

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
A COMPONENT UNIT OF CITY OF EUNICE
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2009

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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY

OFFICIAL ROSTER
June 30, 2009

<u>Name</u>		<u>Title</u>
	<hr/> <i>Board of Commissioners</i> <hr/>	
Allen Pickerel		Chairman
Glen Jenkins		Vice-Chairman
Bill Turner		Member
Newman Shanks		Member
George Goforth		Resident Member
	<hr/> <i>Agency Officials</i> <hr/>	
David Reed		Executive Director

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
Year Ended June 30, 2009

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget and
The Board of Commissioners
City of Eunice Housing Authority
Eunice, New Mexico

We have audited the accompanying financial statements of the business type activities of the City of Eunice Housing Authority (the Agency) a component unit of the City of Eunice, New Mexico, as of and for the year ended June 30, 2009, as listed in the table of contents. We also have audited the budgetary comparison statement as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of City of Eunice Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the City of Eunice Housing Authority as of June 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison for the enterprise fund for the year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009 on our consideration of the City of Eunice Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Eunice Housing Authority has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and budgetary comparison presented as supplemental information. The accompanying financial information listed as supporting Schedule I, the Financial Data Schedule in the table of contents, as required by the U.S. Department of Housing and Urban Development, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on it.

Accounting & Consulting Group, LLP
Certified Public Accountants

Carlsbad, New Mexico
November 30, 2009

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2009

Exhibit A

Assets	
Current assets:	
Cash and temporary investments	\$ 86,642
Accounts receivable - tenants	27
Accounts receivable - CFP	18,637
Accounts receivable - interest	11
Inventory	1,323
Prepaid expenses	<u>4,218</u>
Total current assets	<u>110,858</u>
Restricted assets:	
Cash - tenant deposits	<u>2,550</u>
Total restricted assets	<u>2,550</u>
Noncurrent assets:	
Capital assets	
Land	20,392
Buildings and improvements	567,389
Machinery and equipment	56,349
Vehicles	17,390
CFP assets	21,670
Less: accumulated depreciation	<u>(554,758)</u>
Total capital assets (net of accumulated depreciation)	<u>128,432</u>
Total assets	<u><u>\$ 241,840</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts payable - suppliers	\$ 3,772
Accounts payable - CFP	16,278
Accrued expenses	<u>2,755</u>
Total current liabilities	<u>22,805</u>
Noncurrent liabilities	
Tenant deposits	2,550
Compensated absences	<u>1,912</u>
Total noncurrent liabilities	<u>4,462</u>
Net Assets	
Invested in capital assets	128,432
Unrestricted	<u>86,141</u>
Total net assets	<u>214,573</u>
Total liabilities and net assets	<u><u>\$ 241,840</u></u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2009

Exhibit B

Operating revenues:	
Intergovernmental	\$ 40,337
Charges for services	46,063
Miscellaneous	<u>4,447</u>
Total operating revenues	<u>90,847</u>
Operating expenses:	
Current:	
Administration	25,105
Sundry administration	5,011
Utilities	7,031
Ordinary maintenance	29,193
Contract costs	5,210
Insurance	9,173
Other general expense	3,903
Depreciation	<u>13,450</u>
Total operating expenses	<u>98,076</u>
Operating income (loss)	<u>(7,229)</u>
Nonoperating revenues (expenses):	
Intergovernmental	67,059
CFP costs	<u>(18,549)</u>
Total nonoperating revenues (expenses)	<u>48,510</u>
Change in net assets	<u>41,281</u>
Net assets - beginning of year	186,443
Prior period adjustment	<u>(13,151)</u>
Net assets - beginning of year as restated	<u>173,292</u>
Net assets - end of year	<u>\$ 214,573</u>

