



# HINKLE + LANDERS

Certified Public Accountants + Business Consultants

STATE OF NEW MEXICO  
HOUSING AUTHORITY  
OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA  
COUNTY)  
AUDITED FINANCIAL STATEMENTS  
June 30, 2011



**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**TABLE OF CONTENTS**  
**For the Year Ended June 30,2011**

	Page
<b>Official Roster</b>	1
<b>Independent Auditors' Report</b>	2
<b>Management's Discussion and Analysis</b>	4
<b>Basic Financial Statements</b>	
Statement of Net Assets	7
Statements of Revenues, Expenses, and Changes in Fund Net Assets	8
Statements of Cash Flows	9
<b>Notes to Financial Statements</b>	11
<b>Supplementary Information</b>	
Budget (Non-GAAP) and Actual (Cash Basis)	
Business Activities	20
Public Housing Program	21
Section 8 Housing Choice Voucher	22
Capital Fund Program	23
Schedule of Expenditures of Federal Awards	24
Schedule of Pledged Collateral	25
Financial Data Schedule	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	33
Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control in Accordance With OMB Circular A-133	35
Schedule of Findings and Questioned Costs	37
Exit Conference	39

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
OFFICIAL ROSTER  
As of June 30, 2011**

<u>Name</u>	<u>Title</u>
Dolores Saldana-Caviness	Chair, Commissioner, District 2
Karen Perez	Vice Chair, Commissioner, District 3
Leticia Duarte-Benavidez	Commissioner, District 5
Billy G. Garrett	Commissioner, District 1
Scott Krahling	Commissioner, District 4



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 of the Housing Authority of Dona Ana County (a Department of Dona Ana County), as of and for the year ended June 30, 2011, 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 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 of the Housing Authority of Dona Ana County, as of June 30, 2011, 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 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, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 14, 2011 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. 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 presented as supplementary information. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governmental, 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.

The image shows a handwritten signature in black ink that reads "Hinkle & Landers, P.C." in a cursive, flowing script.

Hinkle + Landers, P.C.

November 14, 2011

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

**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, 2011.

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 or 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.

**STATEMENTS OF NET ASSETS**

	<u>2011</u>	<u>2010</u>
Current Assets	\$ <b>3,667,616</b>	3,252,298
Noncurrent assets	<b>665,380</b>	678,806
Total Assets	\$ <b><u>4,332,996</u></b>	<u>3,931,104</u>
Current Liabilities	\$ <b><u>801,300</u></b>	<u>928,424</u>
Total Liabilities	<b><u>801,300</u></b>	<u>928,424</u>
Net Assets:		
Invested in Capital Assets	<b>295,586</b>	166,755
Restricted Assets	<b>1,472,762</b>	1,184,332
Unrestricted Assets	<b><u>1,763,348</u></b>	<u>1,651,593</u>
Total Net Assets	<b><u>3,531,696</u></b>	<u>3,002,680</u>
Total Liabilities And Net Assets	\$ <b><u>4,332,996</u></b>	<u>3,931,104</u>

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

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

	<b>2011</b>	2010
Rental income	\$ 15,144	13,436
Other revenue	314,806	277,513
Total operating revenues	329,950	290,949
Total operating expenses	2,475,498	2,696,110
Operating income (loss)	(2,145,548)	(2,405,161)
Non-Operating revenues and expenses	2,567,382	2,771,585
Net income (loss)	421,834	366,424
Beginning net assets -previously restated	3,002,680	4,108,734
Restatements	107,182	(1,472,478)
Beginning net assets -restated	3,109,862	2,636,256
Total net assets, year-end	\$ 3,531,696	3,002,680

**Budgetary Highlights**

During Fiscal Year 2011, there was one revision to the Housing Authority's operating budgets to reflect updated funding and expenditure levels.

For the Public Housing program, total operating revenues matched budgeted operating revenues, while total operating expenditures were lower than budgeted by only \$9. For the Section 8 Voucher program, total operating revenues matched budgeted operating revenues and total operating expenses were lower than budgeted by only \$5. For the Business Activities program, total operating revenues matched budgeted operating revenues, while total operating expenses were lower than budgeted by only \$4. Total Business Activities non-operating revenues were higher than budgeted by \$2,199 as a result of an entry to accrue interest income due to the Housing Authority on a \$220,000 loan made to the New Mexico Housing Corporation.

**Capital Assets**

At the end of Fiscal Year 2011, the Housing Authority had \$665,380(net of depreciation) invested in a range of capital assets, including land, dwelling units, furniture and equipment, and infrastructure, for a decrease of only \$13,426 from the previous fiscal year.

**Debt**

At year-end, the Housing Authority had \$369,794 of notes outstanding.

**Economic Factors and New Year's Budgets and Rates**

The Housing Authority's staff and Board of Commissioners considered many factors when setting the Fiscal Year 2011 budget. One of the main factors is the economy. The demand for housing assistance should not diminish, due to the local and national economies.



**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2011**

As of September 2011, the unemployment rate for Dona Ana County was 7.5%, an increase of .7% from the same time period last year. The average rate for the state of New Mexico as a whole was 6.6%, while the unemployment rate for the nation as a whole was 9.1%. 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). For the public housing program, the final funding percentage for calendar year 2011 was 100.00%, compared to 103.00% for calendar year 2010, and 88.42% for calendar year 2009. The housing authority operates in an environment of annually fluctuating funding levels.

