



KRIEGEL/GRAY/SHAW & CO., P.C.

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**HOUSING AUTHORITY OF
DONA ANA COUNTY**

(A DEPARTMENT OF DONA ANA COUNTY)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2009

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(A DEPARTMENT OF DONA ANA COUNTY)
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HOUSING AUTHORITY OF DONA ANA COUTNY
(A DEPARTMENT OF DONA ANA COUNTY)
OFFICIAL ROSTER
JUNE 30, 2009

COMMISSIONERS

<u>Name</u>	<u>Title</u>
<i>Leticia Duarte-Benavidez</i>	<i>Chairwoman, Commissioner, District 5</i>
<i>Scott Krahling</i>	<i>Commissioner, District 4</i>
<i>Karen G. Perez</i>	<i>Commissioner, District 3</i>
<i>Oscar Vasquez Butler</i>	<i>Commissioner, District 1</i>
<i>Dolores Saldana-Caviness</i>	<i>Commissioner, District 2</i>

INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the Housing Authority of Dona Ana County (a Department of Dona Ana County), as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority of Dona Ana County's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Housing Authority of Dona Ana County's nonmajor enterprise funds in the accompanying combining and individual fund financial statements and the budgetary comparisons presented as supplementary information. These financial statements are the responsibility of the Housing Authority of Dona Ana County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards, generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of Dona Ana County, as of June 30, 2009, the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor enterprise fund of the Housing Authority of Dona Ana County, as of June 30, 2009, and the respective changes in financial position and cash flows and the budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the financial statements of the Housing Authority of Dona Ana County (a Department of Dona Ana County) are intended to present the financial position and results of operations of only that portion of the financial reporting entity of Dona Ana County that is attributable to the transactions of the Housing Authority. They do not purport to, and do not, present fairly the financial position of Dona Ana County as of June 30, 2009, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico
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In accordance with *Government Auditing Standards*, we have also issued our reports dated November 11, 2009 on our consideration of the Housing Authority of Dona Ana County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit

The management's discussion and analysis on pages 4 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. As a result of our limited procedures, we noted the following deficiencies in the management's discussion and analysis:

1. An analysis of the overall financial position and results of operations, including the reasons for significant changes from the prior year;
2. An analysis of balances and transactions of individual funds.

However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Dona Ana County's basic financial statements and budgetary comparisons and combining and individual fund financial statements presented as supplementary information. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the Housing Authority of Dona Ana County. The Financial Data Schedule (FDS) is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is not a required part of the basic financial statements of the Housing Authority of Dona Ana County. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

Kriegel/Gray/Shaw & Co., Ltd.
Kriegel/Gray/Shaw & Co., P.C.

November 11, 2009

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Housing Authority of Dona Ana County's (the "Housing Authority") financial performance provides an overview of the Housing Authority's financial activities for the fiscal year ended June 30, 2009.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets provide information about the activities of the Housing Authority as a whole.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets

One of the most important questions asked about the Housing Authority's finances is "Is the Housing Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Housing Authority's net assets and changes in them. You can think of the Housing Authority's net assets, the difference between assets and liabilities, as one way to measure the Housing Authority's financial health, or financial position. Over time, increases or decreases in the Housing Authority's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Housing Authority's tenant base, which includes such variables as housing assistance demand and supply, family size, family income, and the condition of the Housing Authority's rental units to assess the overall health of the Housing Authority.

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets include the results of all operations for which the Housing Authority is financially accountable.

STATEMENT OF NET ASSETS

	2009	2008
Current assets	\$3,771,149	\$2,786,305
Noncurrent assets	1,774,648	1,252,408
<i>Total assets</i>	\$4,545,797	\$4,038,713
Current liabilities	\$437,063	\$550,057
Noncurrent liabilities	0	0
<i>Total liabilities</i>	\$437,063	\$550,057
Net assets		
Invested in capital assets	\$1,774,648	\$1,234,958
Restricted	619,516	619,516
Unrestricted	1,714,570	1,634,182
<i>Total net assets</i>	4,108,734	3,488,656
<i>Total liabilities and net assets</i>	\$4,545,797	\$4,038,713

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

	<u>2009</u>	<u>2008</u>
Rental income	\$16,734	\$17,373
Other revenue	6,480	9,172
Total operating revenues	23,214	26,545
Total operating expenses	2,923,409	3,024,883
Operating income (loss)	(2,900,195)	(2,998,338)
Non-Operating revenue and expense	3,406,962	3,965,387
<i>Net income (loss)</i>	<i>506,767</i>	<i>967,049</i>
Beginning net assets – previously restated	3,488,658	2,521,607
Change in Net Assets, due to Restatements	113,309	0
Beginning net assets – restated	3,601,967	2,521,607
<i>Total net assets, year-end</i>	<i>\$4,108,734</i>	<i>\$3,488,656</i>

Budgetary Highlights

During Fiscal Year 2009, there were no revisions to the Housing Authority's operating budgets.

For the Public Housing and Home Choice Voucher programs, actual total operating revenues were higher than budgeted by \$3,998, while actual total operating expenditures were lower than budgeted by \$9,392. The higher than budgeted revenue amount is largely attributed to the receipt of \$5,000 in HUD administrative fees for Section 8 Voucher Homeownership closings. Total operating expenses were under spent by \$9,392, mainly as a result of the Section 8 Voucher housing assistance (HAP) payments exceeding the budgeted amount by \$34,972. At the same time, several expense categories decreased in cost. Section 8 Voucher legal expense was less than budgeted by \$3,532 and staff travel, was \$1,495 less than budgeted. Audit costs billed in Fiscal Year 2009 were \$4,125 less than budgeted. Due to employee turnover and reassignments, actual personnel costs were \$23,241 higher than budgeted.