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

Exhibit C

Cash flows from operating activities	
Receipts from customers, users and grantors	\$ 72,022
Payments to suppliers	(43,162)
Payments to employees	(26,684)
	2,176
Net cash provided (used) by operating activities	2,176
Cash flows from capital and related financing activities	
Acquisitions and construction of capital assets	(33,902)
CFP costs	(18,549)
Proceeds from capital grant program	67,059
	14,608
Net cash provided (used) by capital and related financing activities	14,608
Net increase in cash and temporary investments	16,784
Cash and temporary investments-beginning of year	72,408
Cash and temporary investments-end of year	\$ 89,192
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (7,229)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	13,450
(Increase) decrease in:	
Accounts receivable	(18,675)
Inventories	(878)
Prepaid expenses	(463)
(Decrease) increase in:	
Accounts payable	17,459
Accrued expenses	(1,338)
Refundable customer deposits	(150)
	2,176
Net cash provided (used) by operating activities	\$ 2,176

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies

The Housing Authority of the City of Eunice was organized February 28, 1967. The Cooperative Agreement between the City of Eunice and the Housing Authority was entered into February 28, 1967. The Agency has an elected Chairman, four member council and a resident member. The Agency manages one lower rent public housing development containing 20 total units.

The Agency administers the following federal award program reported in the following major proprietary fund.

- Low-Rent Public Housing – Funded through direct grants from HUD, the program is designed to provide adequate living accommodations to qualified families through reduced rate rentals built and owned by the Agency.

The more significant accounting policies and procedures of the Agency are more fully described below.

A. Financial Reporting Entity

In evaluating how to define the Agency, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statements No. 14 and No. 39. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic-but not the only-criterion for including a potential component unit within 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 evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or 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 government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the Agency has no component units, however, it is a component unit of the City of Eunice, New Mexico.

B. Basis of Accounting and Financial Statement Presentation

The Agency's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled *Audits of State and Local Governmental Units*.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting and Financial Statement Presentation (continued)

All activities of the Agency are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the Agency's funds meet the requirements for being reported as major funds.

GASB Statement Number 20 requires that governments' proprietary activities apply 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: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins. Governments are given the option whether or not to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The Agency has elected not to implement FASB Statements and Interpretations issued after November 30, 1989.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The Agency's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

C. Assets, Liabilities, Net Assets, Revenues and Expenses

Cash and Cash Equivalents

The Agency is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by an agency of the United States. The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

All money not immediately necessary for the public uses of the Agency may be invested in:

- a. bonds or negotiable securities of the United States, the State or any county, municipality, school, or agency which has taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bond maturities at any time within the preceding five years; or

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Net Assets, Revenues and Expenses (continued)

Cash and Cash Equivalents (continued)

- b. securities that are issued by the United States Government or by its agencies or instrumentalities that are either direct obligations of the United States or are backed by the full faith and credit of the United States Governments or agencies guaranteed by the United States Government; and
- c. contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices as a price differential representing the interest income to be earned by the investor. The contract shall be on the books of the financial institution as being the property of the investor and designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The contract required for investment in the contracts provided for in the subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. State statutes authorize the investment of Agency funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations.

Pursuant to Section 6-10-10.1 NMSA 1978, as amended, if the Agency is unable to receive payment on a public money at the rate of interest as set forth in Section 6-10-36 NMSA 1978 from financial institutions within the geographic boundaries of the governmental unit, then a local public finance official having money of that local public body in custody not required for expenditure within thirty days or less may, with the consent of the appropriate local board of finance, if any, remit some or all of such money to the state treasurer, banks, savings and loan associations or credit unions for deposit for the purpose of short-term investment as allowed by law.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized, with higher requirements up to one hundred percent (100%) for financially troubled institutions. If the securities pledged are United States government securities, they are pledged at market value, if they are New Mexico municipal bonds, they are pledged at par value.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Net Assets, Revenues and Expenses (continued)

Cash and Cash Equivalents (continued)

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

All receivables, including tenant receivables, are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

Inventories and Prepaid Items

Inventories are recorded at the lower of cost or market on a FIFO basis, and consist of operating supplies held for use in operations and are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors for items that include insurance reflect costs applicable to future accounting periods and are recorded as prepaid items in the Agency's financial statements.

