of audit areas and audit objectives, the determination of audit scope
10 and the timing of audit work, the [internal] city auditor shall consult with federal, state and other
11 external auditors so that the desirable audit coverage is provided and audit effort is properly
12 coordinated.

13 D. The final plan shall set aside time for unforeseen investigations and audits.

14 **Section 6. Section 2-22.7 SFCC 1987 (being Ord. #2012-32 §8, as amended) is**
15 **amended to read:**

16 **2-22.7 Reports.**

17 **A. The [internal] city auditor shall report results of all types of audits, investigations**
18 **and/or engagements in their final report form to the auditees, the audit committee, the city manager,**
19 **[the auditees,] and the governing body via the finance committee, except if the city manager is the**
20 **subject of the audit, then the report shall be delivered to the chairperson of the finance committee.**

21 **B. All types of audit reports, investigations and/or engagements, in their final report**
22 **form, are public records, available for public inspection.**

23 **C. The [internal] city auditor's reports, including attestation engagements, shall follow**
24 **the guidelines as specified in generally accepted governmental auditing standards, or in the case of a**
25 **non-audit service applicable professional auditing standards.**

1 D. At a minimum audit and attestation engagement reports should include:

2 (1) Statements describing the objectives, scope and methodology of the audit;

3 (2) A statement that the audit was performed in accordance with generally
4 accepted government auditing standards;

5 (3) Background information, audit results, and findings as appropriate;

6 (4) A conclusion based on the audit objectives and the audit findings.

7 (5) The findings in the audit report should present sufficient, appropriate
8 evidence to support the conclusion in relation to the audit objectives.

9 E. Responses submitted by the [~~city manager~~] auditee relevant to the audit findings must
10 include a remediation plan specifying dates and corrective action to be taken to resolve the issue.

11 (1) A response is required within fourteen (14) days of receipt of a final report;

12 (2) If no response is received, the [~~internal~~] city auditor will note that fact in the
13 transmittal letter and will release the report without a remediation plan.

14 [~~F. — The internal auditor shall submit an annual report to the audit committee, city
15 manager, and governing body via the finance committee within sixty (60) days after fiscal year end
16 indicating all audits, investigations and/or engagements completed, major findings, corrective actions
17 taken by administrative managers, and significant issues which have not been fully addressed by
18 management.]~~

19 **Section 7. Section 2-22.8 SFCC 1987 (being Ord. #2012-32 §9) is amended to read:**

20 **2-22.8 Reporting.**

21 [~~The internal auditor shall follow the internal audit plan, report to the governing body via the
22 finance committee, the auditees, the city manager, and the audit committee regarding all audit
23 activities, results, and conclusions. Depending on the type of audit, the internal auditor shall report
24 more frequently when requested.]~~

25 The city auditor shall submit an annual report to the audit committee, city manager, and

1 governing body via the finance committee within sixty (60) days after fiscal year end indicating all
2 audits, investigations and/or engagements completed, major findings, performance improvements and
3 cost savings, corrective actions taken by administrative managers, and significant issues which have
4 not been fully addressed by management.

5 **Section 8. Section 2-22.9 SFCC 1987 (being Ord. #2012-32 §10, as amended) is**
6 **amended to read:**

7 **2-22.9 Contract Auditors, Consultants, And Experts.**

8 Within budgetary constraints, the [~~internal~~] city auditor may obtain the services of certified
9 public accountants, qualified management consultants, certified fraud examiners, forensic auditors or
10 other professional experts necessary to perform the functions of the [~~internal audit~~] accountability and
11 performance management department. Contractors performing an audit shall not have any financial
12 interest in the affairs of the auditees, officials or employees. The [~~internal~~] city auditor shall
13 coordinate and monitor auditing performed by persons under contract to the [~~internal~~] city auditor.

14 **Section 9. Section 2-22.10 SFCC 1987 (being Ord. #2012-32 §11, as amended) is**
15 **amended to read:**

16 **2-22.10 Penalty; Cooperation; Retaliation Prohibited.**

17 A. All city officials, employees and contractors shall provide [the] internal [auditor]
18 auditors full and unrestricted access to all city offices, employees, records, information, data, reports,
19 plans, projections, matters, contracts, memoranda, correspondence, electronic data, property,
20 equipment and facilities and any other materials within their custody. At the [~~internal~~] city auditor's
21 request, an official, employee or contractor shall prepare reports and provide interviews. If an auditee,
22 official, employee, vendor or contractor fails to produce the requested information, the [~~internal~~] city
23 auditor shall notify the city manager requesting his assistance in causing a search to be made and
24 germane exhibits to be taken from any book, paper or record, written or electronic, excepting personal
25 property. The city manager shall require the officials, employees, vendors or contractors to produce

1 the requested information. If the city manager is the auditee, then a city official shall be appointed by
2 the chairperson of the finance committee to be the point of contact for the city auditor. Further, all
3 contracts with outside contractors and subcontractors shall contain a "right-to-audit" clause providing
4 the [internal] city auditor access to the contractor's employees and to all financial and performance
5 related records, property, and equipment purchased in whole or in part with governmental funds.