**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)**  
**STATEMENT OF NET ASSETS**  
**As of June 30, 2011**

	Section 8 Vouchers Housing Choice	Public Housing - Villa Sereno	Business Activities		Capital Fund Program	Total June 30, 2011
			Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents-Unrestricted	\$ 492,510	306,093	327,113	-	-	1,125,716
Cash and cash equivalents-Restricted	1,472,762	-	-	-	-	1,472,762
Investments	-	-	-	51,971	-	51,971
Due from other funds	-	-	398,363	-	1,435	399,798
Tenant receivable, net	-	-	728	-	-	728
Mortgage receivable	-	-	75,917	-	-	75,917
Other receivable, net	-	-	-	301,074	-	301,074
Deposits	-	-	17,450	-	-	17,450
Note receivable	-	-	220,000	-	-	220,000
Interest receivable	-	-	2,200	-	-	2,200
<b>Total current assets</b>	<b>1,965,272</b>	<b>306,093</b>	<b>1,041,771</b>	<b>353,045</b>	<b>1,435</b>	<b>3,667,616</b>
<b>Non-current assets</b>						
Capital assets (net of accumulated depreciation)	-	80,696	8,288	576,396	-	665,380
<b>Totals assets</b>	<b>\$ 1,965,272</b>	<b>386,789</b>	<b>1,050,059</b>	<b>929,441</b>	<b>1,435</b>	<b>4,332,996</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 9,588	10,981	9,900	-	-	30,469
Due to other funds	-	-	-	398,363	1,435	399,798
Notes payable	-	-	-	369,794	-	369,794
Tenant security deposits	-	1,239	-	-	-	1,239
<b>Total current liabilities</b>	<b>9,588</b>	<b>12,220</b>	<b>9,900</b>	<b>768,157</b>	<b>1,435</b>	<b>801,300</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	-	80,696	8,288	206,602	-	295,586
Restricted -HAP Equity	1,472,762	-	-	-	-	1,472,762
Unrestricted	482,922	293,873	1,031,871	(45,318)	-	1,763,348
<b>Total net assets</b>	<b>1,955,684</b>	<b>374,569</b>	<b>1,040,159</b>	<b>161,284</b>	<b>-</b>	<b>3,531,696</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,965,272</b>	<b>386,789</b>	<b>1,050,059</b>	<b>929,441</b>	<b>1,435</b>	<b>4,332,996</b>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**For the Year Ended June 30, 2011**

	Section 8 Vouchers Housing Choice	Public Housing - Villa Sereno	Business Activities		Capital Fund Program	Total June 30, 2011
			Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
<b>OPERATING REVENUES</b>						
Rental income	\$ -	15,144	-	-	-	15,144
Other income	276,597	874	-	37,335	-	314,806
Total operating revenues	<u>276,597</u>	<u>16,018</u>	<u>-</u>	<u>37,335</u>	<u>-</u>	<u>329,950</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	2,392,139	24,658	29,383	-	-	2,446,180
Depreciation	-	28,680	638	-	-	29,318
Total operating expenses	<u>2,392,139</u>	<u>53,338</u>	<u>30,021</u>	<u>-</u>	<u>-</u>	<u>2,475,498</u>
Operating income (loss)	(2,115,542)	(37,320)	(30,021)	37,335	-	(2,145,548)
<b>NON-OPERATING REVENUES AND EXPENSES</b>						
Federal grants and subsidies	2,536,114	22,144	-	-	-	2,558,258
Net sales proceeds	-	-	-	-	-	-
Interest Income-Restricted	-	-	-	464	-	464
Interest Income-Unrestricted	2,939	520	7,305	-	-	10,764
Interest paid	-	-	-	(2,104)	-	(2,104)
Casualty loss	-	-	-	-	-	-
Total non-operating revenues and expenses	<u>2,539,053</u>	<u>22,664</u>	<u>7,305</u>	<u>(1,640)</u>	<u>-</u>	<u>2,567,382</u>
Net income (loss) before transfers	423,511	(14,656)	(22,716)	35,695	-	421,834
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	<u>423,511</u>	<u>(14,656)</u>	<u>(22,716)</u>	<u>35,695</u>	<u>-</u>	<u>421,834</u>
Net assets - beginning as previously stated	1,529,984	389,225	1,062,875	20,596	-	3,002,680
Restatements	2,189	-	-	104,993	-	107,182
Net assets - beginning as restated	<u>1,532,173</u>	<u>389,225</u>	<u>1,062,875</u>	<u>125,589</u>	<u>-</u>	<u>3,109,862</u>
Net assets ended - June 30	<u><u>1,955,684</u></u>	<u><u>374,569</u></u>	<u><u>1,040,159</u></u>	<u><u>161,284</u></u>	<u><u>-</u></u>	<u><u>3,531,696</u></u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2011**