Restricted Assets

Certain resources set aside in escrow for HUD's Family Self Sufficiency Program and security deposits held as insurance against the non-payment for services rendered, are classified on the balance sheet as restricted because their use is limited.

Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Agency as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of one year. Although state statutes allow for capitalization of capital assets in excess of \$5,000, the Agency has continued to use their guidelines of \$500 for capitalization. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included in the financial statements. However, infrastructure assets have not been included in the financial statements of City of Eunice Housing Authority since the Agency did not own any infrastructure assets as of June 30, 2009. Donated capital assets are recorded at estimated fair value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Net Assets, Revenues and Expenses (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<i>Assets</i>	<i>Years</i>
Land improvements	40
Buildings and system	40
Machinery and equipment	5-10
Computers and software	3-5
Vehicles	5

Accrued Expenses

Accrued expenses are comprised of accrued salaries, wages, related employment taxes and current maturities of compensated absences, discussed more fully below.

Compensated Absences

Agency employees are entitled to certain compensated absences based on their employment classification and length of employment. With minor exceptions, the Agency employees accumulate unlimited sick leave, although amounts are not eligible for payment upon termination. Earned vacation, up to the amount the employee accrued each year, is allowed to be carried over from one calendar year to the next. Upon termination, employees shall receive payment for unused, accrued vacation. All vacation pay is accrued when incurred and reported as accrued expenses in the financial statements.

Net Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net assets. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets: debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net assets consist of all other net assets not included in the above categories.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 1. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities, Net Assets, Revenues and Expenses (continued)

Unrestricted and Restricted Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants for services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to housing residents for rental charges and services. Operating subsidies provided by HUD comprise a substantial degree of assistance and are reported as operating revenue. When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Allocation of Expenses

For purposes of the statement of revenues, expenses and changes in net assets, compensation is allocated based on time, with related employment taxes and benefits allocation based on direct salaries and wages.

Statement of Cash Flows

The Agency's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Reclassifications

Certain amounts presented in prior year data have been reclassified in order to be consistent with the current year's presentation.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the Agency's financial statements are the estimated useful lives of capital assets.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 2. Stewardship, Compliance and Accountability

Budgetary Information

The Executive Director annually obtains from HUD approved operating budgets for the fiscal year commencing the following July 1. The Agency's Commission is required to obtain approval from HUD for any revisions that alter the total expenditures, the legal level of budgetary control, of any grant programs. HUD program budgets are prepared on a regulatory basis which is comparable to the GAAP financial presentation included in this report. Therefore, budgetary data for the Agency's programs are included as supplementary information.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Agency funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Agency properly followed State investment requirements as of June 30, 2009.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Agency. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the coverage for public unit demand deposits at the same institution. On October 14, 2008, the FDIC announced a temporary Transaction Account Guarantee Program that provides depositors with unlimited coverage for noninterest-bearing accounts if the bank elects to participate in the Temporary Liquidity Guarantee Program. Wells Fargo Bank is participating in the program, so all noninterest bearing checking accounts at Wells Fargo Bank are insured by the FDIC at 100% through December 31, 2009.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 3. Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Agency for at least one half of the amount on deposit with the institution. As of June 30, 2009, \$0 of the Agency's bank balances were exposed to custodial credit risk as follows:

	<u>Wells Fargo Bank</u>
Total amount of deposits	\$ 90,778
FDIC coverage	<u>90,778</u>
Total uninsured public funds	-
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Agency's name	<u>-</u>
	\$ <u>-</u>
Collateral requirement (50% of uninsured public funds)	\$ -
Pledged security	<u>-</u>
Over collateralization	\$ <u>-</u>

Reconciliation to the Statement of Net Assets:

The carrying amount of deposits and investments shown above are included in the Agency's statement of net assets as follows:

Carrying Amount	
Bank balance - Wells Fargo - checking	\$ 90,778
Less outstanding checks	<u>(1,636)</u>
	89,142
Petty cash	<u>50</u>
	\$ <u>89,192</u>
Included in the following captions	
Cash and temporary investments	\$ 86,642
Restricted cash	<u>2,550</u>
	\$ <u>89,192</u>

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 4. Capital Assets

Land, structures, equipment and furnishings capital asset activity consists of the following at June 30, 2009:

<u>Low-Rent Public Housing</u>	<u>Balance June 30, 2008</u>	<u>Additions and Transfers in</u>	<u>Deletions and Transfers out</u>	<u>Adjustments</u>	<u>Balance June 30, 2009</u>
Capital assets not being depreciated:					
Land	\$ 20,392	\$ -	\$ -	\$ -	\$ 20,392
CFP funds	<u>43,009</u>	<u>33,902</u>	<u>18,975</u>	<u>(36,266)</u>	<u>21,670</u>
Total capital assets not being depreciated	<u>63,401</u>	<u>33,902</u>	<u>18,975</u>	<u>(36,266)</u>	<u>42,062</u>
Capital assets being depreciated:					
Buildings and improvements	556,114	11,275	-	-	567,389
Equipment	48,261	7,700	-	388	56,349
Vehicle	<u>17,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,390</u>
Total capital assets being depreciated	<u>621,765</u>	<u>18,975</u>	<u>-</u>	<u>388</u>	<u>641,128</u>
Total capital assets	<u>685,166</u>	<u>52,877</u>	<u>18,975</u>	<u>(35,878)</u>	<u>683,190</u>
Less accumulated depreciation:					
Buildings and improvements	488,205	7,114	-	(443)	494,876
Equipment	43,773	2,858	-	2,817	49,448
Vehicle	6,956	3,478	-	-	10,434
CFP funds	<u>25,101</u>	<u>-</u>	<u>-</u>	<u>(25,101)</u>	<u>-</u>
Total accumulated depreciation	<u>564,035</u>	<u>13,450</u>	<u>-</u>	<u>(22,727)</u>	<u>554,758</u>
Total capital assets net of depreciation	<u>\$ 121,131</u>	<u>\$ 39,427</u>	<u>\$ 18,975</u>	<u>\$ (13,151)</u>	<u>\$ 128,432</u>

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 5. Long-term Debt

The following summarizes changes in long-term debt during the year ended June 30, 2009:

	June 30, 2008	Additions	Reductions	June 30, 2009	Due Within One Year
Compensated absences	\$ <u>1,491</u>	\$ <u>1,375</u>	\$ <u>954</u>	\$ <u>1,912</u>	\$ <u>-</u>

Current maturities of compensated absences are reported as accrued expenses in the basic financial statements.

NOTE 6. PERA Pension Plan

The Agency has not elected to participate in Public Employees Retirement Act plan and there are no required contributions for fiscal year ending June 30, 2009.

NOTE 7. Retiree Health Care Act

The Agency has not elected to participate in New Mexico Public Employee Health Care Act plan and there are no required contributions for fiscal year ending June 30, 2009.

NOTE 8. Commitments Under Contractual Agreements

The Agency is not aware of any commitments at June 30, 2009.

NOTE 9. Concentrations

68% of the Agency's revenues are derived from grants from HUD. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Agency.

NOTE 10. Risk Management

The Housing Authority Risk Retention Group, Inc. provides coverage for public officials liability in the amount of \$1,000,000 with a \$1,000 deductible per wrongful act. The policy also covers bodily injury and property damage liability in the amount of \$100,000 for Agency owned building and improvements with a \$25,000 deductible per occurrence. A Commercial Policy provides coverage for the low rent public housing dwellings along with property in the amount of \$1,340,000 with deductible based upon 80% of residual value. Auto coverage covers the maintenance vehicle.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2009

NOTE 11. Contingent Liabilities

The Agency participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor agency. If expenditures are disallowed due to noncompliance with grant program regulations, the Agency may be required to reimburse the grantor government. As of June 30, 2009, significant amounts of grant expenditures have not been audited by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be discovered in subsequent grantor audits may be disallowed by the grantor. Amounts of disallowed grant expenditures, if any, cannot be determined at this time. The Agency expects such amounts, if any, will not have a material effect on any of the individual funds or the overall financial position of the Agency.

