



# 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, 2012



**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
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**For the Year Ended June 30,2012**

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**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
OFFICIAL ROSTER  
As of June 30, 2012**

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

## **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, 2012, 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, 2012, 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, 2012, 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, 2012 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 Housing Authority of Dona Ana County has not presented Management's Discussion and Analysis that the *Government Accounting Standards Board* has determined is necessary to supplement, although not required to be part of, the basic statements.

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.



Hinkle + Landers, P.C.

November 13, 2012

**HOUSING AUTHORITY OF DONA ANA COUNTY**  
**(A DEPARTMENT OF DONA ANA COUNTY)**  
**STATEMENT OF NET ASSETS**  
**As of June 30, 2012**

	Section 8 Vouchers Housing Choice	Public Housing - Villa Sereno	Business Activities		Capital Fund Program	Total
			Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents-Unrestricted	\$ 458,733	304,499	586,145	-	-	1,349,377
Cash and cash equivalents-Restricted	836,037	-	-	-	-	836,037
Investments	-	-	-	45,550	-	45,550
Due from other funds	-	-	-	-	-	-
Tenant receivable, net	-	133	728	-	-	861
Other receivable, net	-	-	-	6,541	-	6,541
Deposits	-	-	17,450	-	-	17,450
<b>Total current assets</b>	<b>1,294,770</b>	<b>304,632</b>	<b>604,323</b>	<b>52,091</b>	<b>-</b>	<b>2,255,816</b>
<b>Non-current assets</b>						
Mortgage receivable	-	-	74,876	-	-	74,876
Capital assets (net of accumulated depreciation)	-	40,758	-	-	-	40,758
<b>Totals assets</b>	<b>\$ 1,294,770</b>	<b>345,390</b>	<b>679,199</b>	<b>52,091</b>	<b>-</b>	<b>2,371,450</b>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ -	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Tenant security deposits	-	679	-	-	-	679
<b>Total current liabilities</b>	<b>-</b>	<b>679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>679</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	-	40,758	-	-	-	40,758
Restricted -HAP Equity	836,037	-	-	-	-	836,037
Unrestricted	458,733	303,953	679,199	52,091	-	1,493,976
<b>Total net assets</b>	<b>1,294,770</b>	<b>344,711</b>	<b>679,199</b>	<b>52,091</b>	<b>-</b>	<b>2,370,771</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,294,770</b>	<b>345,390</b>	<b>679,199</b>	<b>52,091</b>	<b>-</b>	<b>2,371,450</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, 2012**

	Section 8 Vouchers Housing Choice	Public Housing - Villa Sereno	Business Activities		Capital Fund Program	Total
			Home Choice-Villa Sereno	Casa del Quinto Sol - NMMFA		
<b>OPERATING REVENUES</b>						
Rental income	\$ -	12,542	-	-	-	12,542
Other income	25	2,713	3	-	-	2,741
Total operating revenues	25	15,255	3	-	-	15,283
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	1,881,540	16,537	22,363	100	9,919	1,930,459
Depreciation	-	29,991	-	-	-	29,991
Total operating expenses	1,881,540	46,528	22,363	100	9,919	1,960,450
Operating income (loss)	(1,881,515)	(31,273)	(22,360)	(100)	(9,919)	(1,945,167)
<b>NON-OPERATING REVENUES AND EXPENSES</b>						
Federal grants and subsidies	1,218,654	11,030	-	-	9,919	1,239,603
Net sales proceeds	-	-	49,190	(507,739)	-	(458,549)
Interest Income-Restricted	-	-	-	120	-	120
Interest Income-Unrestricted	1,866	333	1,663	-	-	3,862
Interest paid	-	-	-	(877)	-	(877)
Total non-operating revenues and expenses	1,220,520	11,363	50,853	(508,496)	9,919	784,159
Net income (loss) before transfers	(660,995)	(19,910)	28,493	(508,596)	-	(1,161,008)
Transfers in	-	-	9,948	399,401	-	409,349
Transfers out	-	(9,948)	(399,401)	-	-	(409,349)
Change in net assets	(660,995)	(29,858)	(360,960)	(109,195)	-	(1,161,008)
Net assets - beginning as previously stated	1,955,684	374,569	1,040,159	161,286	-	3,531,698
Restatements	81	-	-	-	-	81
Net assets - beginning as restated	1,955,765	374,569	1,040,159	161,286	-	3,531,779
Net assets ending	\$ 1,294,770	344,711	679,199	52,091	-	2,370,771