6 B. ~~[No person shall retaliate against, punish or penalize any other person for~~
7 ~~complaining to, cooperating with or assisting the internal auditor in the performance of his office. The~~
8 ~~internal auditor, all city employees and public officials and any person cooperating with the internal~~
9 ~~auditor in performance of duties has the same protections as provided for in the Federal Whistle~~
10 ~~Blower Protection Act and the New Mexico Whistleblower Protection Act, Sections 10-16C-1 et seq.~~
11 ~~NMSA 1978]~~ An official or employee shall not be dismissed, threatened with dismissal, or otherwise
12 singled out for retaliation because the person has cooperated or assisted the city auditor in the
13 performance of an audit.

14 C. Any official or employee who violates this section may be subject to discipline as
15 may be specified in applicable city ordinances or any applicable collective bargaining agreement.

16 **Section 10. Section 2-22.11 SFCC 1987 (being Ord. #2013-34 §9) is amended to read:**

17 **2-22.11 Audits and the Inspection of Public Records Act.**

18 A. This subsection is adopted pursuant to the general welfare and police powers
19 conferred upon the City of Santa Fe by §3-17-1 et seq. and §3-18-1 et seq. NMSA 1978, pursuant to
20 the powers conferred upon the City of Santa Fe by the New Mexico Constitution, Article X §§6(D)
21 and 6(E) and the Municipal Charter Act §3-15-1 et seq. NMSA 1978, which have been exercised by
22 the city's adoption of the Santa Fe Municipal Charter. The purpose of this subsection is within both
23 the city's home rule powers and the delegated powers that all municipalities have to provide for the
24 general welfare of their residents by the general welfare clause in Section 3-17-1(B) NMSA 1978 and
25 police power to "protect generally the property of its municipality and its inhabitants" and to

1 "preserve peace and order within the municipality" by Section 3-18-1(F) and (G) NMSA 1978.

2 B. At all times during the audit process and after the report becomes a public record;
3 [the] internal [auditor] auditors shall follow applicable standards and 2.2.2 NMAC regarding the
4 release of any information relating to the audit. Applicable standards include but are not limited to the
5 AICPA Code of Ethics Rule 301 and related interpretations and guidance, Institute for Internal
6 Auditors interpretations and guidance and GAGAS 4.30 to 4.32 and GAGAS 4.40 to 4.44.

7 **Section 11. A new Subsection 2-22.12 SFCC 1987 is ordained to read:**

8 **2-22.12 Review; Reporting.**

9 A. This Ordinance shall be reviewed by the governing body within one (1) year of a
10 forensic auditor being employed by the city.

11 B. The forensic auditor, in coordination with the city auditor, shall provide a report to
12 the governing body on all matters regarding investigations of, fraud, waste and abuse along with
13 resulting performance improvements and cost savings so that the governing body may determine
14 whether an inspector general office is required for the city of Santa Fe.

15 APPROVED AS TO FORM:

16
17 _____
18 KELLEY A. BRENNAN, CITY ATTORNEY

19
20
21
22
23
24
25 *M/Legislation/Bills 2015/Internal Audit Dept_Forensic Auditor*

Completed External Audits Last 4 Years with Open Findings

 Status of Audit Report:

Audit	Year	Open Findings	Due Date of Audit	Date Report Issued
City of Santa Fe				
CAFR	2014	4	12/01/2014	12/01/2014
Forensic Audit Parking	2013	9	04/20/2013	04/20/2013
Lodger's Tax	2013	1	Non specified	06/30/2014
Shelter Plus	2014	1	N/A	09/03/2013
		Summary for 'Entity Audited'		
Sum		15		
Santa Fe Buckman Diversion Project				
BDD - Operations	2011	1	09/30/2011	11/09/2012
		Summary for 'Entity Audited'		
Sum		1		
		Summary for 'Status of Audit Report'		
Grand Total		16		