NOTE 12. Prior Period Restatement

The Agency has restated their financial statements to correct capital assets related to CFP Funds. Soft costs incurred in prior years were not properly closed out to expenses in the amounts of \$13,151.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - BUDGET (GAAP BASIS) AND ACTUAL
For the Year Ended June 30, 2009

Statement A-1

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Intergovernmental	\$ 37,890	\$ 40,337	\$ 40,337	\$ -
Charges for services	34,700	40,900	46,063	5,163
Miscellaneous	11,840	8,500	4,447	(4,053)
Total operating revenues	84,430	89,737	90,847	1,110
Operating expenses:				
Current:				
Administration	27,690	26,040	25,105	935
Sundry administration	6,700	6,700	5,011	1,689
Tenant service	500	-	-	-
Utilities	7,170	8,200	7,031	1,169
Ordinary maintenance	23,700	25,130	29,193	(4,063)
Contract costs	4,950	7,000	5,210	1,790
Insurance	24,550	12,220	9,173	3,047
Other general expense	6,063	8,840	3,903	4,937
Total operating expenses	101,323	94,130	84,626	9,504
Operating income (loss)	(16,893)	(4,393)	6,221	10,614
Nonoperating revenues (expenses):				
Designated cash	(13,600)	4,393	-	(4,393)
Intergovernmental	30,493	-	67,059	67,059
CFP costs	-	-	(18,549)	(18,549)
Total nonoperating revenues (expenses)	16,893	4,393	48,510	44,117
Change in net assets	-	-	54,731	54,731
Net assets - beginning of year	-	-	186,443	186,443
Prior period restatement	-	-	(13,151)	(13,151)
Net assets - beginning of year as restated	-	-	173,292	173,292
Net assets - end of year	\$ -	\$ -	\$ 228,023	\$ 228,023
Changes in net assets per statement of revenues, expenses and changes in net assets			\$ 41,281	
Depreciation expense			13,450	
Financial statements change in net assets reconciled to to budgetary basis			\$ 54,731	

The accompanying notes are an integral part of these financial statements.

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
June 30, 2009

Schedule I
(Page 1 of 3)

PHA: NM027

Line Item No.		Low Rent Public Housing	Public Housing Capital Fund	Total June 30, 2009
111	Cash - Unrestricted	\$ 86,642	\$ -	\$ 86,642
114.5	Cash - Restricted for tenant security deposits	2,550	-	2,550
100	<i>Total cash</i>	<u>89,192</u>	<u>-</u>	<u>89,192</u>
122	Accounts receivable - HUD other projects	-	18,637	18,637
125	Accounts receivable - miscellaneous	38	-	38
120	<i>Total receivables, net of allowance for doubtful accounts</i>	<u>38</u>	<u>18,637</u>	<u>18,675</u>
142	Prepaid expenses and other assets	4,218	-	4,218
143	Inventories	1,323	-	1,323
150	<i>Total current assets</i>	<u>94,771</u>	<u>18,637</u>	<u>113,408</u>
161	Land	20,392	-	20,392
162	Buildings	496,601	-	496,601
163	Furniture, equipment and machinery - dwelling	20,110	1,500	21,610
164	Furniture, equipment and machinery - administration	53,629	20,170	73,799
165	Leasehold improvements	70,788	-	70,788
166	Accumulated depreciation	(554,758)	-	(554,758)
160	<i>Total fixed assets, net of accumulated depreciation</i>	<u>106,762</u>	<u>21,670</u>	<u>128,432</u>
190	<i>Total assets</i>	<u>\$ 201,533</u>	<u>\$ 40,307</u>	<u>\$ 241,840</u>
312	Accounts payable < = 90 days	\$ 3,772	\$ 16,278	\$ 20,050
321	Accrued wages and payroll taxes	2,755	-	2,755
322	Accrued compensated absences - current maturities	-	-	-
341	Tenant security deposits	2,550	-	2,550
350	<i>Total current liabilities</i>	<u>9,077</u>	<u>16,278</u>	<u>25,355</u>
354	Accrued compensated absences - noncurrent	1,912	-	1,912
350	<i>Total noncurrent liabilities</i>	<u>1,912</u>	<u>-</u>	<u>1,912</u>
300	<i>Total liabilities</i>	<u>10,989</u>	<u>16,278</u>	<u>27,267</u>
508.1	Invested in capital assets, net of related debt	106,762	21,670	128,432
512.1	Unrestricted net assets	83,782	2,359	86,141
513	<i>Total net assets</i>	<u>190,544</u>	<u>24,029</u>	<u>214,573</u>
600	<i>Total liabilities and net assets</i>	<u>\$ 201,533</u>	<u>\$ 40,307</u>	<u>\$ 241,840</u>