Capital Assets

At the end of Fiscal Year 2009, the Housing Authority had \$1,774,648 (net of depreciation) invested in a range of capital assets, including land, dwelling units, furniture and equipment, and infrastructure. Also, the Housing Authority invested \$554,947 in infrastructure for a new housing development, Casa del Quinto Sol.

Debt

At year-end, the Housing Authority had no bonds or notes outstanding.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

Economic Factors and Next Year's Budgets and Rates

The Housing Authority's staff and Board of Commissioners considered many factors when setting the Fiscal Year 2009 budget. One of the main factors is the economy. The demand for housing assistance should not diminish, due to the local and national economies. The New Mexico Department of Workforce Solutions has stated that "the outlook is for further increases in the state's unemployment rate as stagnating job growth fails to keep pace with population increases."

As of September 2009, the unemployment rate for Dona Ana County was 6.9% while the average rate for the state of New Mexico as a whole was 7.4%. The unemployment rate for the nation as a whole was 9.5%. However, it is important to keep in mind that the actual HUD funding level is becoming ever more increasingly based on the housing authority's actual expenditure level for housing assistance payments, as reported to HUD electronically on a monthly basis through the Voucher Management System (VMS). The final public housing funding percentage for calendar year 2009 was 88.42%, or \$20,253. In calendar year 2008, we received \$25,487, which was a funding percentage of 88.96%. This decrease in funding is due mainly to the sales of eighteen homes in this project since June 2003. Seven homes and a community center/storage room remain in the Housing Authority's public housing stock.

Contacting the Housing Authority's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Housing Authority of the County of Dona Ana at 926 South San Pedro, Las Cruces, New Mexico 88001.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)

STATEMENTS OF NET ASSETS
 JUNE 30, 2009

	Section 8	Public Housing - Villa Sereno	Business Activities		Nonmajor Enterprise Funds	Total June 30, 2009
	Housing Choice Vouchers		Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
ASSETS						
Current Assets:						
Cash and cash equivalents-Unrestricted	\$279,459	\$270,898	\$599,379	\$0	\$0	\$1,149,736
Cash and cash equivalents-Restricted	619,516	0	0	0	0	619,516
Marketable securities	0	0	0	50,861	0	50,861
Due from other funds	0	0	346,977	0	0	346,977
Tenant receivable	0	891	267	0	0	1,158
Other receivable	0	0	0	400,852	0	400,852
Prepaid expenses	184,599	0	0	0	0	184,599
Deposits	0	0	17,450	0	0	17,450
<i>Total current assets</i>	<u>1,083,574</u>	<u>271,789</u>	<u>964,073</u>	<u>451,713</u>	<u>0</u>	<u>2,771,149</u>
Non-current assets						
Capital assets (net of accumulated depreciation)	0	254,777	55,448	1,464,423	0	1,774,648
<i>Total assets</i>	<u>\$1,083,574</u>	<u>\$526,566</u>	<u>\$1,019,521</u>	<u>\$1,916,136</u>	<u>\$0</u>	<u>\$4,545,797</u>
LIABILITIES AND FUND EQUITY						
Current Liabilities:						
Accounts payable	\$22,641	\$2,453	\$1,528	\$62,225	\$0	\$88,847
Due to other funds	0	0	0	346,977	0	346,977
Tenant security deposits	0	1,239	0	0	0	1,239
<i>Total current liabilities</i>	<u>22,641</u>	<u>3,692</u>	<u>1,528</u>	<u>409,202</u>	<u>0</u>	<u>437,063</u>
Net Assets:						
Invested in capital assets	0	254,777	55,448	1,464,423	0	1,774,648
Restricted - HAP Equity	619,516	0	0	0	0	619,516
Unrestricted - Admin Fee Equity	441,417	268,097	962,545	42,511	0	1,714,570
<i>Total net assets</i>	<u>1,060,933</u>	<u>522,874</u>	<u>1,017,993</u>	<u>1,506,934</u>	<u>0</u>	<u>4,108,734</u>
<i>Total liabilities and net assets</i>	<u>\$1,083,574</u>	<u>\$526,566</u>	<u>\$1,019,521</u>	<u>\$1,916,136</u>	<u>\$0</u>	<u>\$4,545,797</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY

(A DEPARTMENT OF DONA ANA COUNTY)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Section 8	Public Housing - Villa Sereno	Business Activities		Nonmajor Enterprise Funds	Total June 30, 2009
	Housing Choice Vouchers		Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
OPERATING REVENUES						
Rental income	\$0	\$12,301	\$4,433	\$0	\$0	\$16,734
Other income	5,000	1,192	288	0	0	6,480
<i>Total operating revenues</i>	5,000	13,493	4,721	0	0	23,214
OPERATING EXPENSES						
Personnel	185,979	29,178	11,784	0	0	226,941
Operating	2,658,071	10,987	12,047	108	0	2,681,213
Depreciation	0	10,746	4,509	0	0	15,255
<i>Total operating expenses</i>	2,844,050	50,911	28,340	108	0	2,923,409
<i>Operating income (loss)</i>	(2,839,050)	(37,418)	(23,619)	(108)	0	(2,900,195)
NON-OPERATING REVENUES AND EXPENSES						
Federal grants and subsidies	2,922,649	18,470	0	441,746	13,838	3,396,703
Interest Income-Restricted	2,790	0	0	0	0	2,790
Interest Income-Unrestricted	1,259	1,077	3,888	1,245	0	7,469
Capital assets sale proceeds (net of costs)	0	0	0	0	0	0
<i>Total non-operating revenues and expenses</i>	2,926,698	19,547	3,888	442,991	13,838	3,406,962
<i>Net income (loss) before transfers</i>	87,648	(17,871)	(19,731)	442,883	13,838	506,767
Transfers out	0	0	0	0	(13,838)	(13,838)
Transfers in	0	13,838	0	0	0	13,838
<i>Change in net assets</i>	87,648	(4,033)	(19,731)	442,883	0	506,767
Net assets - beginning as previously stated	973,285	526,907	1,037,724	950,742	0	3,488,658
Restatements	0	0	0	113,309	0	113,309
Net assets - beginning as restated	973,285	526,907	1,037,724	1,064,051	0	3,601,967
<i>Net assets - ending June 30</i>	\$1,060,933	\$522,874	\$1,017,993	\$1,506,934	\$0	\$4,108,734