Status of Audits Current_External

EXHIBIT 7

Santa Fe Civic Housing Authority

2014	Audit	Civic Housing Authority	Comments
Type of Audit	Financial		01/07/2015_ No Information available. 02/04/2015_Report was submitted to the State Auditor's Office on 12/19/2014, but is still in 'review' so is not available for download. Copy of audit report given to audit committee on March 4, 2015.
Auditor	Robert Rivera, CPA		
Due Date of Audit	12/01/2014		
Date Field Work Started	Not Available		
Status of Audit Report	Just Received		

Santa Fe Solid Waste Management Agency (SWMA)

2014	Audit	SWMA	Comments
Type of Audit	Financial		Entrance Conference held July 21, 2014. Work is progressing according to timeline. Copy of audit report given to audit committee on March 4, 2015.
Auditor	Accounting and Consulting Group		
Due Date of Audit	12/01/2014		
Date Field Work Started	08/11/2015		
Status of Audit Report	Just Received		

The Santa Fe Railway Community Corporation and Subsidiary

2014	Audit	Santa Fe Railway	Comments
Type of Audit	Financial		The SFRCC has a lease and management agreement with the City, they make lease payments to the City each May 1st and November 1st. Audit for 2014 completed 12/16/2014. Copy given to Audit Committee at 02/07/2015 audit committee meeting.
Auditor	Barracough & Associates, P.C.		
Due Date of Audit	12/31/2014		
Date Field Work Started	Not Available		
Status of Audit Report	Just Received		

City of Santa Fe

2014	Audit	Lodger's Tax	Comments
Type of Audit	Contractor		
Auditor	Barraclough & Associates, P.C.		
Due Date of Audit	Non specified		01/28/2015 - (Per Barraclough) They have still not received a response from 4 of the entities selected for audit. Help is requested from the City. A request was sent to Finance and Legal to send letters to the auditees. 02/25/2015 - 11 audits have been completed, 3 are in process, and 6 are pending action by finance or legal. Emails have been sent to finance and legal as of 02/25/2015.
Date Field Work Started	09/15/2014		
Status of Audit Report	Not Issued		

2014	Audit	2008 Park Bond Audit	Comments
Type of Audit	Contractor		
Auditor	REDW		
Due Date of Audit	03/31/2015		Audit is in the planning phase. Fieldwork is scheduled to start on 02/22/2015. Audit report is expected to be delivered by March 31, 2015.
Date Field Work Started	02/02/2015		
Status of Audit Report	Not Issued		

Santa Fe Buckman Diversion Project (BDD)

2014	Audit	BDD - Operations	Comments
Type of Audit	Financial		
Auditor	Accounting and Consulting Group		
Due Date of Audit	09/30/2014		Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015.
Date Field Work Started	08/11/2014		
Status of Audit Report	Not Issued		

2013		Audit	BDD - Operations	Comments
Type of Audit	Financial			Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015.
Auditor	Accounting and Consulting Group			
Due Date of Audit	09/30/2013			
Date Field Work Started	08/11/2014			
Status of Audit Report	Not Issued			
2012		Audit	BDD - Operations	Comments
Type of Audit	Financial			Entrance Conference is scheduled for February 25, 2015. On February 25, 2015 the entrance conference was rescheduled to March 11, 2015. The delay is due to a GO Bond audit being conducted through 03/15/2015.
Auditor	Accounting and Consulting Group			
Due Date of Audit	09/30/2012			
Date Field Work Started	08/11/2014			
Status of Audit Report	Not Issued			

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

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

(With Independent Auditor's Report Thereon)

**ROBERT J. RIVERA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS
SANTA FE, NEW MEXICO 87505-4761**

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

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

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

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

Official Roster

Board of Directors

Michael Gonzales	Chairperson
Gerard Gonzales	Co-Chairperson
Jana Lujan	Board Member
Virginia Soto	Board Member
John Wheeler	Board Member

Management

Ed Romero	Executive Director
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Robert J. Rivera, CPA, PC

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Santa Fe, New Mexico 87505-4761

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the business-type activities, each major enterprise fund, and the aggregate remaining fund information of the Authority, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the each major enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. The budgetary comparisons of the Authority are presented in conformity with the budgetary basis approved by the US Department of Housing and Urban Development, and more fully described in Note 2, which is a basis of accounting consistent with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



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

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

This section of the Santa Fe Civic Housing Authority's (Authority) annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2014. Please read it in conjunction with the Authority's financial statements, which follow this section.

Operational Highlights

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

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

Financial Highlights

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

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June 30, 2014

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

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

Overview of the Financial Statements

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

The first two statements are Government-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis, consist of the Statement of Net Position and the Statement of Activities.