See accompanying independent auditor's report.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
Year Ended June 30, 2009

Schedule I
(Page 2 of 3)

<u>Line Item No.</u>	<u>Low Rent Public Housing</u>	<u>Public Housing Capital Fund</u>	<u>Total June 30, 2009</u>	
703	Net tenant rental revenue	\$ 46,063	\$ -	\$ 46,063
705	<i>Total tenant revenue</i>	<u>46,063</u>	<u>-</u>	<u>46,063</u>
706	HUD PHA operating grants	16,197	24,140	40,337
706.1	Capital grants	39,964	27,095	67,059
715	Other revenue	4,447	-	4,447
700	<i>Total revenue</i>	<u>106,671</u>	<u>51,235</u>	<u>157,906</u>
911	Administrative salaries	19,984	-	19,984
914	Compensated absences	421	-	421
915	Employee benefit contributions - administrative	2,259	-	2,259
916	Other operating - administrative	20,494	5,506	26,000
931	Water	3,553	-	3,553
932	Electricity	1,873	-	1,873
933	Gas	643	-	643
938	Other utilities expense	963	-	963
941	Ordinary maintenance and operations - labor	4,794	13,043	17,837
942	Ordinary maintenance and operations - materials and other	9,612	-	9,612
943	Ordinary maintenance and operations - contract costs	5,210	-	5,210
945	Employee benefit contributions - ordinary maintenance	1,744	-	1,744
961	Insurance premiums	9,173	-	9,173
962	Other general expenses	3,903	-	3,903
969	<i>Total operating expenses</i>	<u>84,626</u>	<u>18,549</u>	<u>103,175</u>
970	<i>Excess operating revenue over operating expenses</i>	<u>22,045</u>	<u>32,686</u>	<u>54,731</u>
973	Housing assistance payments	-	-	-
974	Depreciation expense	13,450	-	13,450
900	<i>Total expenses</i>	<u>98,076</u>	<u>18,549</u>	<u>116,625</u>
1001	Transfers In	(36,140)	-	(36,140)
1002	Transfers Out	-	36,140	36,140
1010	<i>Total other financing sources</i>	<u>(36,140)</u>	<u>36,140</u>	<u>-</u>
1000	<i>Excess (deficiency) of operating revenues over (under) expenses</i>	<u>\$ 44,735</u>	<u>\$ (3,454)</u>	<u>\$ 41,281</u>

See accompanying independent auditor's report.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
Year Ended June 30, 2009

Schedule I
(Page 3 of 3)

<u>Line Item No.</u>	<u>Low Rent Public Housing</u>	<u>Public Housing Capital Fund</u>	<u>Total June 30, 2009</u>	
1103	Beginning equity	\$ 145,809	\$ 40,634	\$ 186,443
1104	Prior period adjustments, equity transfers and correction of errors	-	(13,151)	(13,151)
11190	Unit months available	240	-	240
11210	Number of unit months leased	239	-	239
11650	Leasehold improvement purchases	\$ -	\$ 33,902	\$ 33,902

See accompanying independent auditor's report.