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Section 8		Business Activities		Nonmajor Enterprise Funds	Total June 30, 2009
	Housing Choice Vouchers	Public Housing - Villa Sereno	Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
CASH FLOWS FROM OPERATING ACTIVITIES						
Rental receipts	\$0	\$11,574	\$4,166	\$0	\$0	\$15,740
Other receipts	11,554	1,192	288	0	0	13,034
Payments to vendors	(2,837,606)	(10,627)	(13,266)	(108)	0	(2,861,607)
Payments to employees for services	(185,979)	(29,178)	(11,484)	0	0	(226,641)
<i>Net cash provided by (used) by operating activities</i>	<i>(3,012,031)</i>	<i>(27,039)</i>	<i>(20,296)</i>	<i>(108)</i>	<i>0</i>	<i>(3,059,474)</i>
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of Certificate of Deposit	0	0	0	(1,245)	0	(1,245)
Interest received	4,049	1,077	3,888	1,245	0	10,259
<i>Net cash provided by (used) by investing activities</i>	<i>4,049</i>	<i>1,077</i>	<i>3,888</i>	<i>0</i>	<i>0</i>	<i>9,014</i>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	0	0	0	(441,638)	0	(441,638)
Federal capital grant receipts	0	0	0	558,682	0	558,682
Payable related to capital acquisitions	0	0	0	62,225	0	62,225
Capital advances (to) from other funds	0	0	179,161	(179,161)		0
<i>Net cash provided by (used) by capital and related financing activities</i>	<i>0</i>	<i>0</i>	<i>179,161</i>	<i>108</i>	<i>0</i>	<i>179,269</i>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES						
Federal grant receipts	2,922,649	18,470	0	0	13,838	2,954,957
Tenant Deposits	0	(560)	0	0	0	
Transfer from Capital Fund Program	0	13,838	0	0	0	13,838
Transfer to Public Housing	0	0	0	0	(13,838)	(13,838)
<i>Net cash provided by (used) by noncapital and related financing activities</i>	<i>2,922,649</i>	<i>31,748</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>2,954,957</i>
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>(85,333)</i>	<i>5,786</i>	<i>162,753</i>	<i>0</i>	<i>0</i>	<i>83,766</i>
Cash and cash equivalents at beginning of year	984,308	265,112	436,626	0	0	1,686,046
Cash and cash equivalents at end of year	\$898,975	\$270,898	\$599,379	\$0	\$0	\$1,769,812

The Notes to Financial Statements are and integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Section 8	Public Housing - Villa Sereno	Business Activities		Nonmajor Enterprise Funds	Total June 30, 2009
	Housing Choice Vouchers		Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:						
Operating income (loss)	(\$2,839,050)	(\$37,418)	(\$23,619)	(\$108)	\$0	(\$2,900,195)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Depreciation expense	0	10,746	4,510	0	0	15,256
Tenant receivable	0	(727)	(267)	0	0	(994)
Prepaid expenses	(184,599)	0	0	0	0	(184,599)
Other receivable	6,554	0	0	0	0	6,554
Accounts payable	5,064	360	(920)	0	0	4,504
<i>Net cash provided (used) by operating activities</i>	(\$3,012,031)	(\$27,039)	(\$20,296)	(\$108)	\$0	(\$3,059,474)

The Notes to Financial Statements are and integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of Housing Authority of Dona Ana County Housing Authority (“Housing Authority”) is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Dona Ana County Area.

This funding is provided through various grant programs.

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority’s most significant accounting policies are described below.

Reporting Entity

The Housing Authority is a department of Dona Ana County. The accompanying financial statements present only the Housing Authority’s financial information.

The Housing Authority is a County organization created by County Ordinance to provide housing for qualified County residents. The County has the ability to appoint management, influence operations and influence the disposition of funds.

Basis of Presentation

For financial reporting purposes, the accounts of the Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB opinions and ARB’s of Committee on Accounting Procedure. FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have also been applied.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary Funds are as follows:

Major Funds:

Section 8 Vouchers – Housing Choice – To account for HUD’s program which provides Housing Assistance payments for qualified low income residents in privately owned properties.

Casa del Quinto Sol – NMMFA – To account for activities that conduct and promote the enhancement and development of the Casa del Quinto Sol housing.

Public Housing – Villa Sereno – To account for HUD’s Low Rent Public Housing and Capital Fund Program which provides adequate living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

Home Choice – Villa Sereno – To account for the sale of housing units owned and operated by the Housing Authority.

Nonmajor Funds:

Capital Fund Programs – To account for HUD’s new Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority owned housing.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The books and records of the Housing Authority are maintained on the accrual basis.

Grant revenues are recognized when all the eligibility requirements have been met.

Proprietary funds types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Although grant revenues are recognized when related grant expenses have occurred on the accrual basis.

Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with proprietary funds’ principal on-going operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Housing Authority adopts budgets for its Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budget to Actual statements do not include the Home Choice – Villa Sereno and Casa del Quinto Sol-NMMFA since these programs are not budgeted.

Budget Amendments – Budgets are neither increased nor decreased. The original budgets for the housing programs are utilized only as a guide.

Budgetary Basis – State law prescribes that the County's budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended. Budgetary control is required to be maintained at the individual fund level.

Income Taxes

As a department of Dona Ana County, a local governmental entity, the Housing Authority is not subject to federal or state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Compensated Absences

Accrued annual leave, sick leave, and compensatory time are the components of accrued compensated absences. An employee may not carry over more than 288 hours of annual leave into a new calendar year, nor receive payment for more than 288 hours upon separation. Under a Human Resources policy adopted November 27, 1999, only employees retiring through PERA, with a minimum of 15 years of County service, shall be paid for accrued sick leave hours, limited to a maximum of 600 hours, subject to a maximum cash payments of \$15,000. In addition, such employees shall be compensated for any unused sick leave hours accrued as of November 27, 1999, at the employee's pay rate in effect on that date. Compensatory time is accrued in full.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the proprietary fund considers all highly liquid investments to be cash equivalents.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are property applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

Use of Restricted and Unrestricted Net Assets

When the Housing Authority incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first unless this would cause the loss of unrestricted resources.

Construction Interest Capitalization

The Housing Authority capitalizes net interest costs as part of the cost of constructing various projects, when material, in proprietary funds. There was no interest expense related to construction for the fiscal year ended June 30, 2009.

Capital Assets

Capital assets are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Such assets are stated at historical cost. In addition, software purchased from vendors is capitalized. Buildings, infrastructure, furnishings, and equipment are depreciated using the straight-line method, over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Equipment and Furnishings	5 to 10
Infrastructure	10 to 40

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2. CASH AND INVESTMENT

Cash consists of United States currency and financial institution checking accounts. Restricted cash represents Housing Assistance Payments Equity segregated per HUD requirements.

All financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

Cash at June 30, 2009 consisted of the following:

	<u>Bank</u> Balance as of June 30, 2009	<u>Carrying</u> Amount as of June 30, 2009
CASH ON DEPOSIT		
<u>Citizens Bank of Las Cruces</u>		
Checking account - 1085501	\$1,958,226	\$1,769,252
<i>Total cash on deposit</i>	\$1,958,226	\$1,769,252

The carrying amount as of June 30, 2009 includes \$346,977 in bank overdrafts.

The uninsured bank deposits (not covered by F.D.I.C.) were adequately collateralized in accordance with federal regulations. Federal securities are stated at market value. The securities pledged as collateral are listed below by financial institution.

	<u>Citizens Bank</u> <u>of Las Cruces</u>
Amount held in bank	\$1,958,226
Less: F.D.I.C.	250,000
<i>Uninsured public funds</i>	\$1,708,226
<hr/>	
<i>100% Collateral requirement (per HUD)</i>	\$1,708,226
<i>Pledged security</i>	2,025,676
<i>Over (under) collateralized</i>	\$317,450

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2. CASH AND INVESTMENT (CONTINUED)

Collateral for the Housing Authority checking account at Citizens Bank of Las Cruces consists of:

SECURITIES PLEDGED	CUSIP Number	PAR/Market Value	Maturity Date
<u>Citizens Bank of Las Cruces</u>			
FHLB Noncancellable	3133IVCAZ	\$430,676	10/11/2012
FHLB Noncancellable	3133XHW57	531,400	12/13/2013
FHLB Noncancellable	3133XENX3	1,063,600	03/11/2011
<i>Independent Bankers, Dallas TX</i>		<u>\$2,025,676</u>	

The carrying amounts of the deposits were categorized to give an indication of the level of custodial credit risk assumed by the Housing Authority. Custodial credit risk is the risk that, in the event of a bank failure, the Housing Authority's deposits may not be returned to it. As of June 30, 2009, of the \$1,958,226 bank balance, none was exposed to custodial credit risk.

The categories and amounts are shown below:

Insured, or collateralized with securities held by the Housing Authority or by its agent in the Housing Authority's name	\$1,958,226
Uninsured, collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name	0
Uninsured and uncollateralized	0
<i>Total cash (on deposit)</i>	<u>\$1,958,226</u>

<u>Investments</u>	Cost	Market Value
Citizens Bank: Certificate of Deposit	\$50,861	\$50,861

<u>Investment Type</u>	Cost Basis	Market Value	Credit Risk- Rating	Weighted Average Maturity Days
CD's	\$50,861	\$49,616	NR	365

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2. CASH AND INVESTMENT (CONTINUED)

Custodial Credit Risk Investments – Custodial Credit Risk is the risk that, in the event of failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority's investments are not exposed to custodial credit risk. All are fully collateralized and the collateral is held in the Housing Authority's name.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the Housing Authority's investment in a single issuer. The Housing Authority's has only one certificate of deposit.

Credit Risk – The Housing Authority's investments shall be in accordance with State Law 6-10-10 and 6-10-10.1 NMSA 1978, including but not limited to the following: Treasury Bills, Notes, Bonds, Strips, and US Government securities which are backed by the full faith and credit of the U.S. Government. Negotiable securities of the State of New Mexico or any county, municipality, or school district with the advice and consent of the Board of Finance per 6-10-44 NMSA 1978, 6-10-10FNMSA 1978, 6-10-10NMSA 1978.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Housing Authority investments. The Housing Authority's investment policy follows New Mexico State Statute Section 6-10-36E (NMSA, 1978 Comp) requiring the interest rate on time deposits shall not be less than the rate fixed by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit.