- The remaining statements are fund financial statements of the Authority's six distinct programs which all follow an accrual basis of accounting.
- The basic financial statements also include a "Notes to Financial Statements" section that explains some of the information in the Authority-wide and fund financial statements and provides more detailed data.

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

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

Fund Financial Statements

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

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

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Financial Analysis of the Authority as a Whole

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

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

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

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

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

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

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

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

Budgetary Highlights

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

Fund Balance Analysis

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

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

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

Capital Asset and Debt Administration

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

Economic Factors and Next Year's Budgets

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

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

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information would be addressed to the Executive Director, 664 Alta Vista, Santa Fe, NM 87502.

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

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
GOVERNMENT-WIDE STATEMENT OF CASH FLOWS
Year Ended June 30, 2014

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

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

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

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2014

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

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

The Authority reports the following major governmental funds:

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Assets, Liabilities and Net Position

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

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

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

Accounts Receivable. All tenant receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible. Grant receivables are considered to be 100% collectible and an allowance was not created.

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

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

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

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2014, \$4,128,169 of the Authority's bank balance of \$5,254,700 was exposed to custodial credit risk as follows:

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)

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

NOTE 4. TENANT RECEIVABLE

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

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

NOTE 5. INTERFUND ACTIVITY

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

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

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

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

NOTE 6. RELATED PARTY BALANCES

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

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

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

Receivables due from these organizations are as follows:

Other Receivables	
Santa Fe Housing	
RAD Santa Fe, LLC	\$ 163,386
RAD Espanola, LLC	53,654
RAD Bernalillo, LLC	28,988
Camino Campo	180,000
Espanola Housing	
RAD Santa Fe	42,687
SF Housing Development Corporation	
Villa Alegre Family	363,820
Cielo Azul	
RAD Bernalillo, LLC	868,550
RAD Espanola, LLC	400,300
RAD Santa Fe, LLC	<u>511,680</u>
Total other receivables	\$ <u>2,613,065</u>
Notes Receivable – long term	
Santa Fe Housing	
Villa Alegre Family	\$ 476,974
Villa Alegre Senior	3,497,750
Cielo Azul	
Camino Campo	<u>455,560</u>
Total notes receivable – long term	\$ <u>4,430,284</u>

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

NOTE 6. RELATED PARTY BALANCES (CONTINUED)

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

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

Payables due to these organizations are as follows:

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

NOTE 7. CAPITAL ASSETS

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

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

Depreciation expense for the year ended June 30, 2014, totaled \$1,342,353. The entire amount has been included in the Statement of Activities as a Housing Program expenditure.

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

NOTE 7. CAPITAL ASSETS (CONTINUED)

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

Construction Commitments

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

NOTE 8. LONG-TERM DEBT

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

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

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

Notes Payable

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

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

NOTE 8. LONG-TERM DEBT (CONTINUED)

The Housing Authority assumed a \$109,620 note with MFA upon being granted ownership of Region II Vouchers. The note has an interest rate of 5.0%, secured by real property and with a maturity date of December 2021. The balance of the note as of June 30, 2014 is \$69,858.

The Housing Authority entered into a commercial mortgage with a Los Alamos National Bank, for the purpose of paying off the SFHDC 1993A Bonds and the \$200,000 commercial renovation note for \$2,780,000 at 4.25% interest, secured by real property, and with a maturity date of October 15, 2024, and has monthly payments of \$13,676. The balance of the note as of June 30, 2014, is \$2,543,129.

The Housing Authority assumed a \$390,000 note with MFA, for the purpose of rehabilitating or constructing La Resolana units. The note has an interest rate of 3.0%, secured by real property, and with a maturity date of June 17, 2028. The balance of the note as of June 30, 2014, is \$310,441.

The Housing Authority entered into a note, a commercial mortgage with a bank, for the purpose of acquiring the Cielo Azul property for \$700,000 at 6% interest, secured by real property, and with a maturity date of October 2034, secured by property. The balance of the note as of June 30, 2014, is \$598,728.

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

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

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

NOTE 8. LONG-TERM DEBT (CONTINUED)

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

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

NOTE 9. PENSION PLAN AND POST EMPLOYMENT BENEFITS

Pension Plan-Public Employees' Retirement

Plan Description. Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the Authority has elected to make a percentage of the employees' contributions. The Public Employees Retirement

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

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

Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute 14.65% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the Legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$148,404, \$137,388, and \$118,974, respectively, which equal the amount of the required contributions for each fiscal year.