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, 2012**

	Section 8	Public Housing - Villa Sereno	Business Activities		Capital Fund Program	Total
	Vouchers Housing Choice		Home Choice-Villa Sereno	Casa Del Quinto Sol - NMMFA		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Rental receipts	\$ -	12,408	-	-	-	12,408
Other receipts	22	2,702	3	-	-	2,727
Payments to vendors	(1,891,044)	(27,517)	(32,263)	(100)	(9,919)	(1,960,843)
Net cash provided by (used) by operating activities	(1,891,022)	(12,407)	(32,260)	(100)	(9,919)	(1,945,708)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Note receivable	-	-	220,000	-	-	220,000
Issuance of mortgages to homeowners	-	-	-	-	-	-
Repayment of mortgages received	-	-	1,041	-	-	1,041
Interest received	1,866	333	3,863	-	-	6,062
Net cash provided by (used) by investing activities	1,866	333	224,904	-	-	227,103
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of capital assets	-	-	-	-	-	-
Net proceeds from sale of assets held for sale	-	-	67,365	-	-	67,365
Proceeds from note	-	-	-	-	-	-
Cash paid on note	-	-	-	-	-	-
Interest paid	-	-	-	(877)	-	(877)
Federal capital grant receipts	-	-	-	-	-	-
Advances (to) from other funds	-	-	(977)	977	-	-
Net cash provided by (used) by investing activities	-	-	66,388	100	-	66,488
<b>CASH FLOWS FROM NONCAPITAL RELATED FINANCING ACTIVITIES</b>						
Federal grant receipts	1,218,654	11,030	-	-	9,919	1,239,603
Tenant Deposits	-	(550)	-	-	-	(550)
Transfer from Capital Fund Program	-	-	-	-	-	-
Transfer from Public Housing	-	-	-	-	-	-
Transfer to Home Choice	-	-	-	-	-	-
Net cash provided by (used) by noncapital and related financing activities	1,218,654	10,480	-	-	9,919	1,239,053
Net increase (decrease) in cash and cash equivalents	(670,502)	(1,594)	259,032	-	-	(413,064)
Cash and cash equivalents at beginning of year	1,965,272	306,093	327,113	-	-	2,598,478
Cash and cash equivalents at end of year	\$ 1,294,770	304,499	586,145	-	-	2,185,414

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, 2012**

	Section 8	Business Activities			Capital Fund Program	Total
	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)	\$ (1,881,515)	(31,273)	(22,360)	(100)	(9,919)	(1,945,167)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities;						
Depreciation expense	-	29,991	-	-	-	29,991
Tenant receivable	-	(133)	-	-	-	(133)
Other receivable	-	(11)	-	-	-	(11)
Prepaid expenses	-	-	-	-	-	-
Accounts payable	(9,507)	(10,981)	(9,900)	-	-	(30,388)
Net cash provided (used by) operating activities	\$ <u>(1,891,022)</u>	<u>(12,407)</u>	<u>(32,260)</u>	<u>(100)</u>	<u>(9,919)</u>	<u>(1,945,708)</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, 2012**

**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, 2012**

**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, 2012**

**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, 2012**

**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, 2012.

**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, 2012 consisted of the following:

	<b>Citizens Bank</b>
Total amount of deposits in bank	\$ 2,230,964
Less: FDIC coverage	(500,000)
Total uninsured public funds	<u>1,730,964</u>
State Collateral Requirement - 50%	865,482
Pledged security	<u>2,659,909</u>
Over/(under) collateralized	<u>\$ 1,794,427</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, 2012**

**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	\$ 2,230,964
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)	\$ 2,230,964

<b>Investments</b>	Cost	Market Value		Weighted Average Maturity Days
Citizens Bank:				
Certificate of Deposit	\$ 45,550	45,550		
Investment Type CD's	Cost Basis	Market Value	Credit Risk- Rating	
CD's	\$ 45,550	45,550	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, 2012, of the \$2,230,964 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

