

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY**

**A COMPONENT UNIT OF THE
CITY OF LAS VEGAS, NEW MEXICO**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008**

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INTRODUCTORY SECTION

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Official Roster
June 30, 2008

<u>Name</u>	<u>City Council</u>	<u>Title</u>
Tony E. Marquez, Jr.		Mayor
Morris Madrid		Councilor
Diane Moore		Councilor
Andrew Feldman		Councilor
Cruz E. Roybal, Jr.		Councilor

Administrative Officials

Lori Gonzalez	Interim Executive Director
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STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
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For The Year Ended June 30, 2008

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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
The Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico

We have audited the accompanying financial statements of the business-type activities of the Las Vegas Housing Authority (the "Authority"), a component unit of the City of Las Vegas, New Mexico (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the Las Vegas Housing Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons for the year ended June 30, 2008 listed as supplementary information in the table of contents. These financial statements are the responsibility of the 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 Las Vegas Housing Authority as of June 30, 2008, and 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 each of the enterprise funds for the year ended June 30, 2008, 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 March 2, 2009 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Las Vegas Housing Authority has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The accompanying Schedule of Expenditures of Federal Awards, is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying financial information listed as supporting Schedule I & II in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying Financial Data Schedule is presented as supporting Schedule III for purposes of additional analysis as required by U.S. Department of Housing and Urban Development 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, NM
March 2, 2009

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
City of Las Vegas Housing Authority
A Component Unit of City of Las Vegas
Statement of Net Assets
Proprietary Funds
June 30, 2008

Statement A-1

	Low Rent Public Housing	Public Housing Capital Fund	Hope VI Funds	Total
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 176,627	\$ 4,699	\$ 154,391	\$ 335,717
Other receivables	1,769	8,413	135	10,317
Due from other funds	20,532	7,420	711	28,663
Inventory	18,310	-	-	18,310
<i>Total current assets</i>	217,238	20,532	155,237	393,007
<i>Noncurrent assets</i>				
Restricted cash and cash equivalents	22,633	-	-	22,633
Capital assets	9,804,201	-	1,760,715	11,564,916
Less: accumulated depreciation	(5,948,029)	-	(1,207,568)	(7,155,597)
<i>Total noncurrent assets</i>	3,878,805	-	553,147	4,431,952
<i>Total Assets</i>	\$ 4,096,043	\$ 20,532	\$ 708,384	\$ 4,824,959
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Accounts payable	27,834	-	-	27,834
Accrued payroll	8,374	-	-	8,374
Accrued compensated absences	24,886	-	-	24,886
Customer deposits payable	22,633	-	-	22,633
Deferred revenue	6,515	-	-	6,515
Due to other funds	8,131	20,532	-	28,663
<i>Total current liabilities</i>	98,373	20,532	-	118,905
<i>Net assets</i>				
Invested in capital assets, net of related debt	3,878,805	-	553,147	4,431,952
Restricted	118,865	-	155,237	274,102
<i>Total net assets</i>	3,997,670	-	708,384	4,706,054
<i>Total liabilities and net assets</i>	\$ 4,096,043	\$ 20,532	\$ 708,384	\$ 4,824,959

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Las Vegas Housing Authority
A Component Unit of City of Las Vegas
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2008

Statement A-2

	Low Rent Public Housing	Public Housing Capital Fund	Hope VI Funds	Total
<i>Operating revenues</i>				
Rental income	\$ 332,205	\$ -	\$ -	\$ 332,205
<i>Total operating revenues</i>	<u>332,205</u>	<u>-</u>	<u>-</u>	<u>332,205</u>
<i>Operating expenses</i>				
Personnel services	591,083	-	-	591,083
Contractual services	375,156	4,000	-	379,156
Supplies	12,090	-	-	12,090
Maintenance and materials	115,055	-	-	115,055
Depreciation	493,640	-	82,199	575,839
Improvements	-	50,987	-	50,987
Miscellaneous expenses	40,227	71,406	-	111,633
<i>Total operating expenses</i>	<u>1,627,251</u>	<u>126,393</u>	<u>82,199</u>	<u>1,835,843</u>
<i>Operating income (loss)</i>	<u>(1,295,046)</u>	<u>(126,393)</u>	<u>(82,199)</u>	<u>(1,503,638)</u>
<i>Non-operating revenues (expenses)</i>				
Operating grants	782,362	-	-	782,362
Interest income	5,190	122	5,923	11,235
Miscellaneous income	17,303	-	-	17,303
<i>Total non-operating revenues (expenses)</i>	<u>804,855</u>	<u>122</u>	<u>5,923</u>	<u>810,900</u>
<i>Income (loss) before contributions and transfers</i>	(490,191)	(126,271)	(76,276)	(692,738)
Capital grants	-	213,739	16,434	230,173
Transfers in	99,724	-	-	99,724
Transfers out	-	(83,290)	(16,434)	(99,724)
<i>Change in net assets</i>	<u>(390,467)</u>	<u>4,178</u>	<u>(76,276)</u>	<u>(462,565)</u>
<i>Net assets, beginning of year</i>	5,170,166	(1,547)	-	5,168,619
<i>Net assets restatement</i>	<u>(782,029)</u>	<u>(2,631)</u>	<u>784,660</u>	<u>-</u>
<i>Net assets, beginning as restated</i>	<u>4,388,137</u>	<u>(4,178)</u>	<u>784,660</u>	<u>5,168,619</u>
<i>Net assets, end of year</i>	<u>\$ 3,997,670</u>	<u>\$ -</u>	<u>\$ 708,384</u>	<u>\$ 4,706,054</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
City of Las Vegas Housing Authority
A Component Unit of City of Las Vegas
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