Post-employment Benefits – State Retiree Health Care Plan

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

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

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

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

NOTE 9. PENSION PLAN AND POST EMPLOYMENT BENEFITS

Post-employment Benefits – State Retiree Health Care Plan

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

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

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

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

NOTE 10. CONTINGENCIES AND RISK MANAGEMENT

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

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

NOTE 10. CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

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

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

NOTE 11. BUDGET DEFICIT

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

NOTE 12. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

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

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

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

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

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

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

NOTE 13. BERNALILLO HOUSING AUTHORITY AND SUBSEQUENT EVENT

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

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

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

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING STATEMENT
OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
PUBLIC HOUSING COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
 SANTA FE HOUSING AUTHORITY
 Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
 SANTA FE CIVIC HOUSING AUTHORITY
 SCHEDULE OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
 BERNALILLO HOUSING AUTHORITY
 Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
ESPANOLA HOUSING AUTHORITY
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
SANTA FE SECTION 8 VOUCHER
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
SANTA FE HOUSING DEVELOPMENT CORPORATION
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
CIELO AZUL
Year Ended June 30, 2014

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

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

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (BUDGET TO ACTUAL) -
LA CIENEGUITA
Year Ended June 30, 2014

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

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

SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
SANTA FE CIVIC HOUSING AUTHORITY
COMBINED SCHEDULE OF DEPOSITS AND INVESTMENTS
(RECONCILIATION OF BANK BALANCE TO CARRYING BALANCE)
ALL FUNDS
June 30, 2014

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

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

	<u>Maturity Date</u>	<u>Bank Balance</u>	<u>Federal Depository Insurance</u>	<u>Total Uninsured Public Funds</u>	<u>Required Collateral</u>	<u>Pledged Securities Market Value</u>	<u>Over/ (Under)</u>
<u>New Mexico Bank & Trust</u>							
Checking	None	\$ 344,675	\$ 250,000	\$ 94,675	\$ 47,338	\$ -	\$ -
Savings	None	377,776	250,000	127,776	63,888	-	-
Collateral:							
Da Kalb Cnty Ill Unit S GO Sch Bds, CUSIP 240685HR1, 0.0%, \$200,000 face	1/1/22	-	-	-	-	158,278	
Eastern NM Univ Rev, Cusip 276785UD2 3.8%, \$245,000 face	4/1/17	-	-	-	-	249,684	296,737
<u>US Bank:</u>							
Checking	None	3,250,725	250,000	3,000,725	1,500,363	-	-
Savings	None	78,746	78,746	-	-	-	-
Collateral held at FRB Dallas:							
FNMA Pool AE5486, Cusip 31419G8Y8 3.5%, \$6,930,000	10/1/25	-	-	-	-	3,389,737	
FHLMC Gold Pool G11356, Cusip 31283KQH4 3.5%, \$2,000,000	1/1/18	-	-	-	-	55,577	
FHLMC FGLMC C78550, Cusip 31288HQB9 3.5%, \$2,000,000	5/1/33	-	-	-	-	131,168	
FHLMC FHARM 787802, Cusip 31295LU34 3.5%, \$10,000,000	4/1/30	-	-	-	-	137,718	
FNMA FNCL 555647, Cusip 31385XHY6 3.5%, \$300,000	7/1/33	-	-	-	-	343,726	2,557,564
<u>Los Alamos National Bank</u>							
Checking	None	1,154,993	250,000	904,993	452,497	-	-
Savings	None	47,785	47,785	-	-	-	-
Collateral:							
FNMA, Cusip 31398A3G5 1.5%, \$2,000,000 face 50% pledge	9/8/14	-	-	-	-	1,002,584	550,088
		<u>\$ 5,254,700</u>	<u>\$ 1,126,531</u>	<u>\$ 4,128,169</u>	<u>\$ 2,064,085</u>	<u>\$ 5,468,472</u>	<u>\$ 3,404,388</u>