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

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

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 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 \$861. 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	\$	215,593
Allowance for doubtful accounts		(140,717)
Net receivable at June 30, 2012	\$	<u><u>74,876</u></u>

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**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 4. CHANGE IN CAPITAL ASSETS**

	Balance 2011	Additions	Deletions	Balance 2012
Capital assets not being depreciated:				
Land	\$ 123,802	-	(107,956)	15,846
Capital assets being depreciated:				
Building and improvements	395,822	-	(71,290)	324,532
Furniture and equipment	7,306	-	-	7,306
Infrastructure	530,240	-	(481,381)	48,859
Total capital assets being depreciated	933,368	-	(552,672)	380,696
Less accumulated depreciation for:				
Building and improvements	(352,046)	(25,245)	60,791	(316,500)
Furniture and equipment	(1,461)	(1,461)	-	(2,922)
Infrastructure	(38,283)	(3,285)	5,206	(36,362)
Total accumulated depreciation	(391,790)	(29,991)	65,997	(355,784)
Total capital assets being depreciated	541,578	(29,991)	(486,675)	24,912
Total capital asstes, net of depreciation	\$ 665,380	(29,991)	(594,631)	40,758

Depreciation expense for business-type funds for the year ended June 30, 2012 was \$29,991..

**NOTE 5. DEBT**

	June 30, 2011	Increases	Decreases	Adjustments	June 30, 2012	Amount due within one year
Notes payable	\$ 369,794	-	(369,794)	-	-	-
	\$ 369,794	-	(369,794)	-	-	-

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 5. DEBT (CONTINUED)**

**Principal and interest payments**

Year Ending June 30	Business-type Funds Notes Payable	
	Principal	Interest
2012	\$ 369,794	876
	\$ 369,794	876

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

**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.

**NOTE 7. 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  
\$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 2012 were \$3,437,888.

**NOTE 8. MANAGEMENT CONTRACT**

Dona Ana County has entered into a management contract with the Housing Authority of the City of Las Cruces (HACLCL) whereby HACLCL manages the Housing Authority of Dona Ana County. During the year ended June 30, 2012 the Housing Authority transferred all of its assets to the HACLCL which established the Mesilla Valley Public Housing Authority to serve both the City and County effectively terminating the contract.

**HOUSING AUTHORITY OF DONA ANA COUNTY  
(A DEPARTMENT OF DONA ANA COUNTY)  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012**

**NOTE 9. 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                   \$       2,330,017

**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 reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund Transfers In (Out)  
 Major Enterprise Funds:  
 Home Choice - Villa Sereno           \$           9,948  
 Casa del Quinto Sol-NMMFA                   399,401  
 Public Housing - Villa Sereno                   (9,948)  
 Home Choice - Villa Sereno                   (399,401)  
 Total Major Funds                               \$                 -

**NOTE 11. 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 12. RESTATEMENTS**

The Housing Authority restated \$81 of prior year net assets related to business activities.

The restatements were made for prior year program voided checks totaling \$81 that HUD requires to be adjusted as a prior period adjustment. As a result beginning net assets were increased in the amount of \$81. Beginning net assets were increased by \$81 in the Section 8 Vouchers Housing Choice Fund.

**NOTE 12. MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

During the year ended June 30, 2012 the County and the City of Las Cruces entered into an agreement to create an independent public agency that would provide affordable housing and related services in the City and the County. As a result the County at the ended of the fiscal year transferred ownership of any public housing (real property and all improvements) and personal property owned or administered by the Housing Authority of Dona Ana County located in Las Cruces or the County to the Mesilla Valley Public Housing Authority.