Statement A-3

	Low Rent Public Housing	Public Housing Capital Fund	Hope VI Funds	Total
<i>Cash flows from operating activities:</i>				
Cash received from user charges	\$ 326,984	\$ (8,413)	\$ 212	\$ 318,783
Cash payments to employees for services	(593,320)	-	-	(593,320)
Cash payments to suppliers for goods and services	(515,649)	(126,393)	-	(642,042)
<i>Net cash provided by (used) for operating activities</i>	<u>(781,985)</u>	<u>(134,806)</u>	<u>212</u>	<u>(916,579)</u>
<i>Cash flows from noncapital financing activities:</i>				
Federal capital grants	782,362	213,739	16,434	1,012,535
Miscellaneous income	17,303	-	-	17,303
Change in noncurrent accrued compensated absences	(16,697)	-	-	(16,697)
Acquisition and construction of capital assets				
Internal balances	(20,532)	20,532	-	-
Transfers	99,724	(83,290)	(16,434)	-
<i>Net cash provided by (used) from noncapital financing activities:</i>	<u>862,160</u>	<u>150,981</u>	<u>-</u>	<u>1,013,141</u>
<i>Cash flows from capital and related financing activities:</i>				
Acquisition and construction of capital assets	(83,192)	-	-	(83,192)
<i>Net cash used for capital and related financing activities</i>	<u>(83,192)</u>	<u>-</u>	<u>-</u>	<u>(83,192)</u>
<i>Cash flows from investing activities:</i>				
Interest on investments	5,190	122	5,923	11,235
<i>Net cash provided by (used) from investing activities</i>	<u>5,190</u>	<u>122</u>	<u>5,923</u>	<u>11,235</u>
<i>Net increase in cash and cash equivalents</i>	2,173	16,297	6,135	24,605
<i>Cash and cash equivalents - beginning of year</i>	<u>197,087</u>	<u>(11,598)</u>	<u>148,256</u>	<u>333,745</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 199,260</u>	<u>\$ 4,699</u>	<u>\$ 154,391</u>	<u>\$ 358,350</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>				
Operating income (loss)	\$ (1,295,046)	\$ (126,393)	\$ (82,199)	\$ (1,503,638)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:				
Depreciation	493,640	-	82,199	575,839
Changes in assets and liabilities				
Receivables	4,102	(8,413)	212	(4,099)
Inventory	8,226	-	-	8,226
Prepaid expenses	15,732	-	-	15,732
Accounts payable	279	-	-	279
Accrued payroll expenses	(2,237)	-	-	(2,237)
Current accrued compensated absences	-	-	-	-
Meter deposits	2,642	-	-	2,642
Deferred revenue	(9,323)	-	-	(9,323)
<i>Net cash (used) by operating activities</i>	<u>\$ (781,985)</u>	<u>\$ (134,806)</u>	<u>\$ 212</u>	<u>\$ (916,579)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1. Summary of Significant Accounting Policies

The Housing Authority of Las Vegas City (Authority) was established in 1961. The Housing Authority's office is located in Las Vegas, New Mexico. The Authority uses the City commissioners as their board. The Authority manages low rent public housing developments containing 232 total units.

The primary goal of the Low Income Public Housing Program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Under this program, decent, safe and sanitary housing is made available to families having incomes lower than those serviced by Public Housing Agencies (PHA) which are organized and authorized in accordance with State Law to engage or assist in the development of operation of a Low Income Public Housing Program.

This summary of significant accounting policies of the Authority is presented to assist the reader in understanding the Authority's financial statements. The financial statements and notes are the representation of Authority's management, that is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Authority has implemented Government Accounting Standards Board (GASB) Statement 34 Basic Financial Statements for State and Local Governments for the year ended June 30, 2008. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research bulletins of the committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

The Authority administers the following federal award programs reported in the following major proprietary funds.