	Section 8	Public	Business Activities		Capital	Total
	Vouchers		Housing -	Home		
	Housing	Housing -	Choice-Villa	Quinto Sol -	Program	June 30,
	Choice	Villa Sereno	Sereno	NMMFA		2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Rental receipts	\$ -	16,064	-	-	-	16,064
Other receipts	276,597	874	-	37,335	-	314,806
Payments to vendors	<u>(2,385,348)</u>	<u>(15,153)</u>	<u>(20,223)</u>	<u>-</u>	<u>-</u>	<u>(2,420,724)</u>
Net cash provided by (used) by operating activities	(2,108,751)	1,785	(20,223)	37,335	-	(2,089,854)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Note receivable	-	-	(220,000)	-	-	(220,000)
Issuance of mortgages to homeowners	-	-	-	-	-	-
Repayment of mortgages received	-	-	1,199	-	-	1,199
Interest received	<u>2,939</u>	<u>520</u>	<u>5,105</u>	<u>-</u>	<u>-</u>	<u>8,564</u>
Net cash provided by (used) by investing activities	<u>2,939</u>	<u>520</u>	<u>(213,696)</u>	<u>-</u>	<u>-</u>	<u>9,763</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	-	(15,892)	-	-	-	(15,892)
Net proceeds from sale of assets held for sale	-	-	-	-	-	-
Proceeds from note	-	-	-	-	-	-
Cash paid on note	-	-	-	(37,263)	-	(37,263)
Interest paid	-	-	-	(2,104)	-	(2,104)
Federal capital grant receipts	-	-	-	-	-	-
Advances (to) from other funds	-	-	(2,032)	2,032	-	-
Net cash provided by (used) by investing activities	<u>-</u>	<u>(15,892)</u>	<u>(2,032)</u>	<u>(37,335)</u>	<u>-</u>	<u>(55,259)</u>
<b>CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES</b>						
Federal grant receipts	2,536,114	22,144	-	-	-	2,558,258
Tenant Deposits	-	-	-	-	-	-
Transfer from Capital Fund Program	-	-	-	-	-	-
Transfer from Public Housing	-	-	-	-	-	-
Transfer to Home Choice	-	-	-	-	-	-
Net cash provided by (used) by noncapital and related financing activities	<u>2,536,114</u>	<u>22,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,558,258</u>
Net increase (decrease) in cash and cash equivalents	430,302	8,557	(235,951)	-	-	478,167
Cash and cash equivalents at beginning of year	1,534,970	297,536	563,064	-	-	2,395,570
Cash and cash equivalents at end of year	<u>\$ 1,965,272</u>	<u>306,093</u>	<u>327,113</u>	<u>-</u>	<u>-</u>	<u>2,598,478</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2011**

	Section 8		Business Activities		Capital Fund Program	Total June 30, 2011
	Vouchers Housing Choice	Public Housing - Villa Sereno	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)	\$ (2,115,542)	(37,320)	(30,021)	37,335	-	(2,145,548)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities;						
Depreciation expense	-	28,680	638	-	-	29,318
Tenant receivable	-	920	-	-	-	920
Other receivable	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Accounts payable	6,791	9,505	9,160	-	-	25,456
Net cash provided (used by) operating activities	\$ <u>(2,108,751)</u>	<u>1,785</u>	<u>(20,223)</u>	<u>37,335</u>	<u>-</u>	<u>(2,089,854)</u>

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

The 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.

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

**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, fund equity, 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.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, APE 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.

The Housing Authority has determined that it prefers to present all funds as major funds.

The Proprietary Funds are as follow:

**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.

*Capital Fund Program* – To account for HUD's Public Housing Capital Fund Program, 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.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

**Budgets and Budgetary Accounting**

The Housing Authority adopts annual operating budgets in accordance U.S. Department of Housing and Urban Development regulations. The Housing Authority prepares its budgets on the modified accrual budgetary basis. Depreciation is not budgeted by the Housing Authority.

Budgetary comparisons shown in the schedule compare actual revenues and expenses with the modified accrual budgetary basis amounts as amended. Budgetary control is required to be maintained at the individual funds 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**

The Housing Authority is managed by the City of Las Cruces and has no county paid employees.

**Cash and Cash Equivalents**

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

**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. These transactions 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.



**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2011.

**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

**NOTE 2. CASH AND INVESTMENTS**

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, 2011 consisted of the following:

	<b>Citizens Bank</b>
Total amount of deposits in bank	\$ 2,659,749
Less: FDIC coverage	<u>(500,000)</u>
Total uninsured public funds	2,159,749
State Collateral Requirement - 50%	1,079,875
Pledged security	<u>3,188,127</u>
Over/(under) collateralized	<u>\$ 2,108,253</u>

The uninsured bank deposits (not covered by FDIC) were adequately collateralized in accordance with federal regulations. Federal securities are stated at market value.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

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	\$ 2,659,749
Uninsured, collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Authority's name	-
Uninsured and uncollateralized	-
Total cash (on deposit)	\$ <u><u>2,659,749</u></u>

<b>Investments</b>	<u>Cost</u>	<u>Market Value</u>		<u>Weighted Average Maturity Days</u>
Citizens Bank:				
Certificate of Deposit	\$ <u>51,971</u>	<u>51,971</u>		
Investment Type CD's	<u>Cost Basis</u>	<u>Market Value</u>	<u>Credit Risk- Rating</u>	
CD's	\$ <u>51,971</u>	<u>51,971</u>	NR	365

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, 2011, of the \$2,659,749 bank balance, none was exposed to custodial credit risk.

The categories and amounts are shown below:

*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 by the pledging bank's trust department not 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, 6-10-10 FNMSA 1978, 6-10-10 NMSA 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 rated fixed by the State Board of Finance, but in no case shall the

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 2. CASH AND INVESTMENTS (CONTINUED)**

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.

For details see Schedule of Pledged Collateral per the table of contents.