**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, 2012**

	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	22,463	-	22,463	162,024	162,024	139,561
Depreciation	-	-	-	638	638	638
Total operating expenditures	<u>22,463</u>	<u>-</u>	<u>22,463</u>	<u>162,662</u>	<u>162,662</u>	<u>140,199</u>
Operating Income (loss)	(22,463)	-	(22,463)	(162,662)	(162,662)	140,199
<b>Non-Operating Revenue and Expenses:</b>						
Federal grants and subsidies	-	-	-	-	-	-
Net sales proceeds	(458,549)	-	(458,549)	240,000	240,000	(698,549)
Interest income	1,783	-	1,783	5,212	5,212	(3,429)
Interest expense	(877)	-	(877)	(6,000)	(6,000)	5,123
Total non-operating revenue expenses	<u>(457,643)</u>	<u>-</u>	<u>(457,643)</u>	<u>239,212</u>	<u>239,212</u>	<u>(696,855)</u>
Net income (loss) before transfers	(480,106)	-	(480,106)	76,550	76,550	(556,656)
Transfers in	409,349	-	409,349	-	-	409,349
Transfers out	(399,401)	-	(399,401)	-	-	(399,401)
Change in net assets	<u>\$ (470,158)</u>	<u>-</u>	<u>(470,158)</u>	<u>76,550</u>	<u>76,550</u>	<u>(546,708)</u>
Net assets, beginning of year	<u>\$ 1,201,445</u>		<u>1,201,445</u>	<u>1,201,445</u>	<u>1,201,445</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, 2012**

	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	\$ 12,542	-	12,542	14,454	14,454	(1,912)
Other	2,713	-	2,713	340	340	2,373
Total revenues	<u>15,255</u>	<u>-</u>	<u>15,255</u>	<u>14,794</u>	<u>14,794</u>	<u>461</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	16,537	-	16,537	34,945	34,945	18,408
Depreciation	29,991	-	29,991	32,746	32,746	2,755
Total operating expenditures	<u>46,528</u>	<u>-</u>	<u>46,528</u>	<u>67,691</u>	<u>67,691</u>	<u>21,163</u>
Operating Income (loss)	(31,273)	-	(31,273)	(52,897)	(52,897)	21,624
Non-Operating Revenue and Expenses:						
Federal grants and subsidies	11,030	-	11,030	22,144	22,144	(11,114)
Interest income	333	-	333	532	532	(199)
Total non-operating revenue expenses	<u>11,363</u>	<u>-</u>	<u>11,363</u>	<u>22,676</u>	<u>22,676</u>	<u>(11,313)</u>
Net income (loss) before transfers	(19,910)	-	(19,910)	(30,221)	(30,221)	10,311
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net assets	<u>\$ (19,910)</u>	<u>-</u>	<u>(19,910)</u>	<u>(30,221)</u>	<u>(30,221)</u>	<u>10,311</u>
Net assets, beginning of year	<u>\$ 374,569</u>		<u>374,569</u>	<u>374,569</u>	<u>374,569</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, 2012**

	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	25	-	25	320,799	320,799	(320,774)
Total revenues	<u>25</u>	<u>-</u>	<u>25</u>	<u>320,799</u>	<u>320,799</u>	<u>(320,774)</u>
<b>OPERATING EXPENSES</b>						
Personnel	-	-	-	-	-	-
Operating	1,881,540	-	1,881,540	2,846,687	2,846,687	965,147
Depreciation	-	-	-	-	-	-
Total operating expenditures	<u>1,881,540</u>	<u>-</u>	<u>1,881,540</u>	<u>2,846,687</u>	<u>2,846,687</u>	<u>965,147</u>
Operating Income (loss)	(1,881,515)	-	(1,881,515)	(2,525,888)	(2,525,888)	644,373
<b>Non-Operating Revenue and Expenses:</b>						
Federal grants and subsidies	1,218,654	-	1,218,654	2,523,776	2,523,766	(1,305,112)
Interest income	1,866	-	1,866	2,878	2,878	(1,012)
Total non-operating revenue expenses	<u>1,220,520</u>	<u>-</u>	<u>1,220,520</u>	<u>2,526,654</u>	<u>2,526,644</u>	<u>(1,306,124)</u>
Net income (loss) before transfers	(660,995)	-	(660,995)	766	756	(661,751)
Transfers out	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Change in net assets	\$ <u>(660,995)</u>	<u>-</u>	<u>(660,995)</u>	<u>766</u>	<u>756</u>	<u>(661,751)</u>
Net assets, beginning of year	\$ <u>1,955,765</u>		<u>1,955,765</u>	<u>1,955,765</u>	<u>1,955,765</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, 2012**