- **Low Income Public Housing Program** – 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 Authority. (Authority CFR Title 24)
- **Capital Fund Program** –A grant program funded by the Department of HUD that is intended to improve public housing properties and management. (Authority CFR Title 24)
- **Hope VI Funds** – to improve the living environment for public housing residents of severely distressed public housing projects through the demolition, substantial rehabilitation, reconfiguration, and/or replacement of severely distressed units. (Authority CFR Title 24)

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

A. Financial Reporting Entity

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB-14 as amended by GASB 39. 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 is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its residents and participants. 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 Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units; however, the Authority is a component unit of the City of Las Vegas.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

B. Basis of Accounting and Financial Statement Presentation

The Authority'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.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The Authority'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. Fund 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.

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 customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Revenue Recognition

Dwelling rental revenues are recorded as rental payments become due. Rental payments received in advance, if any, are deferred until earned.

The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions to the public housing program. Such contributions are reflected as operating grants revenue in the accompanying financial statements. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Deposits and Investments

The Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by the United States of America. The Authority'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. 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 OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deposits and Investments (continued)

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized in accordance with statute, by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of uninsured 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.

Receivables and Payables

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

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.

Restricted Assets

Certain assets may be set aside for modernization and development, as well as 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. Another restriction is the use of assets set aside for debt service.

Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. As proprietary funds, the Authority was required to capitalize and depreciate all of its capital asset acquisitions both before and after the implementation of GASB 34. 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 assets lives are not capitalized.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets (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 Authority are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	5-20 years
Building and Building Improvement	10-40 years
Furniture, fixtures and equipment	3-15 years

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

Accrued compensated absences of the Proprietary funds are recorded on their Statement of Fund Net Assets. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave and for sick pay for only those employees who will be paid for unused sick leave upon termination.

Fund Net Assets

Fund net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Fund net assets are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted fund 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 fund net assets consists of fund 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 fund net assets consist of all other fund net assets not included in the above categories.

Unrestricted and Restricted Revenues

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Estimates

The preparation of 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 Authority's financial statements are the estimated useful lives of capital assets.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Interfund Transactions (continued)

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTE 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The Executive Director annually obtains from HUD approved operating budgets for the fiscal year commencing the following July 1. The Authority'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 that is comparable to the GAAP basis, except that the HUD budgetary basis excludes depreciation, which is included in the GAAP basis. Budgetary comparisons for the Authority's programs, and the related reconciliations of the budgetary basis to the GAAP basis, are included as supplementary information.

NOTE 3. Deposits and Investments

State statutes authorize the investment of Authority 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 Authority properly followed State investment requirements as of June 30, 2008.

Other than deposits represented by security deposits, all deposits are required to be in interest-bearing accounts.

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 an institution in the same state will be insured up to \$100,000 in aggregate and separate from the \$100,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. 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 Authority for at least one half of the amount on deposit with the institution. As of June 30, 2008, \$559,235 of the Authority's bank balance of \$559,235 was exposed to custodial credit risk. \$559,235 was uninsured and collateralized by securities held by the pledging institution or by its trust department or agent in other than the Authority's name.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 3. Deposits and Investments (continued)

	<u>Bank of Las Vegas</u>
Total amount of deposits	\$ 559,235
FDIC coverage	<u>-</u>
Total unsecured public funds	<u>559,235</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Agency's name	<u>559,235</u>
Uninsured and uncollateralized	<u>\$ -</u>
Collateral requirement (50% of uninsured public funds)	\$ 279,618
Pledged security	<u>559,235</u>
Over (under) collateralization	<u>\$ 279,617</u>

The Authority's cash and pledged collateral are combined with the cash and pledged collateral of the City of Las Vegas. Therefore, all FDIC coverage has been applied to the City of Las Vegas cash deposits and none to the housing authority cash accounts for financial reporting purposes only.

Reconciliation to the Statement of Fund Net Assets

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

Reconciliation to Statement of Net Assets

Cash and cash equivalents per Exhibit A-1	\$ 336,230
Restricted cash per Exhibit A-1	<u>22,120</u>
Bank balance of deposits	<u>\$ 358,350</u>
Reconciling Items	<u>200,885</u>
Deposits per the Bank	<u>\$ 559,235</u>

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 4. Receivables

Receivables as of June 30, 2008 are as follows:

	Low Rent Public Housing	Public Housing Capital Fund	Hope VI Funds	Total
Tenant Receivables	\$ 1,054	\$ -	\$ -	\$ 1,054
Miscellaneous Receivables	3,609	8,413	-	12,022
Interest Receivables	241	-	-	241
Total	<u>4,904</u>	<u>8,413</u>	<u>-</u>	<u>13,317</u>
Less: Allowance for doubtful accounts	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Totals	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,317</u>

NOTE 5. Interfund Payables and Receivables

Internal balances have primarily been recorded when funds overdraw their share of pooled cash. The composition of interfund balances as of June 30, 2008 is as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Low Rent Public Housing	Public Housing Capital Fund	\$ 20,532
Public Housing Capital Fund	Low Rent Public Housing	7,420
Hope VI Funds	Low Rent Public Housing	711
Total		<u>\$ 28,663</u>

All Interfund Transactions are short-term and are repaid within a month.