Foreign Currency Risk – Deposits and Investments - The Housing Authority is not exposed to the risk that changes in exchange rates will adversely affect the fair value of an investment as none of the investments pools nor certificates of deposit are dominated in a foreign currency.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3. RECEIVABLES

Accounts and Tenant Receivables

Tenant receivables are reported at their gross value in the amount of \$1,158. All receivables are considered collectible and therefore no allowance for doubtful accounts has been established.

Mortgage Receivable

A mortgage receivable was established upon the sale of eleven housing units to tenants. The tenant secured a primary mortgage loan for 80% of the purchase price from a lending institution and the Housing Authority carried a deferred zero interest, second or third mortgage for up to 20% of the purchase price. There are no payments due on the Housing Authority loan unless the purchaser sells the property, transfers title, or ceases using the house as a primary residence. Therefore, an allowance for doubtful accounts has been established equal to the receivable as follows:

Mortgage receivable	\$113,467
<u>Allowance for doubtful accounts</u>	<u>(113,467)</u>
<i>Net receivable at June 30, 2009</i>	<i>\$0</i>

Other Receivable

Other receivables consist of \$400,852 from the New Mexico Mortgage Finance Authority for the Casa del Quinto Sol development. Other receivables are considered collectible, and therefore no allowance for doubtful accounts has been established.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 4. CHANGE IN CAPITAL ASSETS

	Balance 6/30/2008	Additions	Deletions	Reclass- ifications	Balance 6/30/2009
Construction in progress	\$758,740	\$554,947	\$0	\$0	\$1,313,687
Land	176,961	0	0	0	176,961
Building and improvements	495,421	0	0	0	495,421
Furniture and equipment	1,681	0	0	0	1,681
Infrastructure	36,957	0	0	0	36,957
<i>Total</i>	1,469,759	554,947	0	0	2,024,706
Accumulated depreciation:					
Building and improvements	198,467	12,954	0	0	211,421
Furniture and equipment	1,681	0	0	0	1,681
Infrastructure	34,655	2,301	0	0	39,956
	234,803	15,255	0	0	250,058
	\$1,234,956	\$539,692	\$0	\$0	\$1,774,648

Depreciation expense for the year was \$15,255.

NOTE 5. INTERFUND DUE FROM/TO

<u>Due From:</u>	<u>Due To:</u>	
	Home Choice Villa-Sereno	Totals
Casa del Quinto Sol - NMMFA	\$346,977	\$346,977

Interfund balances are used for short-term financing needs that are anticipated to be repaid within the next year. The above interfund balances result from negative pooled cash balances.

NOTE 6. NET ASSETS

The unrestricted net assets represent the amounts available for budgeting future operations.

Restricted Net Assets-HAP Equity is the funding for Section 8 Housing provided for Housing Assistance Payments and is considered restricted per HUD.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7. RISK MANAGEMENT

Various risks of loss are insured by Dona Ana County which participates in the New Mexico Self Insurers' Fund. The County's premium is re-determined every year and is based on the County's loss experience over the previous three years. The deductibles at the County level are as follows:

\$1,000 per incident for accident/loss to County property
\$6,000 per incident for Civil Rights related claims
\$10,000 per incident for Law Enforcement related claims

Limits of coverage through the risk pool are as follows:

\$2,000,000 Worker's Compensation per accident or occupational disease
\$2,000,000 for crime coverage
\$1,750,000 for tort and Law Enforcement related claims
\$150,000,000 per occurrence for property losses
\$4,000,000 additional coverage for Excess Foreign Jurisdiction claims
\$3,000,000 Environmental Liability Insurance
\$255,000 Volunteer Firefighters Accident
\$20,000 Land Use Coverage per occurrence and \$60,000 aggregate

Contributions paid by the County to the pool for fiscal year 2009 were \$3,779,958.

NOTE 8. MANAGEMENT CONTRACT

Dona Ana County has entered into a management contract with the Housing Authority of the City of Las Cruces (HACLC) whereby HACLC manages the Housing Authority of Dona Ana County.

NOTE 9. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

Net Working Capital:	
Proprietary Fund	\$2,334,086

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10. INTERFUND TRANSACTIONS

There are transactions that constitute reimbursement to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund Transfers In (Out)

Major Enterprise Funds:

Public Housing – Villa Sereno	\$13,838
<i>Total Major Funds</i>	\$13,838

Nonmajor Enterprise Funds:

2008 Capital Fund Program	(\$8,773)
2007 Capital Fund Program	(5,065)
<i>Total Nonmajor Funds</i>	(\$13,838)

NOTE 11. CONTINGENCIES

The Housing Authority was approved for a \$745,000 New Mexico Housing Trust Fund infrastructure loan in December 2005 from the New Mexico Mortgage Finance Authority to be used for the development or construction of affordable single-family housing. The Housing Authority has begun construction but has not received any funds from this loan as of June 30, 2008.

NOTE 12. BUDGETS

The Housing Authority prepares budgets in accordance with HUD's requirements, which do not require subsequent amendments, although for State of New Mexico requirements, the Housing Authority exceeded their budgets as noted in Finding 2007-02.

NOTE 13. RESTATEMENTS

A restatement was recorded in the Casa del Quinto Sol – NMMFA Fund during the current fiscal year. This restatement was required to capitalize prior year contract costs of the Casa del Quinto Sol project which had been originally recorded as expenditures for fiscal years ending June 30, 2006 through 2008. This restatement increased net assets at June 30, 2009 by \$113,309.