**NOTE 3. RECEIVABLES**

**Accounts and Tenant Receivables**

Tenant receivables are reported at their gross value in the amount of \$728. 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	\$	205,784
Allowance for doubtful accounts		(129,867)
Net receivable at June 30, 2011	\$	<u>75,917</u>

**Note Receivable**

During the year ended June 30, 2011, the Housing Authority approved a promissory note to the New Mexico Housing Corporation for \$220,000 for the purpose of development and renovation of low income rentals housing projects within New Mexico. The date of the note is July 12, 2011 and the term of the note is eight years at an interest rate of one per cent (1.0%). According to the terms of the note, principal and interest may be paid at any time in any amount during the term of the loan. Interest shall accrue and be added to the principal on an annual basis.

**Other Receivables**

Other receivables consist of \$301,704 from the New Mexico Mortgage Finance Authority for the Casa del Quinto Sol development and \$1,435 for the Capital Fund Program from HUD. 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**  
**For the Year Ended June 30, 2011**

**NOTE 4. CHANGE IN CAPITAL ASSETS**

	Balance 2010	Additions	Deletions	Balance 2011
Capital assets not being depreciated:				
Land	\$ 145,286	-	-	145,286
Capital assets being depreciated:				
Building and improvements	379,930	15,892	-	395,822
Furniture and equipment	8,987	-	(1,681)	7,306
Infrastructure	508,756	-	-	508,756
Total capital assets being depreciated	<u>897,673</u>	<u>15,892</u>	<u>(1,681)</u>	<u>911,884</u>
Less accumulated depreciation for:				
Building and improvements	(329,622)	(22,424)	-	(352,046)
Furniture and equipment	(1,681)	(1,461)	1,681	(1,461)
Infrastructure	(32,850)	(5,433)	-	(38,283)
Total accumulated depreciation	<u>(364,153)</u>	<u>(29,318)</u>	<u>1,681</u>	<u>(391,790)</u>
Total capital assets being depreciated	<u>533,520</u>	<u>(13,426)</u>	<u>-</u>	<u>520,094</u>
Total capital asstes, net of depreciation	<u>\$ 678,806</u>	<u>(13,426)</u>	<u>-</u>	<u>665,380</u>

Depreciation expense for business-type funds for the year ended June 30, 2011 was \$29,318.

**NOTE 5. DEBT**

	June 30, 2010	Increases	Decreases	Adjustments	June 30, 2011	Amount due within one year
Notes payable	\$ 512,051	-	(142,257)	-	369,794	369,794
	<u>\$ 512,051</u>	<u>-</u>	<u>(142,257)</u>	<u>-</u>	<u>369,794</u>	<u>369,794</u>

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

**NOTE 5. DEBT (CONTINUED)**

**Principal and interest payments**

Year Ending June 30	Business-type Funds Notes Payable	
	Principal	Interest
2011	\$ 369,794	2,103
	\$ 369,794	2,103

Interest rate on the note is 2.00 % and is secured by Housing Authority buildings.

**NOTE 6. INTERFUND PAYABLES AND RECEIVABLES**

Due From:	Due To:		
	Home Choice Villa-Sereno	Home Choice	Total
Casa del Quinto Sol - NMMFA	\$ 398,363	-	398,363
Capital Fund Program	-	1,435	1,435
Total	\$ 398,363	1,435	399,798

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 7. 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.

**NOTE 8. RISK MANAGEMENT**

- \$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

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2011**

\$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 2011 were \$3,779,958.

**NOTE 9. 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 10. RELATED PARTY TRANSACTION**

The Housing Authority loaned \$220,000 to the New Mexico Housing Corporation (a nonprofit organization) during the year ended June 30, 2011. The executive director of the Housing Authority also serves as president of the New Mexico Housing Corporation. Three City commissioners who serve on the board of the Housing Authority also are members of the board of the New Mexico Housing Corporation. See note receivable disclosure note details above.

**NOTE 10. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

Net Working Capital:

Proprietary Fund	\$	<u>2,866,316</u>
------------------	----	------------------

**NOTE 11. 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 reimbursing fund and as reductions of expenditures in the fund that is reimbursed. For the year ended June 30, 2011 there were no interfund transactions.

**NOTE 12. BUDGETS**

The Housing Authority prepares budgets in accordance with HUD's requirements, which do not require subsequent amendments, except for State of New Mexico requirements.

**NOTE 13. RESTATEMENTS**

The Housing Authority restated \$107,182 of prior year net assets related to business activities.

The restatements were made for proprietary long-term debt that was adjusted down by the New Mexico Finance Authority by \$104,993 and for prior year program voided checks totaling \$2,189 that HUD requires to be adjusted as a prior period adjustment. As a result beginning net assets were increased in the amount of \$107,182. Beginning net assets were increased by \$104,993 and \$2,189 in the Casa del Quinto Sol – NMMFA and Section 8 Vouchers Housing Choice Funds respectively.