NOTE 6. Transfers

Transfers consist of closing out funds and to supplement other funding sources.

Net operating transfers are as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Low Rent Public Housing	Public Housing Capital Fund	\$ 16,532
Low Rent Public Housing	Public Housing Capital Fund	66,758
Low Rent Public Housing	Hope VI Funds	16,434
	Total Transfers	<u>\$ 99,724</u>

STATE OF NEW MEXICO
Las Vegas Housing Authority
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Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 7. Capital Assets

Land, structures, equipment and furnishings capital asset activity for each fund consists of the following at June 30, 2008:

Capital Assets used for:	Balance 6/30/2007	Adjustments	Additions	Deletions	Balance 6/30/2008
Capital assets not depreciated:					
Land	\$ -	\$ 222,150	\$ -	\$ -	\$ 222,150
Construction in progress	306,171	-	21,972	-	328,143
Total not depreciated	<u>306,171</u>	<u>222,150</u>	<u>21,972</u>	<u>-</u>	<u>550,293</u>
Capital assets being depreciated:					
Land improvements	5,642,070	(4,743,693)	-	-	898,377
Buildings & improvements	4,899,515	4,521,543	-	-	9,421,058
Furniture, fixtures & equipment	488,570	-	5,600	-	494,170
Vehicles	145,398	-	55,620	-	201,018
Total being depreciated	<u>11,175,553</u>	<u>(222,150)</u>	<u>61,220</u>	<u>-</u>	<u>11,014,623</u>
Total capital assets	<u>11,481,724</u>	<u>-</u>	<u>83,192</u>	<u>-</u>	<u>11,564,916</u>
Less accumulated depreciation					
Land improvements	(4,183,975)	3,771,961	(73,394)	-	(485,408)
Building & improvements	(1,792,438)	(3,771,966)	(482,577)	-	(6,046,981)
Furniture, fixtures & equipment	(469,765)	-	(8,875)	-	(478,640)
Vehicles	(133,580)	-	(10,988)	-	(144,568)
Total accumulated depreciation	<u>(6,579,758)</u>	<u>(5)</u>	<u>(575,834)</u>	<u>-</u>	<u>(7,155,597)</u>
Net capital assets	<u>\$ 4,901,966</u>	<u>\$ (5)</u>	<u>\$ (492,642)</u>	<u>\$ -</u>	<u>\$ 4,409,319</u>

Depreciation expense for the year ended June 30, 2008 totaled \$575,834.

NOTE 8. Contingent Liabilities

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

NOTE 9. Risk Management

City of Las Vegas Housing Authority is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets: errors and omissions: injuries to employees: and natural disasters. Authority has joined together with other housing authorities throughout the Country and obtained insurance through the Housing Authority Insurance Group, a housing authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred from the Authority to the Housing Authority Insurance Group.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 10. Other Information

PERA Pension Plan

Plan Description

Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11 NMSA 1978.) The Public Employee Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing, multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits, and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P. O. Box 2123, Santa Fe, New Mexico 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy

The Authority's plan members are covered under the Municipal Plan I. Under Plan I, members are required to contribute 10.15% of their gross salary. The Authority is required to contribute 7.75% for all plan members. The contribution requirements of plan members and the Authority are established under Chapter 10, Article 11 NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal year ending June 30, 2008, 2007, and 2006 were \$35,728, \$41,990 and \$44,781 respectively which equal the amount of the required contributions for each fiscal year.

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan

Plan Description

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

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

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

Funding Policy

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

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. The statute requires each participating employer to contribute 1.3% of each participating employee’s annual salary; each participating employee is required to contribute .65% of their salary.

Employers joining the program after 1/1/98 are also required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is finance on a pay-as-you-go basis. The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature.

The Las Vegas Housing Authority’s contributions to the RHCA for the years ended June 30, 2008, 2007 and 2006 were \$5,051, \$5,966 and \$6,334, respectively, which equal the required contributions for each year.

NOTE 12. Concentrations

Substantially all revenues of the Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Authority’s continued compliance with grant provisions and the continuance of the grant programs by the U.S. Governmental agency.