Santa Fe Civic Housing Authority (NIM009)
SANTA FE, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14.157 Supportive Housing for the Elderly	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.182 NIC S/R Section 8 Programs	14.181 Supportive Housing for Persons with Disabilities	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,774,686	\$189,947		\$1,879,023	\$2,246,250		\$622,409	\$6,512,316		\$6,512,315
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted	\$190,193	\$6,340		\$101,154			\$1,975	\$299,662		\$299,662
114 Cash - Tenant Security Deposits	\$95,678				\$19,161		\$7,453	\$122,292		\$122,292
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$2,060,657	\$198,287	\$0	\$1,780,177	\$2,265,411	\$0	\$691,837	\$6,934,269		\$6,934,269
121 Accounts Receivable - FHA Projects	\$319,684						\$2,242,979	\$2,561,963		\$2,561,963
122 Accounts Receivable - HUD Other Projects	\$149,731							\$149,731		\$149,731
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous					\$363,820			\$363,820		\$363,820
126 Accounts Receivable - Tenants	\$131,643	\$1			\$2,065			\$133,709		\$133,709
126.1 Allowance for Doubtful Accounts - Tenants	\$2,000	\$0	\$0		\$0	\$0		-\$2,000		-\$2,000
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0		\$0	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery	\$162,704							\$162,704		\$162,704
128.1 Allowance for Doubtful Accounts - Fraud	-\$192,704		\$0					-\$192,704		-\$192,704
128 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$596,358	\$1	\$0	\$0	\$365,885	\$0	\$2,242,979	\$3,207,223		\$3,207,223
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$36,693	\$5,299			\$9,698		\$6,755	\$57,335		\$57,335
143 Inventories										
143.1 Allowance for Obsolete Inventories	\$0							\$0		\$0
144 Inter Program Due From	\$642,971				\$600,000			\$1,142,971		\$1,142,971
145 Assets Held for Sale										
150 Total Current Assets	\$3,338,578	\$201,587	\$0	\$1,780,177	\$3,140,884	\$0	\$2,880,571	\$11,341,798		\$11,341,798
161 Land	\$331,637	\$24,300			\$268,652		\$330,000	\$1,174,589		\$1,174,589
162 Buildings	\$32,428,558	\$1,473,757			\$3,708,510		\$1,630,236	\$39,241,061		\$39,241,061
163 Furniture, Equipment & Machinery - Dwellings	\$791,914	\$4,415			\$203,485		\$999,714	\$999,714		\$999,714
164 Furniture, Equipment & Machinery - Administration	\$558,765						\$558,765	\$558,765		\$558,765
165 Leasehold Improvements										
166 Accumulated Depreciation	-\$21,415,409	-\$586,316			-\$3,667,352		-\$474,714	-\$26,033,793		-\$26,033,793
167 Construction in Progress	\$36,152							\$36,152		\$36,152
168 Infrastructure										
160 Total Capital Assets, Net of Accumulated Depreciation	\$12,731,517	\$1,136,154	\$0	\$0	\$623,295	\$0	\$1,465,522	\$15,976,488		\$15,976,488
171 Notes, Loans and Mortgages Receivable - Non-Current										
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										

Santa Fe Civic Housing Authority (NIM009)
SANTA FE, NMI

Entity Wide Revenue and Expense Summary

Submission Type: Audited/A-133

Fiscal Year End: 06/30/2014

	Project Total	14,157 Supportive Housing for the Elderly	14,870 Resident Opportunity and Supportive Services	14,871 Housing Choice Vouchers	14,182 NIC-SR Section 8 Programs	14,181 Supportive Housing for Persons with Disabilities	1 Business Activities	Subtotal	ELIM	Total
70500 Net Tenant Rental Revenue	\$1,343,532	\$191,490			\$780,138		\$160,884	\$2,456,044		\$2,456,044
70400 Tenant Revenue - Other										
70500 Total Tenant Revenue	\$1,343,532	\$191,490	\$0	\$0	\$780,138	\$0	\$160,884	\$2,456,044		\$2,456,044
70600 HUD PHA Operating Grants	\$1,410,410		\$40,355	\$5,928,804		\$120,890		\$7,501,459		\$7,501,459
70610 Capital Grants								\$223,786		\$223,786
70710 Management Fee	\$223,786									
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees										
70700 Total Fee Revenue										
70800 Other Government Grants										
71100 Investment Income - Unrestricted	\$397	\$161		\$10			\$34,254	\$34,822		\$34,822
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale										
71310 Cost of Sale of Assets										
71400 Fraud Recovery				\$12,476			\$596,608	\$12,476		\$12,476
71500 Other Revenue	\$73,526			\$1,136,217	\$903			\$1,807,254		\$1,807,254
71600 Gain or Loss on Sale of Capital Assets										
72000 Investment Income - Restricted										
70000 Total Revenue	\$3,051,651	\$191,651	\$40,355	\$7,076,507	\$161,041	\$120,890	\$791,746	\$12,035,841		\$12,035,841
91100 Administrative Salaries	\$262,001	\$48,296		\$342,706	\$107,028	\$6,367	\$166,123	\$935,521		\$935,521
91200 Auditing Fees	\$51,394							\$51,394		\$51,394
91300 Management Fee										
91310 Book-keeping Fee										
91400 Advertising and Marketing										
91500 Employee Benefit Contributions - Administrative	\$246,148	\$32,166		\$191,196	\$66,008		\$98,183	\$633,701		\$633,701
91600 Office Expenses	\$108,179	\$1,095		\$28,899	\$4,772		\$11,772	\$154,704		\$154,704
91700 Legal Expense	\$4,428						\$863	\$5,309		\$5,309
91800 Travel	\$6,628			\$2,682	\$206		\$6,548	\$15,964		\$15,964
91810 Allocated Overhead										
91900 Other				\$30,304				\$30,304		\$30,304
91000 Total Operating - Administrative	\$678,666	\$82,547	\$0	\$565,784	\$179,014	\$8,367	\$283,509	\$1,826,887		\$1,826,887
92000 Asset Management Fee										
92100 Tenant Services - Salaries	\$45,728		\$40,355	\$86,382				\$172,465		\$172,465
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$150,387	\$500		\$102,962	\$100		\$0	\$253,949		\$253,949
92500 Total Tenant Services	\$196,115	\$500	\$40,355	\$186,344	\$100	\$0	\$0	\$428,414		\$428,414
93100 Water	\$227,982	\$11,204			\$30,591		\$4,257	\$273,434		\$273,434
93200 Electricity	\$59,645	\$2,121			\$6,157		\$840	\$68,763		\$68,763