	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	9,919	-	9,919	24,367	24,367	14,448
Depreciation	-	-	-	-	-	-
Total operating expenditures	9,919	-	9,919	24,367	24,367	14,448
Operating Income (loss)	(9,919)	-	(9,919)	(24,367)	(24,367)	(14,448)
<b>Non-Operating Revenue and Expenses:</b>						
Federal grants and subsidies	9,919	-	9,919	24,367	24,367	(14,448)
Interest income	-	-	-	-	-	-
Total non-operating revenue/ Expenses	9,919	-	9,919	24,367	24,367	(14,448)
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, 2012**

<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	\$ 11,030	\$ 11,030
Section 8 Housing Choice Vouchers	14.871	1,218,654	1,218,654
CFP 2009	14.872	12,204	4,657
CFP 2010	14.872	12,163	5,262
CFP 2011	14.872	8,608	-
<b>Total U.S. Dept of Housing and Urban Development</b>			<u>\$ 1,239,603</u>
		Federal revenue	\$ 1,239,603
		Federal expenditures	<u>1,239,603</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, 2012**

<u>Account Name</u>	<u>Account Type</u>	<u>Citizens Bank</u>	<u>Book Balance</u>
<b>Interest bearing accounts</b>			
General Operating	Checking *	\$ 2,185,594	2,185,414
Certificate of deposit	CD *	<u>45,550</u>	<u>45,550</u>
Total amount of deposit in bank		2,231,144	2,230,964
FDIC coverage		<u>(500,000)</u>	
Total uninsured public funds		1,731,144	
50% Collateral Requirement (Section 6-10-17 NMSA 1978)		\$ 865,572	
Pledged security at:			
Federal Home Loan Bank-Dallas			
FHLB 3133XEUG2 Due 3/11/2016		1,721,475	
FFCB 3133IVCA2 Due 10/11/2012		405,544	
FHLB 3133XHW57 Due 12/13/2013		<u>532,890</u>	
		2,659,909	
Amount over collateralized		\$ <u><u>1,794,337</u></u>	
Total book balance		\$ <u><u>2,230,964</u></u>	

\* Interest bearing

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

**LAS CRUCES, NEW MEXICO**

**FINANCIAL DATA SCHEDULE**

**BALANCE SHEET**

**As of June 30, 2012**

	Project Total	14,871 Housing Choice Vouchers	Business Activities	Total
111 Cash - Unrestricted	304,499	458,733	586,145	1,349,377
112 Cash - Restricted - Modernization and Development	-	-	-	-
113 Cash - Other Restricted	-	836,037	-	836,037
114 Cash - Tenant Security Deposits	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-
100 Total Cash	304,499	1,294,770	586,145	2,185,414
121 Accounts Receivable - PHA Projects	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-
124 Accounts Receivable - Other Government	-	-	6,541	6,541
125 Accounts Receivable - Miscellaneous	-	-	-	-
126 Accounts Receivable - Tenants	133	-	728	861
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-
128 Fraud Recovery	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-
120 Total Receivables, Net of Allowances for Doubtful Accounts	133	-	7,269	7,402
131 Investments - Unrestricted	-	-	45,550	45,550
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	304,632	1,294,770	638,964	2,238,366
161 Land	19,426	-	-	19,426
162 Buildings	324,533	-	-	324,533
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, 2012**

165	Leasehold Improvements	45,280	-	-	45,280
166	Accumulated Depreciation	(355,787)	-	-	(355,787)
167	Construction in Progress	-	-	-	-
168	Infrastructure	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	40,758	-	-	40,758
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-	74,876	74,876
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-
173	Grants Receivable - Non Current	-	-	-	-
174	Other Assets	-	-	17,450	17,450
176	Investments in Joint Ventures	-	-	-	-
180	Total Non-Current Assets	40,758	-	92,326	133,084
190	Total Assets	\$ 345,390	1,294,770	731,290	2,371,450
311	Bank Overdraft	\$ -	-	-	-
312	Accounts Payable <= 90 Days	-	-	-	-
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	679	-	-	679
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	679	-	-	679
351	Long-term Debt, Net of Current - Capital	-	-	-	-
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, 2012**