NOTE 13. Long-term Liabilities

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2008

	Balance, July 1, 2007	Additions	Retirements	June 30, 2008	Due Within One Year
Compensated absences	\$ 41,583	\$ 10,042	\$ 26,739	\$ 24,886	\$ 24,886
Totals	<u>\$ 41,583</u>	<u>\$ 10,042</u>	<u>\$ 26,739</u>	<u>\$ 24,886</u>	<u>\$ 24,886</u>

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Notes to the Financial Statements
For the Year Ended June 30, 2008

NOTE 14. Restatement of Net Assets

The net assets were restated due to a transfer from the Capital Fund Project fund and the Public Housing Low Income fund to the Hope VI fund as follows:

Beginning Net Assets

Low Income	\$	5,170,166
To separate the Hope VI fund from the Low Income Fund		(782,029)
Beginning Net Assets as Restated	\$	<u><u>4,388,137</u></u>
Capital Fund Program		(1,547)
To separate the Hope VI fund from the Capital fund Program		<u>(2,631)</u>
Beginning Net Assets as Restated	\$	<u><u>(4,178)</u></u>
Hope VI Funds		-
To separate the Hope VI fund from the Low Income fund		<u>784,660</u>
Beginning Net Assets as Restated	\$	<u><u>784,660</u></u>

NOTE 15. Net Assets

The government-wide statement of net assets reports \$274,102 of restricted net assets, of which \$274,102 is restricted by enabling legislation.

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SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Statement B-1

City of Las Vegas Housing Authority

Low Rent Public Housing

Statement of Revenues, Expenses and Changes in Net Assets

Budget and Actual (Non GAAP)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges for services	355,987	333,900	332,205	\$ (1,695)
<i>Total revenues</i>	355,987	333,900	332,205	(1,695)
<i>Expenditures:</i>				
Current				
Personnel services	611,284	640,709	591,083	49,626
Contractual services	368,045	389,337	375,156	14,181
Supplies	14,900	19,900	12,090	7,810
Maintenance and materials	87,800	115,008	115,055	(47)
Miscellaneous	55,810	73,810	40,227	33,583
<i>Total expenditures</i>	1,137,839	1,238,764	1,133,611	105,153
<i>Operating Income (loss)</i>	(781,852)	(904,864)	(801,406)	103,458
<i>Non-operating revenues (expenses):</i>				
Operating grants	584,799	781,886	782,362	476
Investment income	15,000	2,000	5,190	3,190
Miscellaneous income	134,729	139,729	17,303	(122,426)
<i>Total non-operating revenues (expenses)</i>	734,528	923,615	804,855	(118,760)
Transfers in	-	-	99,724	99,724
Transfers (out)	-	-	-	-
<i>Net transfers</i>	-	-	99,724	99,724
<i>Change in net assets</i>	(47,324)	18,751	103,173	84,422
<i>(Expenses) not budgeted</i>				
Depreciation	-	-	(493,640)	(493,640)
Designated cash	47,324	(18,751)	-	18,751
<i>Total net assets, beginning of year</i>	-	-	5,170,166	5,170,166
<i>Prior period restatement</i>	-	-	(782,029)	(782,029)
<i>Total net assets beginning of year restated</i>	-	-	4,388,137	4,388,137
<i>Total net assets, end of year</i>	\$ -	\$ -	\$ 3,997,670	\$ 3,997,670
Change in net assets (Non GAAP)			103,173	
Depreciation			(493,640)	
Change in net assets (GAAP Basis)			\$ (390,467)	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

City of Las Vegas Housing Authority

Public Housing Capital Fund

Statement of Revenues, Expenses and Changes in Net Assets

Budget and Actual (Non GAAP)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges for services	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current				
Personnel services	-	-	-	-
Contractual services	137,729	137,729	4,000	133,729
Improvements	1,034,399	1,027,188	50,987	976,201
Miscellaneous	135,310	142,521	71,406	71,115
<i>Total expenditures</i>	1,307,438	1,307,438	126,393	1,181,045
<i>Operating Income (loss)</i>	(1,307,438)	(1,307,438)	(126,393)	1,181,045
<i>Non-operating revenues (expenses):</i>				
Capital grants	1,322,061	1,322,061	213,739	(1,108,322)
Investment income	-	-	122	122
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	1,322,061	1,322,061	213,861	(1,108,200)
Transfers in	-	-	-	-
Transfers (out)	-	-	(83,290)	(83,290)
<i>Net transfers</i>	-	-	(83,290)	(83,290)
<i>Change in net assets</i>	14,623	14,623	4,178	(10,445)
<i>(Expenses) not budgeted</i>				
Depreciation	-	-	-	-
Designated cash	(14,623)	(14,623)	-	14,623
<i>Total net assets, beginning of year</i>	-	-	(1,547)	(1,547)
<i>Prior period restatement</i>	-	-	(2,631)	(2,631)
<i>Total net assets beginning of year restated</i>	-	-	(4,178)	(4,178)
<i>Total net assets, end of year</i>	-	-	-	-
Change in net assets (Non GAAP)			4,178	
Depreciation			-	
Change in net assets (GAAP Basis)			4,178	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-3