93300 Gas	\$183,834	\$1,620				\$20,864			\$465	\$186,903		\$186,903
93400 Fuel												
93500 Labor												
93600 Sewer	\$107,092	\$5,921				\$117,423			\$2,608	\$132,944		\$132,944
93700 Employee Benefit Contributions - Utilities												
93800 Other Utilities Expense	\$35,474	\$4,824				\$6,565			\$2,615	\$49,578		\$49,578
93900 Total Utilities	\$593,427	\$26,790	\$0			\$81,730			\$10,875	\$711,622		\$711,622
94100 Ordinary Maintenance and Operations - Labor	\$335,011	\$20,884				\$34,543			\$41,698	\$432,036		\$432,036
94200 Ordinary Maintenance and Operations - Materials and Other	\$296,320	\$16,848				\$51,196			\$5,906	\$359,668		\$359,668
94300 Ordinary Maintenance and Operations Contracts	\$219,668	\$12,405				\$21,090			\$28,031	\$281,184		\$281,184
94500 Employee Benefit Contributions - Ordinary Maintenance												
94600 Total Maintenance	\$840,999	\$49,935	\$0			\$106,819			\$75,135	\$1,072,888		\$1,072,888
95100 Protective Services - Labor												
95200 Protective Services - Other Contract Costs												
95300 Protective Services - Other												
95500 Employee Benefit Contributions - Protective Services												
95900 Total Protective Services	\$0	\$0	\$0			\$0			\$0	\$0		\$0
96110 Property Insurance	\$144,308	\$6,716				\$18,899			\$6,484	\$176,407		\$176,407
96120 Liability Insurance												
96130 Workmen's Compensation												
96140 All Other Insurance												
96100 Total Insurance Premiums	\$144,308	\$6,716	\$0			\$18,899			\$6,484	\$176,407		\$176,407
96200 Other General Expenses												
96210 Compensated Absences												
96300 Payments in Lieu of Taxes												
96400 Bad debt - Tenant Rents												
96500 Bad debt - Mortgages												
96600 Bad debt - Other	\$4,323									\$4,323		\$4,323
96800 Severance Expense												
96900 Total Other General Expenses	\$4,323	\$0	\$0			\$0			\$0	\$4,323		\$4,323
96710 Interest of Mortgage (or Bonds) Payable												
96720 Interest on Notes Payable (Short and Long Term)												
96730 Amortization of Bond Issue Costs						\$115,937			\$40,681	\$159,618		\$159,618
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0			\$115,937			\$40,681	\$159,618		\$159,618
96900 Total Operating Expenses	\$2,457,838	\$155,488	\$40,955			\$504,498			\$416,484	\$4,378,159		\$4,378,159
97000 Excess of Operating Revenue over Operating Expenses	\$593,813	\$26,163	\$0			\$256,542			\$375,262	\$7,657,682		\$7,657,682
97100 Extraordinary Maintenance												
97200 Casualty Losses - Non-capitalized												
97300 Housing Assistance Payments						\$6,051,284				\$6,051,284		\$6,051,284
97350 HAP Portability-In						\$1,076,349				\$1,076,349		\$1,076,349
97400 Depreciation Expense	\$1,131,519	\$64,076				\$88,442			\$48,317	\$1,342,354		\$1,342,354
97500 Fraud Losses												
97600 Capital Outlays - Governmental Funds												
97700 Debt Principal Payment - Governmental Funds												
97800 Dwelling Units Rent Expense												
99000 Total Expenses	\$3,569,357	\$229,564	\$40,355			\$602,841			\$464,801	\$12,847,146		\$12,847,146