COMPLIANCE SECTION

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

Hector H. Balderas
New Mexico State Auditor
The Office of Management and Budget
To the Board of Commissioners
City of Eunice Housing Authority
Eunice, New Mexico

We have audited the accompanying financial statements of the business type activities of the City of Eunice Housing Authority (Agency) a component unit of the City of Eunice, New Mexico, as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. We also have audited the budgetary comparison statement as of and for the year ended June 30, 2009 as listed in the table of contents. 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 City of Eunice Housing Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control. We consider the deficiencies described as items 2007-1, 2009-1 and 2009-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider 2009-1 and 2009-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2008-3.

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

This report is intended solely for the information and use of the Board of Commissioners, management, the Office of the State Auditor, the New Mexico State Legislature and its committees, and 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.

Accounting & Consulting Group, LLP
Certified Public Accountants

Carlsbad, New Mexico
November 30, 2009

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

A. FINDINGS – FINANCIAL STATEMENT AUDIT

FSHA 2007-1: Preparation of Financial Statements

Condition

The financial statements and related disclosures are not being prepared by the Agency.

Criteria

According to the American Institute of Certified Public Accountants' Statement on Auditing Standards No. 112, a system of internal control over financial reporting does not stop at the general ledger. Well designed systems include controls over financial statement preparation, including footnote disclosures.

Effect

When sufficient controls over the preparation of financial statements and related disclosures are not designed, implemented and operating effectively, an entity's ability to prevent or detect a misstatement in its financial statements is limited.

Cause

The Agency's personnel do not have the time and have not been adequately trained in understanding the elements of external financial reporting, including the preparation of financial statements and related footnote disclosures.

Recommendation

We recommend the Agency's management and personnel receive training on understanding the requirements of external financial reporting.

The training should include, but not be limited to:

- Selection of appropriate accounting policies:
 - Governmental Accounting Standards Board (GASB)
 - Generally Accepted Accounting Principles (specifically as applied to governmental units)
 - Financial Accounting Standards Board (FASB)
- Understanding the financial reporting entity
- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information
 - Management's discussion and analysis
- Supplementary information required by the Office of the State Auditor

In addition, we recommend that the Agency develop and implement policies and procedures designed to prevent or detect possible misstatements in its financial statements and related footnote disclosures.

Agency Response

The Agency will receive additional training for the financial reporting requirements and the preparation of financial statements.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

2008-3 Missing I-9 Forms

Condition

During our test work, we noted that one of the three employee files examined were missing I-9 and W-4 forms.

Criteria

The Immigration Reform and Control Act of 1986 requires all employees hired after November 6, 1986 to complete a Form within 3 days of hire. This form is to be retained for three years after the date of hire or one year after employment ends, whichever is later. The Internal Revenue Code requires W-4 information under sections 3402(f)(2)(A) and 6109 of their regulations. Failure to provide a properly completed form will result in being treated as a single person claiming no withholding allowances.

Effect

Employers who fail to complete, retain, and/or make available for inspection Form I-9 as required by law may face civil penalties in an amount of not less than \$110 and not more than \$1,100 for each violation occurred.

Cause

The cause of these conditions appears to be inadequate training or a lack of diligence in the human resources and payroll issues.

Recommendation

We recommend that the Agency receive adequate training and acquire sufficient working knowledge of the applicable statutes.

Agency Response

All employees will complete the forms within the 3 day requirement. The City of Eunice Housing Authority will make a diligent effort to ensure all required paperwork is in place for each employee.

2009-1: Internal Controls/Segregation of Duties

Condition

The Agency is lacking adequate internal controls over its accounting processes.