City of Las Vegas Housing Authority

Hope VI Fund

Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual (Non GAAP)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Revenues:</i>				
Charges for services	-	-	-	-
<i>Total revenues</i>	-	-	-	-
<i>Expenditures:</i>				
Current				
Personnel services	-	-	-	-
Contractual services	52,000	52,000	-	52,000
Improvements	-	-	-	-
Miscellaneous	1,008,073	1,008,073	-	1,008,073
<i>Total expenditures</i>	1,060,073	1,060,073	-	1,060,073
<i>Operating Income (loss)</i>	(1,060,073)	(1,060,073)	-	1,060,073
<i>Non-operating revenues (expenses):</i>				
Operating grants	426,153	426,153	16,434	(409,719)
Investment income	1,500	1,500	5,923	4,423
Miscellaneous income	1,206,000	1,206,000	-	(1,206,000)
<i>Total non-operating revenues (expenses)</i>	1,633,653	1,633,653	22,357	(1,611,296)
Transfers in	-	-	-	-
Transfers (out)	-	-	(16,434)	(16,434)
<i>Net transfers</i>	-	-	(16,434)	(16,434)
<i>Change in net assets</i>	573,580	573,580	5,923	(567,657)
<i>(Expenses) not budgeted</i>				
Depreciation	-	-	(82,199)	(82,199)
Designated cash	(573,580)	(573,580)	-	573,580
<i>Total net assets, beginning of year</i>	-	-	-	-
<i>Prior period restatment</i>	-	-	784,660	784,660
<i>Total net assets beginning of year restated</i>	-	-	784,660	784,660
<i>Total net assets, end of year</i>	-	-	708,384	708,384
Change in net assets (Non GAAP)			5,923	
Depreciation			(82,199)	
Change in net assets (GAAP Basis)			<u>\$ (76,276)</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Schedule of Deposit and Investment Accounts
For the Year Ended June 30, 2008

Schedule I

<u>Financial Institution</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Bank of Las Vegas				
Checking Accounts				
Housing	\$ 184,645	\$ 32,305	\$ 144,097	\$ 72,853
Housing Modernization	89,186	-	85,862	3,324
Section VIII	54	-	-	54
Tenant Deposits Fund	25,350	900	4,131	22,119
				-
Cash Equivalent Accounts				
Low Rent Public Housing CD	115,000	-	-	115,000
Turnkey CD	100,000	-	-	100,000
Turnkey CD	45,000	-	-	45,000
				-
Total Cash - June 30, 2008	<u>\$ 559,235</u>	<u>\$ 33,205</u>	<u>\$ 234,090</u>	<u>\$ 358,350</u>
Cash per financial statements:				
Cash and cash equivalents				\$ 335,717
Restricted cash and cash equivalents				22,633
Cash overdrafts				-
				-
Total Cash - June 30, 2008				<u>\$ 358,350</u>

See accompanying independent auditor's report.

STATE OF NEW MEXICO
City of Las Vegas Housing Authority
Schedule of Collateral Pledged By Depository for Public Funds
June 30, 2008

Schedule II

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2008	Location of Safekeeper
Bank of Las Vegas						
	U.S. Treasury	Note	11/15/2008	912828ELO	\$ 504,295	Dallas, TX
	FHLB	Loan	9/15/2010	3133XNXT1	783,248	Dallas, TX
	Bonds	Bonds			500,000	NM Bank Deposit Guaranty Bonds
	Bonds	Bonds			600,000	NM Bank Deposit Guaranty Bonds
	Bonds	Bonds			1,000,000	NM Bank Deposit Guaranty Bonds
	Bonds	Bonds			<u>1,000,000</u>	NM Bank Deposit Guaranty Bonds
	Total Bank of Las Vegas				<u>\$ 4,387,543</u>	
	Primary Government Component Unit				\$ 3,828,308	
					<u>559,235</u>	
	Total				<u>\$ 4,387,543</u>	

See accompanying independent auditors' report

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Financial Data Schedule
June 30, 2008

	Low Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Hope VI Funds 14.866	Total
Assets				
111 Cash-unrestricted	61,627	\$ 4,699	\$ 9,391	\$ 75,717
114 Cash-tenant security deposits	22,633	-	-	22,633
100 Total cash	<u>84,260</u>	<u>4,699</u>	<u>9,391</u>	<u>98,350</u>
122 Accounts receivable-HUD projects	-	8,413	-	8,413
126 Accounts receivable-tenants-dwelling rents	4,769	-	-	4,769
126.1 Allowance for doubtful accounts-dwelling rents	(3,000)	-	-	(3,000)
129 Accrued interest receivable	-	-	135	135
120 Total receivables, net of allowance for doubtful accounts	<u>1,769</u>	<u>8,413</u>	<u>135</u>	<u>10,317</u>
131 Investments-unrestricted	115,000	-	145,000	260,000
143 Inventories	18,310	-	-	18,310
143.1 Allowance for obsolete inventories	-	-	-	-
144 Interprogram due from	20,532	7,420	711	28,663
150 Total current assets	<u>239,871</u>	<u>20,532</u>	<u>155,237</u>	<u>415,640</u>
161 Land	183,150	-	39,000	222,150
162 Buildings	8,131,695	-	1,289,362	9,421,057
163 Furniture, equipment & machinery-dwelling	317,327	-	-	317,327
164 Furniture, equipment & machinery-administration	377,861	-	-	377,861
165 Leasehold improvements	466,024	-	432,353	898,377
166 Accumulated depreciation	(5,948,029)	-	(1,207,568)	(7,155,597)
167 Construction in progress	328,144	-	-	328,144
160 Total fixed assets, net of accumulated depreciation	<u>3,856,172</u>	<u>-</u>	<u>553,147</u>	<u>4,409,319</u>
180 Total non-current assets	<u>3,856,172</u>	<u>-</u>	<u>553,147</u>	<u>4,409,319</u>
190 Total assets	<u>\$ 4,096,043</u>	<u>\$ 20,532</u>	<u>\$ 708,384</u>	<u>\$ 4,824,959</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Financial Data Schedule
June 30, 2008