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**BUSINESS ACTIVITIES**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET (MODIFIED ACCRUAL BUDGETARY BASIS) TO ACTUAL**  
**For the Year Ended June 30, 2011**

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>						
Rental income	\$ -	-	-	-	-	-
Other	37,335	(70)	37,265	-	37,265	-
Total revenues	<u>37,335</u>	<u>(70)</u>	<u>37,265</u>	<u>-</u>	<u>37,265</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	29,383	(70)	29,313	368,624	29,317	4
Depreciation	638	(638)	-	-	-	-
Total operating expenditures	<u>30,021</u>	<u>(708)</u>	<u>29,313</u>	<u>368,624</u>	<u>29,317</u>	<u>4</u>
Operating Income (loss)	7,314	638	7,952	(368,624)	7,948	(4)
<b>Non-Operating Revenue and Expenses:</b>						
Federal grants and subsidies	-	-	-	944,710	-	-
Net sales proceeds	-	-	-	420,000	-	-
Interest income	7,769	-	7,769	1,405	5,570	2,199
Interest expense	(2,104)	-	(2,104)	-	(2,104)	-
Development costs	-	-	-	(944,710)	-	-
Total non-operating revenue expenses	<u>5,665</u>	<u>-</u>	<u>5,665</u>	<u>421,405</u>	<u>3,466</u>	<u>2,199</u>
Net income (loss) before transfers	12,979	(708)	13,617	52,781	11,414	2,195
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	<u>\$ 12,979</u>	<u>(708)</u>	<u>13,617</u>	<u>52,781</u>	<u>11,414</u>	<u>2,195</u>
Net assets, beginning of year	<u>\$ 1,188,464</u>		<u>1,188,464</u>	<u>1,188,464</u>	<u>1,188,464</u>	

See accompanying notes to the financial 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 (MODIFIED ACCRUAL BUDGETARY BASIS) TO ACTUAL**  
**For the Year Ended June 30, 2011**

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>						
Rental income	\$ 15,144	-	15,144	10,809	15,144	-
Other	874	-	874	270	874	-
Total revenues	<u>16,018</u>	<u>-</u>	<u>16,018</u>	<u>11,079</u>	<u>16,018</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	24,658	-	24,658	27,502	24,667	9
Depreciation	28,680	(28,680)	-	-	-	-
Total operating expenditures	<u>53,338</u>	<u>(28,680)</u>	<u>24,658</u>	<u>27,502</u>	<u>24,667</u>	<u>9</u>
Operating Income (loss)	(37,320)	28,680	(8,640)	(16,423)	(8,649)	9
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	22,144	-	22,144	18,816	22,144	-
Interest income	520	-	520	424	521	(1)
Total non-operating revenue expenses	<u>22,664</u>	<u>-</u>	<u>22,664</u>	<u>19,240</u>	<u>22,665</u>	<u>(1)</u>
Net income (loss) before transfers	(14,656)	28,680	14,024	2,817	14,016	8
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	<u>\$ (14,656)</u>	<u>28,680</u>	<u>14,024</u>	<u>2,817</u>	<u>14,016</u>	<u>8</u>
Net assets, beginning of year	<u>\$ 389,225</u>		<u>389,225</u>	<u>389,225</u>	<u>389,225</u>	

See accompanying notes to the financial 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 (MODIFIED ACCRUAL BUDGETARY BASIS) TO ACTUAL**  
**For the Year Ended June 30, 2011**

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>						
Rental income	\$ -	-	-	-	-	-
Other	276,597	-	276,597	267,405	276,597	-
Total revenues	<u>276,597</u>	<u>-</u>	<u>276,597</u>	<u>267,405</u>	<u>276,597</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	2,392,139	-	2,392,139	3,048,215	2,392,144	5
Depreciation	-	-	-	-	-	-
Total operating expenditures	<u>2,392,139</u>	<u>-</u>	<u>2,392,139</u>	<u>3,048,215</u>	<u>2,392,144</u>	<u>5</u>
Operating Income (loss)	(2,115,542)	-	(2,115,542)	(2,780,810)	(2,115,547)	(5)
<b>Non-Operating Revenue and Expenses:</b>						
Federal grants and subsidies	2,536,114	-	2,536,114	2,783,983	2,536,114	-
Interest income	2,939	-	2,939	1,824	2,939	-
Total non-operating revenue expenses	<u>2,539,053</u>	<u>-</u>	<u>2,539,053</u>	<u>2,785,807</u>	<u>2,539,053</u>	<u>-</u>
Net income (loss) before transfers	423,511	-	423,511	4,997	423,506	(5)
Transfers out	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Change in net assets	\$ <u>423,511</u>	<u>-</u>	<u>423,511</u>	<u>4,997</u>	<u>423,506</u>	<u>(5)</u>
Net assets, beginning of year	\$ <u>1,532,173</u>		<u>1,532,173</u>	<u>1,532,173</u>	<u>1,532,173</u>	

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**CAPITAL FUND PROGRAM**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET (MODIFIED ACCRUAL BUDGETARY BASIS) TO ACTUAL**  
**For the Year Ended June 30,2011**

	Actual on GAAP Basis	Adjustments	Actual on Budgetary Basis	Non-GAAP Original Budget	Non-GAAP Revised Budget	Variance Favorable (Unfavorable)
<b>OPERATING REVENUES</b>						
Rental income	\$ -	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total operating expenditures	-	-	-	-	-	-
Operating Income (loss)	-	-	-	-	-	-
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Total non-operating revenue/ Expenses	-	-	-	-	-	-
Net income (loss) before transfe	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	\$ -	-	-	-	-	-
Net assets, beginning of year	\$ -		-	-	-	

See accompanying notes to the financial statements.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2011**

<b>Federal Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Program or Award Amount</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Housing &amp; Urban Development</b>			
Direct Funding:			
Public Housing Operating Subsidy	14.850	\$ 22,144	\$ 22,144
Section 8 Housing Choice Vouchers	14.871	2,812,559	2,812,559
CFP 2009	14.872	12,204	-
CFP 2010	14.872	12,163	-
<b>Total U.S. Dept of Housing and Urban Development</b>			<u>\$ 2,834,703</u>
		Federal revenue	\$ 2,834,703
		Federal expenditures	<u>2,834,703</u>
		Difference	<u>\$ -</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

1. GENERAL

The accompanying schedule of federal awards includes the activity of all federal awards 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 Organizations*.