357	Accrued Pension and OPEB Liabilities	-	-	-	-
350	Total Non-Current Liabilities	-	-	-	-
300	Total Liabilities	679	-	-	679
508.1	Invested In Capital Assets, Net of Related Debt	40,758	-	-	40,758
509.2	Fund Balance Reserved	-	-	-	-
511.2	Unreserved, Designated Fund Balance	-	-	-	-
511.1	Restricted Net Assets	-	836,037	63,000	899,037
512.1	Unrestricted Net Assets	303,953	458,733	668,290	1,430,976
512.2	Unreserved, Undesignated Fund Balance	-	-	-	-
513	Total Equity/Net Assets	344,711	1,294,770	731,290	2,370,771
600	Total Liabilities and Equity/Net Assets	\$ 345,390	1,294,770	731,290	2,371,450

**HOUSING AUTHORITY OF DONA COUNTY (062)**  
**LAS CRUCES, NEW MEXICO**  
**FINANCIAL DATA SCHEDULE**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**For The Year Ended June 30, 2012**

	Public Housing	Housing Choice Vouchers	Business Activities	Capital Fund	Total
70300 Net Tenant Rental Revenue	12,542	-	-	-	12,542
70400 Tenant Revenue - Other	2,713	-	-	-	2,713
70500 Total Tenant Revenue	15,255	-	-	-	15,255
70600 HUD PHA Operating Grants	11,030	1,218,654	-	2,436	1,232,120
70610 Capital Grants	-	-	-	7,483	7,483
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	333	1,866	1,663	-	3,862
71200 Mortgage Interest Income	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-
71310 Cost of Sale of Assets	-	50	-	-	50
71400 Fraud Recovery	-	-	-	-	-
71500 Other Revenue	-	25	3	-	28
71600 Gain or Loss on Sale of Capital Assets	-	-	(458,549)	-	(458,549)
72000 Investment Income - Restricted	-	1,204	120	-	1,324
70000 Total Revenue	26,618	1,220,595	(456,763)	9,919	790,450
91100 Administrative Salaries	4,906	64,550	2,132	2,436	74,024
91200 Auditing Fees	-	-	-	-	-
91300 Management Fee	618	111,066	5,831	-	117,515
91310 Book-keeping Fee	-	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	1,616	25,433	190	-	27,239
91600 Office Expenses	23	182	-	-	205

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

**For The Year Ended June 30, 2012**

91700 Legal Expense	100	2,432	945	-	3,477
91800 Travel	-	-	7	-	7
91810 Allocated Overhead	-	-	-	-	-
91900 Other	256	31,610	3,330	-	35,196
91000 Total Operating - Administrative	7,519	235,273	12,435	2,436	255,227
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	543	-	-	-	543
93200 Electricity	1,430	-	-	-	1,430
93300 Gas	499	-	-	-	499
93400 Fuel	-	-	-	-	-
93500 Labor	-	-	-	-	-
93600 Sewer	647	-	-	-	647
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-
93800 Other Utilities Expense	183	42	-	-	225
93000 Total Utilities	3,302	42	-	-	3,344
94100 Ordinary Maintenance and Operations - Labor	1,566	-	-	-	1,566
94200 Ordinary Maintenance and Operations - Materials and Other	1,688	-	-	-	1,688
94300 Ordinary Maintenance and Operations Contracts	-	-	-	7,483	7,483
94500 Employee Benefit Contributions - Ordinary Maintenance	497	-	-	-	497
94000 Total Maintenance	3,751	-	-	7,483	3,751
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	516	-	-	-	516
96120 Liability Insurance	1,446	105	-	-	1,551