	Low Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Hope VI Funds	Total
Liabilities and Equity				
312 Accounts payable-less than 90 days	\$ 808	\$ -	\$ -	\$ 808
321 Accrued wage/payroll taxes payable	35,400	-	-	35,400
341 Tenant security deposits	22,633	-	-	22,633
342 Deferred revenue	6,515	-	-	6,515
347 Interprogram due to	8,131	20,532	-	28,663
310 Total current liabilities	<u>73,487</u>	<u>20,532</u>	<u>-</u>	<u>94,019</u>
354 Accrued compensated absences-noncurrent	24,886	-	-	24,886
350 Total noncurrent liabilities	<u>24,886</u>	<u>-</u>	<u>-</u>	<u>24,886</u>
300 Total liabilities	<u>98,373</u>	<u>20,532</u>	<u>-</u>	<u>118,905</u>
Equity				
508.1 Invested in capital assets, net of related debt	3,856,172	-	553,147	4,409,319
512.1 Unrestricted net assets	141,498	-	155,237	296,735
513 Total equity/net assets	<u>3,997,670</u>	<u>-</u>	<u>708,384</u>	<u>4,706,054</u>
600 Total liabilities and equity/net assets	<u>\$ 4,096,043</u>	<u>\$ 20,532</u>	<u>\$ 708,384</u>	<u>\$ 4,824,959</u>

See accompanying independent auditors' report

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Financial Data Schedule
June 30, 2008

Schedule III
Page 3 of 3

	Low Rent Public Housing 14.850	Public Housing Capital Fund Program 14.872	Hope VI Funds 14.850	Total
Revenues				
703 Net tenant rental revenue	\$ 331,320	\$ -	\$ -	\$ 331,320
704 Tenant revenue-other	18,188	-	-	18,188
705 Total tenant revenue	<u>349,508</u>	<u>-</u>	<u>-</u>	<u>349,508</u>
706 HUD PHA operating grants	782,362	213,739	16,434	1,012,535
706.1 Capital grants	-	-	-	-
711 Investment income-unrestricted	5,190	122	5,923	11,235
715 Other Revenue	-	-	-	-
716 Gain/loss on sale of fixed assets	-	-	-	-
700 Total revenue	<u>1,137,060</u>	<u>213,861</u>	<u>22,357</u>	<u>1,373,278</u>
Expenses				
911 Administrative salaries	206,461	-	-	206,461
912 Auditing fees	14,910	4,000	-	-
914 Compensated absences	47,378	-	-	47,378
915 Employee benefit contributions-administrative	166,525	-	-	166,525
916 Other operating-administrative	53,726	71,406	-	125,132
931 Water	110,336	-	-	110,336
932 Electricity	10,163	-	-	10,163
933 Gas	128,720	-	-	-
941 Ordinary maintenance and operations-labor	170,719	-	-	170,719
942 Ordinary maintenance and operations-materials and other	60,719	-	-	60,719
943 Ordinary maintenance and operations-contract costs	57,586	-	-	57,586
945 Employee benefit contributions - ordinary maintenance	-	-	-	-
961 Insurance premiums	91,959	-	-	91,959
963 Payment in lieu of taxes	1,637	-	-	1,637
964 Bad debt-tenant rents	10,064	-	-	10,064
969 Total operating expenses	<u>1,130,903</u>	<u>75,406</u>	<u>-</u>	<u>1,058,679</u>
970 Excess operating revenue over operating expenses	<u>6,157</u>	<u>138,455</u>	<u>22,357</u>	<u>314,599</u>
971 Extraordinary maintenance	2,708	50,987	-	53,695
973 Housing assistance payments	-	-	-	-
974 Depreciation expense	493,640	-	82,199	575,839
900 Total expenses	<u>1,627,251</u>	<u>126,393</u>	<u>82,199</u>	<u>1,688,213</u>
1001 Operating transfers in	16,532	-	-	16,532
1002 Operating transfers out	-	(16,532)	-	(16,532)
1010 Total other financing sources (uses)	<u>16,532</u>	<u>(16,532)</u>	<u>-</u>	<u>-</u>
1000 Excess (deficiency) of revenue over total expenses	<u>(473,659)</u>	<u>70,936</u>	<u>(59,842)</u>	<u>(314,935)</u>
1103 Beginning equity	4,388,137	(4,178)	784,660	5,168,619
1104 Prior period adjustments, equity transfers	83,192	(66,758)	(16,434)	-
Ending equity (deficit)	<u>\$ 3,997,670</u>	<u>\$ -</u>	<u>\$ 708,384</u>	<u>\$ 4,853,684</u>