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF DONA ANA COUNTY

(A DEPARTMENT OF DONA ANA COUNTY)

2007 CFP #NM02PO6250107

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
OPERATING EXPENSES						
Personnel	\$0	\$0	\$0	\$0	\$0	\$0
Operating	0	0	0	5,065	0	5,065
<i>Total operating expenditures</i>	0	0	0	5,065	0	5,065
<i>Operating income (loss)</i>	0	0	0	5,065	0	5,065
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	5,065	0	5,065	5,065	0	0
Interest income	0	0	0	0	0	0
<i>Total non-operating revenue expenses</i>	5,065	0	5,065	5,065	0	0
<i>Net income (loss) before transfers</i>	5,065	0	5,065	0	0	5,065
Transfers out	(5,065)	0	(5,065)	0	0	(5,065)
Transfers in	0	0	0	0	0	0
<i>Change in net assets</i>	\$0	\$0	\$0	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY

(A DEPARTMENT OF DONA ANA COUNTY)

2008 CFP #NM02P00350108

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
OPERATING EXPENSES						
Personnel	\$0	\$0	\$0	\$0	\$0	\$0
Operating	0	0	0	17,526	0	17,526
<i>Total operating expenditures</i>	0	0	0	17,526	0	17,526
<i>Operating income (loss)</i>	0	0	0	17,526	0	17,526
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	8,773	0	8,773	17,526	0	(8,753)
Interest income	0	0	0	0	0	0
<i>Total non-operating revenue expenses</i>	8,773	0	8,773	17,526	0	(8,753)
<i>Net income (loss) before transfers</i>	8,773	0	8,773	0	0	8,773
Transfers out	(8,773)	0	(8,773)	0	0	(8,773)
Transfers in	0	0	0	0	0	0
<i>Change in net assets</i>	\$0	\$0	\$0	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY

(A DEPARTMENT OF DONA ANA COUNTY)

BUSINESS ACTIVITIES

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES						
Rental income	\$4,433	\$0	\$4,433	\$7,600	\$0	(\$3,167)
Other	288	0	288	40	0	248
<i>Total revenues</i>	<u>4,721</u>	<u>0</u>	<u>4,721</u>	<u>7,640</u>	<u>0</u>	<u>(2,919)</u>
OPERATING EXPENSES						
Personnel	11,784	0	11,784	13,759	0	1,975
Operating	12,155	0	12,155	14,424	0	2,269
Depreciation	4,509	(4,509)	0	0	0	0
<i>Total operating expenditures</i>	<u>28,448</u>	<u>(4,509)</u>	<u>23,939</u>	<u>28,183</u>	<u>0</u>	<u>4,244</u>
<i>Operating income (loss)</i>	<u>(23,727)</u>	<u>4,509</u>	<u>(19,218)</u>	<u>(20,543)</u>	<u>0</u>	<u>1,325</u>
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	441,746	0	441,746	0	0	441,746
Net sales proceeds	0	0	0	150,000	0	(150,000)
Interest income	5,133	0	5,133	6,058	0	(925)
<i>Total non-operating revenue expenses</i>	<u>446,879</u>	<u>0</u>	<u>446,879</u>	<u>156,058</u>	<u>0</u>	<u>290,821</u>
<i>Net income (loss) before transfers</i>	<u>423,152</u>	<u>4,509</u>	<u>427,661</u>	<u>135,515</u>	<u>0</u>	<u>292,146</u>
Transfers out	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
<i>Change in net assets</i>	<u>\$423,152</u>	<u>\$4,509</u>	<u>\$427,661</u>	<u>\$135,515</u>	<u>\$0</u>	<u>\$292,146</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
PUBLIC HOUSING PROGRAM
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES						
Rental income	\$12,301	\$0	\$12,301	\$12,790	\$0	(\$489)
Other	1,192	0	1,192	1,705	0	(513)
<i>Total revenues</i>	13,493	0	13,493	14,495	0	(1,002)
OPERATING EXPENSES						
Personnel	29,178	0	29,178	10,263	0	(18,915)
Operating	10,987	0	10,987	11,306	0	319
Depreciation	10,746	10,746	0	0	0	0
<i>Total operating expenditures</i>	50,911	10,746	40,165	21,569	0	(18,596)
<i>Operating income (loss)</i>	(37,418)	(10,746)	(26,672)	(7,074)	0	(19,598)
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	18,470	0	18,470	21,284	0	(2,814)
Interest income	1,077	0	1,077	1,510	0	(433)
<i>Total non-operating revenue expenses</i>	19,547	0	19,547	22,794	0	(3,247)
<i>Net income (loss) before transfers</i>	(17,871)	(10,746)	(7,125)	15,720	0	(22,845)
Transfers out	0	0	0	0	0	0
Transfers in	13,838	0	13,838	0	0	13,838
<i>Change in net assets</i>	(\$4,033)	(\$10,746)	\$6,713	\$15,720	\$0	(\$9,007)

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
SECTION 8 HOUSING CHOICE VOUCHER
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET (NON-GAAP BASIS) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
OPERATING REVENUES						
Rental income	\$0	\$0	\$0	\$0	\$0	\$0
Other	5,000	0	5,000	0	0	5,000
<i>Total revenues</i>	5,000	0	5,000	0	0	5,000
OPERATING EXPENSES						
Personnel	185,979	0	185,979	179,678	0	(6,301)
Operating	2,658,071	0	2,658,071	2,692,360	0	34,289
Depreciation	0	0	0	0	0	0
<i>Total operating expenditures</i>	2,844,050	0	2,844,050	2,872,038	0	27,988
<i>Operating income (loss)</i>	(2,839,050)	0	(2,839,050)	(2,872,038)	0	32,988
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	2,922,649	0	2,922,649	2,887,677	0	34,972
Interest income	4,049	0	4,049	5,665	0	(1,616)
<i>Total non-operating revenue expenses</i>	2,926,698	0	2,926,698	2,893,342	0	33,356
<i>Net income (loss) before transfers</i>	87,648	0	87,648	21,304	0	66,344
Transfers out	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0
<i>Change in net assets</i>	\$87,648	\$0	\$87,648	\$21,304	\$0	\$66,344