3. OVERSIGHT AGENCY

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

**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF DONA ANA COUNTY  
SCHEDULE OF PLEDGED COLLATERAL  
BY BANK AND ACCOUNT  
As of June 30, 2011**

<u>Account Name</u>	<u>Account Type</u>	<u>Citizens Bank</u>	<u>Book Balance</u>
<b>Interest bearing accounts</b>			
General Operating	Checking	\$ 2,607,778	2,598,478
Certificate of deposit	CD	<u>51,971</u>	<u>51,971</u>
Total amount of deposit in bank		2,659,749	2,650,449
FDIC coverage		<u>(500,000)</u>	
Total uninsured public funds		2,159,749	
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		\$ 1,079,875	
Pledged security at:			
Federal Home Loan Bank-Dallas			
FHLB 3133CHPH9 Due 11/18/2011		\$ 509,605	
FHLB 3133XE1X3 Due 3/11/2016		1,705,500	
FFCB 3133IVCA2 Due 10/11/2012		422,472	
FHLB 3133XHW57 Due 12/13/2013		<u>550,550</u>	
		3,188,127	
Amount over collateralized		\$ <u><u>2,108,253</u></u>	
Total book balance		\$ <u><u>2,650,449</u></u>	

**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**

**LAS CRUCES, NEW MEXICO**

**FINANCIAL DATA SCHEDULE**

**BALANCE SHEET**

**As of June 30, 2011**

	Project Total	14,871 Housing Choice Vouchers	1 Business Activities	Total
111 Cash - Unrestricted	\$ 306,093	492,510	327,113	1,125,716
112 Cash - Restricted - Modernization and Development	-	-	-	-
113 Cash - Other Restricted	-	1,472,762	-	1,472,762
114 Cash - Tenant Security Deposits	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	306,093	1,965,272	327,113	2,598,478
121 Accounts Receivable - PHA Projects	-	-	-	-
122 Accounts Receivable - HUD Other Projects	1,435	-	-	1,435
124 Accounts Receivable - Other Government	-	-	-	-
125 Accounts Receivable - Miscellaneous	-	-	506,858	506,858
126 Accounts Receivable - Tenants	4,405	-	728	5,133
126.1 Allowance for Doubtful Accounts - Tenants	(4,405)	-	-	(4,405)
126.2 Allowance for Doubtful Accounts - Other	-	-	(129,867)	(129,867)
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	-	-	2,200	2,200
120 Total Receivables, Net of Allowances for Doubtful Accounts	1,435	-	379,919	381,354
131 Investments - Unrestricted	-	-	51,971	51,971
132 Investments - Restricted	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-
142 Prepaid Expenses and Other Assets	-	-	-	-
143 Inventories	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-
144 Inter Program Due From	-	-	-	-
145 Assets Held for Sale	-	-	-	-
150 Total Current Assets	307,528	1,965,272	759,003	3,031,803
161 Land	23,311	-	100,490	123,801
162 Buildings	386,260	-	9,563	395,823
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	7,306	-	-	7,306

**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**

**LAS, CRUCES, NEW MEXICO**

**FINANCIAL DATA SCHEDULE - CONTINUED**

**As of June 30, 2011**

165 Leasehold Improvements	54,334	-	475,906	530,240
166 Accumulated Depreciation	(390,515)	-	(1,275)	(391,790)
167 Construction in Progress	-	-	-	-
168 Infrastructure	-	-	-	-
160 Total Capital Assets, Net of Accumulated Depreciation	80,696	-	584,684	665,380
171 Notes, Loans and Mortgages Receivable - Non-Current	-	-	220,000	220,000
172 Notes, Loans, & Mortgages Receivable - Non Current - Past	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-
174 Other Assets	-	-	17,450	17,450
176 Investments in Joint Ventures	-	-	-	-
180 Total Non-Current Assets	80,696	-	822,134	902,830
190 Total Assets	\$ 388,224	1,965,272	1,581,137	3,934,633
311 Bank Overdraft	\$ 1,435	-	-	1,435
312 Accounts Payable <= 90 Days	10,981	9,588	9,900	30,469
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	1,239	-	-	1,239
342 Deferred Revenues	-	-	-	-
343 Current Portion of Long-term Debt - Capital	-	-	-	-
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	13,655	9,588	9,900	33,143
351 Long-term Debt, Net of Current - Capital	-	-	369,793	369,793
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	-	-	-	-

**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**  
**LAS CRUCES, NEW MEXICO**  
**FINANCIAL DATA SCHEDULE - CONTINUED**

**As Of June 30, 2011**

357	Accrued Pension and OPEB Liabilities	-	-	-	-
350	Total Non-Current Liabilities	-	-	369,793	369,793
300	Total Liabilities	13,655	9,588	379,693	402,936
508.1	Invested In Capital Assets, Net of Related Debt	80,696	-	214,891	295,587
509.2	Fund Balance Reserved	-	-	-	-
511.2	Unreserved, Designated Fund Balance	-	-	-	-
511.1	Restricted Net Assets	-	1,472,762	-	1,472,762
512.1	Unrestricted Net Assets	293,873	482,922	986,553	1,763,348
512.2	Unreserved, Undesignated Fund Balance	-	-	-	-
513	Total Equity/Net Assets	374,569	1,955,684	1,201,444	3,531,697
600	Total Liabilities and Equity/Net Assets	\$ 388,224	1,965,272	1,581,137	3,934,633