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

**For the Year Ended June 30, 2012**

96130	Workmen's Compensation	2	10	-	-	12
96140	All Other Insurance	-	-	-	-	-
96100	Total insurance Premiums	1,964	115	-	-	2,079
96200	Other General Expenses	-	-	-	-	-
96210	Compensated Absences	-	-	-	-	-
96300	Payments in Lieu of Taxes	-	-	-	-	-
96400	Bad debt - Tenant Rents	-	-	-	-	-
96500	Bad debt - Mortgages	-	-	-	-	-
96600	Bad debt - Other	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-
96000	Total Other General Expenses	-	-	-	-	-
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	877	-	877
96730	Amortization of Bond Issue Costs	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	877	-	877
96900	Total Operating Expenses	16,537	235,430	13,312	9,919	265,279
97000	Excess of Operating Revenue over Operating Expenses	10,081	985,165	(470,075)	-	525,171
97100	Extraordinary Maintenance	-	-	10,028	-	10,028
97200	Casualty Losses - Non-capitalized	-	-	-	-	-
97300	Housing Assistance Payments	-	1,646,160	-	-	1,646,160
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	29,991	-	-	-	29,991
97500	Fraud Losses	-	-	-	-	-
97600	Capital Outlays - Governmental Funds	-	-	-	-	-
97700	Debt Principal Payment - Governmental Funds	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-
90000	Total Expenses	46,528	1,881,590	23,340	9,919	1,951,458
10010	Operating Transfer In	-	-	409,349	-	409,349
10020	Operating transfer Out	(9,948)	-	(399,401)	-	(409,349)
10030	Operating Transfers from/to Primary	-	-	-	-	-
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, 2012**

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)	(9,948)	-	9,948	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(19,910)	(660,995)	(480,103)	-	(1,161,008)
	(Under) Total Expenses					
11020	Required Annual Debt Principal Payments	-	-	-	-	-
11030	Beginning Equity	374,569	1,955,684	1,201,445	-	3,531,698
11040	Prior Period Adjustments, Equity Transfers and	-	81	-	-	81
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 -	-	-	-	-	-
11170	Administrative Fee Equity	-	458,733	-	-	458,733
11180	Housing Assistance Payments Equity	-	836,037	-	-	836,037
11190	Unit Months Available	60	5,445	-	-	5,505
11210	Number of Unit Months Leased	36	4,053	-	-	4,089
11270	Excess Cash	302,574	-	-	-	302,574
11610	Land Purchases	-	-	-	-	-
11620	Building Purchases	-	-	-	7,483	7,483
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
11640	Furniture & Equipment - Administrative	-	-	-	-	-
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, 2012, which collectively comprise the Housing Authority of Dona Ana County's basic financial statements and have issued our report thereon dated November 14, 2012. 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**

Management of the Housing Authority is responsible for maintaining effective 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 statements amounts. However, providing an opinion 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.

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 13, 2012

**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, 2012. 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, 2012.

Internal Control Over Compliance

The management of the Housing Authority of Dona Ana County is responsible for establishing and maintaining 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 13, 2012

**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="margin: auto; border: none;"> <tr> <td style="text-align: center; padding: 0 10px;">CFDA<br/>Number</td> <td style="text-align: center; padding: 0 10px;">_____</td> <td style="text-align: center; padding: 0 10px;">Federal Program</td> <td style="text-align: center; padding: 0 10px;">_____</td> </tr> <tr> <td style="text-align: center; padding: 0 10px;">14.871</td> <td></td> <td style="text-align: center; padding: 0 10px;">Section 8 Housing Choice Vouchers</td> <td></td> </tr> </table> | CFDA<br>Number | _____                             | Federal Program | _____ | 14.871 |  | Section 8 Housing Choice Vouchers |  |  |  |
| CFDA<br>Number  | _____          | Federal Program                   | _____           |       |        |  |                                   |  |  |  |
| 14.871  |                | Section 8 Housing Choice Vouchers |                 |       |        |  |                                   |  |  |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   |                | \$300,000                         |                 |       |        |  |                                   |  |  |  |
| 6. Auditee qualified as low-risk auditee?   |                | 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, 2012**

**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 13, 2012. The following individuals were in attendance.

Doña Ana County Officials

Karen Perez	Chair, County Commissioner District 3
Sue Padilla	Interim County Manager
Bill Noland	Finance Director
Mireya Moreno	Accountant III – Finance
Raquel Quiroga	Accountant III – Finance

Attending telephonically  
Robbie R. Levey

DAC Housing Authority – Interim Executive Director

Auditors

Farley Vener, CPA, CFE	Audit Partner
Erick Robinson, CPA, CFE	Audit Manager
Steve Nolan, CPA	Audit Senior
Katelyn Constantin	Staff Auditor