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2009

	2006 Capital Fund Program	2007 Capital Fund Program	Total June 30, 2009
ASSETS			
Accounts receivable - HUD	\$0	\$0	\$0
<i>Total assets</i>	\$0	\$0	\$0
LIABILITIES AND FUND EQUITY			
Accounts payable	\$0	\$0	\$0
<i>Total liabilities</i>	0	0	0
NET ASSETS			
Invested in capital assets, net of related debt	0	0	0
Unrestricted	0	0	0
<i>Total net assets</i>	0	0	0
<i>Total liabilities and net assets</i>	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY**(A DEPARTMENT OF DONA ANA COUNTY)****NONMAJOR PROPRIETARY FUNDS****COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	2006 Capital Fund Program	2007 Capital Fund Program	Total June 30, 2008
OPERATING REVENUES	\$0	\$0	\$0
OPERATING EXPENSES			
Personnel	0	0	0
Operating	0	0	0
<i>Total operating expenses</i>	0	0	0
<i>Operating income (loss)</i>	0	0	0
NON-OPERATING REVENUES			
Federal grants and subsidies	5,065	8,773	13,838
<i>Total non-operating revenues</i>	5,065	8,773	13,838
<i>Net income (loss) before transfers</i>	5,065	8,773	13,838
Transfers out	(5,065)	(8,773)	(13,838)
Transfers in	0	0	0
<i>Change in net assets</i>	0	0	0
Net assets - beginning	0	0	0
<i>Net assets - ending June 30, 2009</i>	\$0	\$0	\$0

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	2007 Capital Fund Program	2008 Capital Fund Program	Total June 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Federal grants receipts	\$5,065	\$8,773	\$13,838
Payments to vendors	0	0	0
<i>Net cash provided (used) by operating activities</i>	5,065	8,773	13,838
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfer to Public Housing	(5,065)	(8,773)	(13,838)
<i>Net cash provided by financing activities</i>	(5,065)	(8,773)	(13,838)
<i>Net increase (decrease) in cash and cash equivalents</i>	0	0	0
Cash and cash equivalents at beginning of year	0	0	0
<i>Cash and cash equivalents at end of year</i>	\$0	\$0	\$0
Reconciliation of Operating Income (loss) to Net Cash Provided (Used) By Operating Activities:			
Operation income (loss)	\$5,065	\$8,773	\$13,838
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Accounts receivable - HUD	0	0	0
Accounts payable	0	0	0
<i>Net cash provided by operating activities</i>	\$5,065	\$8,773	\$13,838

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal Grantor/Program Title	Federal CFDA Number	Award Amount	Accrued or (Deferred) Revenue at 6/30/2008	Received	Adjustments	Expenditures	Accrued or (Deferred) Revenue at 6/30/2009
<u>U.S. Department of Housing & Urban Development</u>							
Direct Funding:							
Public Housing Operating Subsidy	14.850	\$35,472	\$0	(\$18,470)	\$0	\$18,470	\$0
Section 8 Housing Choice Vouchers	14.871	2,844,015	0	(2,922,649)	0	2,922,649	0
CFP (2007)	14.872	14,627	0	(5,065)	0	5,065	0
CFP (2008)	14.872	17,526	0	(8,773)	0	8,773	0
<i>Total U.S. Dept of Housing and Urban Development</i>		\$2,911,640	\$0	(\$2,954,957)	\$0	\$2,954,957	\$0
<i>Total Federal Revenue, Expenditures and Accrued/Deferred Revenue</i>		\$2,911,640	\$0	(\$2,954,957)	\$0	\$2,954,957	\$0

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

1. GENERAL

The accompanying schedule of expenditures of federal awards includes the activity of all federal award programs of the Housing Authority of Dona Ana County ("Housing Authority"). The Housing Authority's reporting entity is defined in Note 1 to basic financial statements. Federal awards received directly from federal agencies are included in the schedule.

2. BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*.

3. OVER SIGHT AGENCY

The U.S. Department of Housing and Urban Development is the Housing Authority's oversight agency for the single audit.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

161 Land	26225	150736		176961	176961
162 Buildings	416663	65338		482001	482001
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration			1681	1681	1681
165 Leasehold Improvements					
166 Accumulated Depreciation	-236186	-12190	-1681	-250057	-250057
167 Construction In Progress		599828		599828	599828
168 Infrastructure	48075	716159		764234	764234
160 Total Capital Assets, Net of Accumulated Depreciation	254777	1519871	0	1774648	1774648
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	254777	1519871	0	1774648	1774648
190 Total Assets	526566	2936657	1083574	4545797	4545797
311 Bank Overdraft		346977	22641	369618	369618
312 Accounts Payable <= 90 Days	2453	63753		66206	66206
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable *					
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	1239			1239	1239
342 Deferred Revenues					
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	3692	410730	22641	437063	437063

HOUSING AUTHORITY OF DONA ANA COUNTY
 (A DEPARTMENT OF DONA ANA COUNTY)
 FINANCIAL DATA SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009