**HOUSING AUTHORITY OF DONA COUNTY (062)**  
**LAS CRUCES, NEW MEXICO**  
**FINANCIAL DATA SCHEDULE**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**For The Year Ended June 30, 2011**

	Public Housing	Housing Choice Vouchers	Business Activities	Total
70300 Net Tenant Rental Revenue	\$ 15,144	-	-	15,144
70400 Tenant Revenue - Other	874	-	-	874
70500 Total Tenant Revenue	16,018	-	-	16,018
70600 HUD PHA Operating Grants	22,144	2,812,559	-	2,834,703
70610 Capital Grants	-	-	-	-
70710 Management Fee	-	-	-	-
70720 Asset Management Fee	-	-	-	-
70730 Book Keeping Fee	-	-	-	-
70740 Front Line Service Fee	-	-	-	-
70750 Other Fees	-	-	-	-
70700 Total Fee Revenue	-	-	-	-
70800 Other Government Grants	-	-	-	-
71100 Investment Income - Unrestricted	520	2,939	7,305	10,764
71200 Mortgage Interest Income	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-
71400 Fraud Recovery	-	-	-	-
71500 Other Revenue	-	152	37,265	37,417
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-
72000 Investment Income - Restricted	-	-	464	464
70000 Total Revenue	38,682	2,815,650	45,034	2,899,366
91100 Administrative Salaries	3,735	57,716	9,962	71,413
91200 Auditing Fees	-	-	-	-
91300 Management Fee	1,236	166,213	11,664	179,113
91310 Book-keeping Fee	-	-	-	-
91400 Advertising and Marketing	-	-	-	-
91500 Employee Benefit contributions - Administrative	1,341	22,239	1,021	24,601
91600 Office Expenses	158	1,307	365	1,830



**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**  
**LAS CRUCES, NM**  
**FINANCIAL DATA SCHEDULE - CONTINUED**

**For The Year Ended June 30, 2011**

91700 Legal Expense	1,920	-	2,000	3,920
91800 Travel	-	21	-	21
91810 Allocated Overhead	-	-	-	-
91900 Other	651	39,578	4,294	44,523
91000 Total Operating - Administrative	9,041	287,055	29,306	325,401
92000 Asset Management Fee	-	-	-	-
92100 Tenant Services - Salaries	-	-	-	-
92200 Relocation Costs	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	-
92400 Tenant Services - Other	-	-	-	-
92500 Total Tenant Services	-	-	-	-
93100 Water	286	-	-	286
93200 Electricity	1,933	-	-	1,933
93300 Gas	548	-	-	548
93400 Fuel	-	-	-	-
93500 Labor	-	-	-	-
93600 Sewer	490	-	-	490
93700 Employee Benefit Contributions - Utilities	-	-	-	-
93800 Other Utilities Expense	252	-	-	252
93000 Total Utilities	3,509	-	-	3,509
94100 Ordinary Maintenance and Operations - Labor	2,818	-	-	2,818
94200 Ordinary Maintenance and Operations - Materials	7,337	-	-	7,337
94300 Ordinary Maintenance and Operations Contracts	-	-	-	-
94500 Employee Benefit Contributions - Ordinary	1,011	-	-	1,011
94000 Total Maintenance	11,166	-	-	11,166
95100 Protective Services - Labor	-	-	-	-
95200 Protective Services - Other Contract Costs	-	-	-	-
95300 Protective Services - Other	-	-	-	-
95500 Employee Benefit Contributions - Protective	-	-	-	-
95000 Total Protective Services	-	-	-	-
96110 Property Insurance	-	-	-	-
96120 Liability Insurance	-	-	-	-

**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**  
**LAS CRUCES, NM**  
**FINANCIAL DATA SCHEDULE - CONTINUED**

**For the Year Ended June 30, 2011**

96130 Workmen's Compensation	3	15	1	19
96140 All Other Insurance	-	-	-	-
96100 Total insurance Premiums	3	15	1	19
96200 Other General Expenses	-	1,893	-	1,893
96210 Compensated Absences	-	-	-	-
96300 Payments in Lieu of Taxes	-	-	-	-
96400 Bad debt - Tenant Rents	938	-	-	938
96500 Bad debt - Mortgages	-	-	-	-
96600 Bad debt - Other	-	-	-	-
96800 Severance Expense	-	-	-	-
96000 Total Other General Expenses	938	1,893	-	2,831
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	-	-	2,103	2,103
96730 Amortization of Bond Issue Costs	-	-	-	-
96700 Total Interest Expense and Amortization Cost	-	-	2,103	2,103
96900 Total Operating Expenses	24,657	288,963	31,410	345,030
97000 Excess of Operating Revenue over Operating	14,025	2,526,687	13,624	2,554,336
97100 Extraordinary Maintenance	-	-	-	-
97200 Casualty Losses - Non-capitalized	-	-	-	-
97300 Housing Assistance Payments	-	2,103,176	-	2,103,176
97350 HAP Portability-In	-	-	-	-
97400 Depreciation Expense	28,680	-	638	29,318
97500 Fraud Losses	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-
90000 Total Expenses	53,337	2,392,139	32,048	2,477,524
10010 Operating Transfer In	-	-	-	-
10020 Operating transfer Out	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-