Criteria

Systems of internal control with the most favorable designs allow for an adequate segregation of duties to reduce the risk of error or fraud because they are structured using a combination of controls designed to either detect instances of error or fraud that occur, or optimally, to prevent instances of error or fraud before they occur. (AU 325) Section 6-5-2, NMSA 1978, requires that state agencies shall implement internal control accounting controls designed to prevent accounting errors and violations of state and federal law and rules related to financial matters.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

2009-1: Internal Controls/Segregation of Duties (continued)

Effect

The Agency's books or records may be at risk of containing misstatements, as errors may occur and may not be detected within a timely manner. Insufficient controls over check writing creates an opportunity/incentive for misappropriation of funds.

Cause

The Agency has only two employees, accordingly, a proper segregation of duties is not possible.

Recommendation

Proper segregation is not always possible in a small organization. We recommend that the "Board" provide extensive oversight, and implement limited segregation to the extent possible to reduce the risk of errors or fraud.

Agency Response

The Agency's board will continue to review and approve all expenses incurred. All checks with invoices attached are reviewed and approved by the board members. The Chairman or Vice-Chairman will initial each invoice that has been approved. Two signatures are required on all checks. Bank statements, tenant registers, bank deposits, rent receipts, copies of all checks and invoices are sent to the Agency's fee accountant. The board members have access to the entire Agency's financial paperwork.

2009-2 Violation of Internal Control Policy

Condition

During our testwork, we noted that the bookkeeper has the ability to sign checks for the Agency.

Criteria

Per Check Signing Authorization Policy of the Agency, "The City of Eunice Housing Authority hereby establishes a policy that identifies those people who are authorized to sign and issue checks on its behalf. The purpose of the policy is to update instructions to depositories so that there is a clear understanding regarding this important matter. It's also necessary to implement appropriate internal controls over our financial matters." Following is the policy for issuing and signing checks:

1. All checks shall bear two signatures, one of which must be a Commissioner of the City of Eunice Housing Authority.
2. The second signature must be that of either the Executive Director or the Director of Finance.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2009

2009-2 Violation of Internal Control Policy (continued)

Effect

The Agency is circumventing their own internal controls and the potential for fraud or material misstatement is present.

Cause

The Agency has not placed the appropriate emphasis on adherence to their own control policies.

Recommendation

We recommend that the Agency follow their own internal check signing policy.

Agency Response

The Agency's board has agreed to assign the bookkeeper the ability to sign checks for the Agency whenever the Executive Director, Chairman or Vice-Chairman is not available. The check signing policy will be amended to this effect.

Auditor Response

Changing the internal control policy would not be in the best interest of the Agency. The current internal control policy gives the Agency as much protection as possible with the limited number of staff. Proper internal controls are put in place to ensure that no one individual has access to the entire financial process.

B. PRIOR YEAR AUDIT FINDINGS

- FSHA 2007-1 Preparation of Financial Statements – Repeated.
- FSHA 2007-2 Credit Card Finance Charges – Resolved and not repeated.
- FSHA 2008-1 Payroll Payment – Resolved and not repeated.
- FSHA 2008-2 Travel and Per Diem – Resolved and not repeated.
- FSHA 2008-3 Missing I-9 Forms – Revised and repeated.

STATE OF NEW MEXICO
CITY OF EUNICE HOUSING AUTHORITY
OTHER DISCLOSURES
Year Ended June 30, 2009

AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the Agency to prepare its own GAAP-basis financial statements, it is felt that the Agency's personnel did not have the available time to prepare them. Therefore, the outside auditor assisted with the preparation of the GAAP-basis financial statements and footnotes for inclusion in the annual audit report.

EXIT CONFERENCE

The contents of the report for the City of Eunice Housing Authority were discussed on December 1, 2009. The following individuals were in attendance:

City of Eunice Housing Authority

Allen Pickerel, Board Chairman
David Reed, Executive Director
Sonya Gallegos, Bookkeeper

City of Eunice

Joyce Tolsma, City Clerk

Accounting & Consulting Group, LLP

Cindy Bryan, Partner