SINGLE AUDIT INFORMATION

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

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

NOTE 1.
 The accompanying Schedule of Expenditures of Federal Awards presents the federal financial assistance programs of the Authority and does not include those expenditures of the City of Santa Fe, New Mexico.

NOTE 2.
 This schedule has been prepared on the accrual basis of accounting.

Robert J. Rivera, CPA, PC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

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

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and Section 12-6-5, NMSA 1978, and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2007-004, 2014-002 and 2014-003.

The Authority's Response to Findings

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

Purpose of this Report

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



Robert J. Rivera, CPA, PC

Santa Fe, New Mexico

December 15, 2014

Robert J. Rivera, CPA, PC

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

To the Board of Directors -
Santa Fe Civic Housing Authority
and

Mr. Hector H. Balderas
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Other Matters

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

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Purpose of this Report

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

Robert J. Rivera, CPA, PC

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

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

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

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

A. SUMMARY OF AUDIT RESULTS

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Public Housing Subsidy
14.871	Section 8 Housing
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Authority was determined to be a high-risk auditee.

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

B. FINANCIAL STATEMENT FINDINGS

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

CONDITION

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

CRITERIA

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

CAUSE

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

EFFECT

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

RECOMMENDATION

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

ENTITY RESPONSE

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

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

C. FEDERAL MAJOR AWARD PROGRAMS

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

Federal Program:

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

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

Compliance Requirements: Allowable Costs

Questioned Costs—\$29,499

CONDITION

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

CRITERIA

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

CAUSE

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

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

C. FEDERAL MAJOR AWARD PROGRAMS (Cont'd)

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

EFFECT

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

RECOMMENDATION

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

ENTITY RESPONSE

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

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

D. COMPLIANCE AND OTHER MATTERS FINDINGS

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

CONDITION

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

CRITERIA

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

CAUSE

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

EFFECT

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

RECOMMENDATION

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

ENTITY RESPONSE

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

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

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

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

CONDITION

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

CRITERIA

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

CAUSE

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

EFFECT

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

RECOMMENDATION

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

ENTITY RESPONSE

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

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

Financial Statement Preparation

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

Exit Conference

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

State of New Mexico - Santa Fe Civic Housing Authority

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

Audit Firm - Robert J. Rivera, CPA, PC

Robert J. Rivera, CPA
William J. Valdes

Completed Internal Audits Last 4 Years with Open Findings

 Status of Audit Report: **Issued**

Audit	Year	Open Findings	Due Date of Audit	Date Report Issued
City of Santa Fe				
Cash - Transit	2014	1	N/A	07/03/2014
Data Center Audit	2013	8	N/A	08/15/2013
False Alarms	2014	11	N/A	03/17/2014
Parking	2011	18	N/A	05/31/2011

Summary for 'Entity Audited'

Sum

38

Summary for 'Status of Audit Report'

Grand Total

38

Status of Audits Current Internal

Not Issued

City of Santa Fe

2014 Audit ITT Data Center Follow Up Comments

Type of Audit Internal
Auditor Internal Audit
Due Date of Audit TBD
Date Field Work Started 08/18/2014

This follow up audit was started in the first quarter so that the external auditor's could leverage off of the work of internal audit. 10/22/2014 - This audit is underway. Much of the data requested to complete the audit has been gathered. This audit is nearing completion, and should be in the wrap-up stage within 2 weeks. 11/24/2014 - ITT notified that the last day to provide backup was Friday 11/21/2014. The audit is in the report writing phase. This audit was coordinated with the CAFR audit to ensure that findings were properly reflected. In certain instances Internal Audit had additional findings due to differences in scope.

2014 Audit Public Utilities Water Comments

Type of Audit Internal
Auditor Internal Audit
Due Date of Audit TBD
Date Field Work Started Not Started

As of October 1, 2014, this audit is still in the planning phase. 10/22/2014 - This audit is currently on hold due to prioritizing the ITT Data Center Follow-Up. 11/24/2014 This audit is still on hold pending wrapping up the ITT Audit.

EXHIBIT I