**HOUSING AUTHORITY OF DONA ANA COUNTY (062)**  
**LAS CRUCES, NM**  
**FINANCIAL DATA SCHEDULE - CONTINUED**

**For The Year Ended June 30, 2011**

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)	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under)	(14,656)	423,511	12,986	421,841
	(Under) Total Expenses	-	-	-	-
11020	Required Annual Debt Principal Payments	-	-	-	-
11030	Beginning Equity	389,225	1,529,984	1,083,471	3,002,680
11040	Prior Period Adjustments, Equity Transfers and	-	2,189	104,993	107,182
11050	Changes in Compensated Absence Balance	-	-	-	-
11060	Changes in Contingent Liability Balance	-	-	-	-
11070	Changes in Unrecognized Pension Transition	-	-	-	-
11080	Changes in Special Term/Severance Benefits	-	-	-	-
11090	Changes in Allowance for Doubtful Accounts -	-	-	-	-
11100	Changes in Allowance for Doubtful Accounts - Other	-	-	-	-
11170	Administrative Fee Equity	-	482,922	-	482,922
11180	Housing Assistance Payments Equity	-	1,472,762	-	1,472,762
11190	Unit Months Available	72	7,260	-	7,332
11210	Number of Unit Months Leased	60	5,476	-	5,536
11270	Excess Cash	\$ 291,818	-	-	291,818
11610	Land Purchases	-	-	-	-
11620	Building Purchases	-	-	-	-
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-
11650	Leasehold Improvements Purchases	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-
13510	CFFP Debt Service Payments	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL 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 and the budget comparisons for the major 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, 2011, which collectively comprise the Housing Authority of Dona Ana County's basic financial statements and have issued our report thereon dated November 14, 2011. 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 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 misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**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.

**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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.



Hinkle + Landers, P.C.

November 14, 2011



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

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

Compliance

We have audited the Housing Authority of Dona Ana County, State of New Mexico's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Dona Ana County's major federal programs for the year ended June 30, 2011. The Housing Authority of Dona Ana County, State of New Mexico'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 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 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 its major federal programs for the year ended June 30, 2011.

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, and accordingly we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

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

This report is intended solely for the information and use of the Board of County Commissioners, management, Legislative Finance Committee, Department of Finance and Administration, the State Auditor, 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.



Hinkle + Landers, P.C.  
November 14, 2011

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |             |
|--|-------------|
| 1. Type of auditors' report issued   | Unqualified |
| 1. Internal control over financial reporting:                                    |             |
| a. Material weakness identified?   | No          |
| b. Significant deficiencies identified not considered to be material weaknesses? | No          |
| c. Noncompliance material to the financial statements noted?                     | No          |

*Federal Awards:*

- |   |                                   |                        |        |                                   |  |
|---|-----------------------------------|------------------------|--------|-----------------------------------|--|
| 1. Internal control over major programs:  |                                   |                        |        |                                   |  |
| a. Material weaknesses identified?  | No                                |                        |        |                                   |  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | No                                |                        |        |                                   |  |
| 2. Type of auditors' report issued on compliance for major programs   | Unqualified                       |                        |        |                                   |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   | No                                |                        |        |                                   |  |
| 4. Identification of major programs:  |                                   |                        |        |                                   |  |
| <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>CFDA<br/>Number</u></td> <td style="width: 50%; text-align: center;"><u>Federal Program</u></td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> </table> | <u>CFDA<br/>Number</u>            | <u>Federal Program</u> | 14.871 | Section 8 Housing Choice Vouchers |  |
| <u>CFDA<br/>Number</u>  | <u>Federal Program</u>            |                        |        |                                   |  |
| 14.871  | Section 8 Housing Choice Vouchers |                        |        |                                   |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   | \$300,000                         |                        |        |                                   |  |
| 6. Auditee qualified as low-risk auditee?   | Yes                               |                        |        |                                   |  |



**HOUSING AUTHORITY OF DONA ANA COUNTY  
 (A DEPARTMENT OF DONA ANA COUNTY)  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2011**

**SECTION II AND III-FINANCIAL STATEMENTS AND  
 FEDERAL AWARD FINDINGS**

<b>Findings</b>	<b>Status of Prior Year Findings</b>	<b>Financial Statement Finding</b>	<b>Federal Award Finding</b>
<b>Prior years findings</b>			
None	-	-	-
<b>Current year findings</b>			
None	-	-	-

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
EXIT CONFERENCE  
For the Year Ended June 30, 2011**

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Presentation: The accompanying financial statements are the responsibility of the Housing Authority of Doña Ana County and are based on information from the Housing Authority's financial records. Assistance was provided by Hinkle + Landers, PC to the Housing Authority in preparing the financial statements.

**B. EXIT CONFERENCE**

The contents of the report for the Housing Authority of Doña Ana County were discussed on November 14, 2011. The following individuals were in attendance.

Doña Ana County Officials

Scott A. Krahling	County Commissioner District 4
Brian Haines, CPA	County Manager
Sue Padilla	Assistant County Manager
Chuck McMahon	Deputy Assistant County Manager
Bill Noland	Finance Director
Nasreen Nelson, CPA	Controller
Mireya Moreno	Accountant III – Finance
Raquel Quiroga	Accountant III – Finance
Patricia Dillaway	Accountant III – Treasurers Office

Attending telephonically

Thomas G. Hassell, PHM, SHM

DAC Housing Authority – Executive Director

Auditors

Farley Vener, CPA, CFE  
Erick Robinson, CPA, CFE

Audit Partner  
Audit Manager