351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue								
352	Long-term Debt, Net of Current - Operating Borrowings								
353	Non-current Liabilities - Other								
354	Accrued Compensated Absences - Non Current								
355	Loan Liability - Non Current								
356	FASB 5 Liabilities								
357	Accrued Pension and OPEB Liabilities								
350	Total Non-Current Liabilities	0	0	0	0	0	0	0	0
300	Total Liabilities	3692	410730	22641	437063	1774648	437063	1774648	437063
508.1	Invested in Capital Assets, Net of Related Debt								
509.2	Fund Balance Reserved	254777	1519871		1774648				1774648
511.2	Unreserved, Designated Fund Balance								
511.1	Restricted Net Assets			709925	709925				709925
512.1	Unrestricted Net Assets	268097	1005056	351008	1624161				1624161
512.2	Unreserved, Undesignated Fund Balance								
513	Total Equity/Net Assets	522874	2524927	1060933	4108734				4108734
600	Total Liabilities and Equity/Net Assets	526566	2935657	1083574	4545797				4545797

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
FINANCIAL DATA SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

97000 Excess of Operating Revenue over Operating Expenses	6713	427661	2637796	3072170	3072170
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments			2550148	2550148	2550148
97350 HAP Portability-In					
97400 Depreciation Expense	10746	4509		15265	15255
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt/Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	50911	28448	2844050	2923409	2923409
10010 Operating Transfer In	13838			13838	13838
10020 Operating Transfer Out	-13838			-13838	-13838
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	0	0	0	0	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-4033	423152	87648	506767	506767
11020 Required Annual Debt Principal Payments					
11030 Beginning Equity	526907	1988466	973285	3488658	3488658
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			0	113309	113309
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Sovereign Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity			351008	351008	351008
11190 Housing Assistance Payments Equity			709925	709925	709925
11190 Unit Months Available	84	12	7260	7356	7356
11210 Number of Unit Months Leased	60	12	5688	5760	5760
11270 Excess Cash	0			0	0
11510 Land Purchases	0			0	0
11620 Building Purchases	0			0	0
11630 Furniture & Equipment - Dwelling Purchases	0			0	0
11640 Furniture & Equipment - Administrative Purchases	0			0	0
11650 Leasehold Improvements Purchases	0			0	0
11660 Infrastructure Purchases	0			0	0
13510 CFFP Debt Service Payments	0			0	0
13901 Replacement Housing Factor Funds	0			0	0

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

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico

We have audited the financial statements of the business-type activities, each major fund, the aggregate remaining fund information, the budget comparisons for the major funds, and the combining and individual funds presented as supplementary information of the Housing Authority of Dona Ana County (a department of Dona Ana County), as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority of Dona Ana County's basic financial statements and have issued our report thereon dated November 11, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the Housing Authority of Dona Ana County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of Dona Ana County's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of Dona Ana County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that at material misstatement of the financial statements will not be prevented or detected by the Housing Authority of Dona Ana County's internal control.

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

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of Dona Ana County'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 an instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2007-02.

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

This report is intended solely for the information and use of management, Dona Ana County, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

November 11, 2009



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico

Compliance

We have audited the compliance of the Housing Authority of Dona Ana County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. We also audited the budgetary comparisons presented as supplementary information. The Housing Authority of Dona Ana County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of Dona Ana County's management. Our responsibility is to express an opinion on the Housing Authority of Dona Ana County's compliance based on our audit.

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

In our opinion, the Housing Authority of Dona Ana County complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Mr. Hector H. Balderas, State Auditor and
The Board of County Commissioners
Housing Authority of Dona Ana County
Las Cruces, New Mexico
Page Two

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program, will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, Dona Ana County, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kriegel/Gray/Shaw & Co., P.C.
Kriegel/Gray/Shaw & Co., P.C.

November 11, 2009

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report issued:

Unqualified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

FEDERAL AWARDS

Internal Control Over Major Programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X No

Type of Auditor's Report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of Major Programs:

CFDA Number(s)

14.871

Name of Federal Program or Cluster

Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between Type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2007-02 Housing Authority Budgets

Repeated with modification.

Statement of Condition – The Housing Authority budgets are not amended, monitored or adopted in accordance with New Mexico State statutes.

Criteria – The Housing Authority is considered to be a department of the County and therefore, the budget provisions as stated in 6-3-1 to 6-3-25 NMSA 1978 apply to the Housing Authority budgets.

Cause – The Housing Authority, although a part of the County, budgets in accordance with HUD requirements, which uses budgets only as a guideline.

Effect – Noncompliance with New Mexico Budgeting Statutes –

- Expenditures and transfers exceeded – Villa Sereno – Low Income Housing Project of \$18,596.

Recommendation – The County should require the Housing Authority to adopt budgets, monitor and amend those budgets in accordance with New Mexico State Statutes.

Management's Response – Budgets for the Housing Authority are prepared in accordance with HUD prescribed requirements. DAC will accept and approve the Housing Authority Budget in a regular Board Meeting.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**CURRENT YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL AWARD PROGRAM AUDIT:**

None.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2008-01 Section 8 Housing Choice Vouchers (CFDA 14.871)

Resolved and not repeated.

HOUSING AUTHORITY OF DONA ANA COUNTY
(A DEPARTMENT OF DONA ANA COUNTY)
EXIT CONFERENCE
JUNE 30, 2009

EXIT CONFERENCE:

The exit conference was held November 12, 2009 and was attended by the following:

From Dona Ana County:

Scott Khaling, County Commissioner
Brian D. Haines, CPA, County Manager
Sue Padilla, Assistant County Manager
Bill Noland, Finance Director
Nasreen Nelson, CPA, Controller
Milton Duran, Internal Auditor
Raquel Quiroga, Accountant III
Mireya Garza, Accountant III

From Kriegel/Gray/Shaw & Co., P.C.:

Debbie Gray, CPA, Shareholder

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.