See accompanying independent auditors' 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 and
To the Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico

We have audited the financial statements of the business-type activities of the Las Vegas Housing Authority (the “Authority”), a component unit of the City of Las Vegas, New Mexico (the “City”), as of and for the year ended June 30, 2008, which collectively comprise the Las Vegas Housing Authority’s basic financial statements as listed in the table of contents and have issued our report thereon dated March 2, 2009. We have also audited the budgetary comparisons for the year ended June 30, 2008 listed as supplementary information 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 Las Vegas Housing’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 Las Vegas Housing’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Las Vegas Housing’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 entity’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 Authority’s financial statements that is more than inconsequential will not be prevented or detected by Las Vegas Housing’s internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS-2008-01 to be a significant deficiency 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 Las Vegas Housing’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, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item FS-2008-02.

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

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Commission, the New Mexico Legislature, the New Mexico Department of Finance and Administration, the Office of 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.

Accounting & Consulting Group, L.L.P.

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
March 2, 2009

FEDERAL FINANCIAL ASSISTANCE

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

Hector Balderas
New Mexico State Auditor
The Office of Management and Budget and
To the Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico

Compliance

We have audited the compliance of City of Las Vegas Housing Authority, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. City of Las Vegas's major federal programs are identified in the summary of auditors' 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 City of Las Vegas's management. Our responsibility is to express an opinion on City of Las Vegas'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 City of Las Vegas'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 of City of Las Vegas's compliance with those requirements.

In our opinion, City of Las Vegas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of City of Las Vegas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Las Vegas's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Las Vegas Housing Authority's internal control over compliance.

A control deficiency in City of Las Vegas's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects City of Las Vegas's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by City of Las Vegas's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by City of Las Vegas's internal control.

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

This report is intended solely for the information and use of management, others within City of Las Vegas, the audit committee, the State Auditor, the City Council, the New Mexico Legislature, Housing and Urban Development, the New Mexico Department of Finance and Administration, and applicable federal grantors, and is not intended to be and should not be used by anyone other than these parties.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
March 2, 2009

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2008

Schedule IV

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Low Rent and Indian Housing (1)	14.850	\$ 1,133,611
Public Housing Capital Fund Program	14.872	<u>126,393</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 1,260,004</u>

(1) Audited as Major Program

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Las Vegas Housing Authority (Authority) and is presented on the HUD basis of accounting, which is different from what was used to prepare the the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Sub-recipients

The Authority did not provide any federal awards to sub-recipients during the year.

3. Debt Service Subsidy

The Housing Authority did not receive any noncash assistance or any loans for the year ended June 30, 2008.

See accompanying independent auditors' report

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|-------------|
| 1. Type of auditors' report issued | Unqualified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements? | 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: | |

CFDA Number	Federal Program
14.850	Low Rent and Indian Housing Program
14.872	Public Housing Capital Funds

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 6. Auditee qualified as low-risk auditee? | No |

SECTION II – FINANCIAL STATEMENT FINDINGS

FS 2008-01 Preparation of Financial Statements

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.

Condition: The financial statements and related disclosures are not being prepared by the Housing Authority.

Cause: The Housing Authority'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.

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, detect, and correct a misstatement in its financial statements is limited.

Recommendation: We recommend Housing Authority 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 Housing Authority develop and implement policies and procedures designed to prevent, detect, and correct possible misstatements in its financial statements and related footnote disclosures.

Management's Response: The Housing Authority did not have a Financial Specialist nor did the City of Las Vegas have a Financial Officer until recently. The Housing Authority will develop and implement policies and procedures to produce timely financial statements.

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

FS 2008-02 — Late Audit Report

Criteria: Audit reports are due on or before the due date, December 1, 2008, according to the State Auditor regulation Section 2.2.2.9A.

Condition: The Housing Authority's audit report for the year ended June 30, 2008 was not submitted to the State auditor by the required due date of December 1, 2008, it was actually submitted on March 6, 2009.

Cause: Accounting records were not completed in time to ensure the submission of a timely audit report.

Effect: The result was the late submission of the Housing Authority's audit report for the year ended June 30, 2008. Timely financial statements were not available for management's use.

Recommendation: We recommend that the Housing Authority post and prepare its accounting records in a timely manner so that the 2009 audit can be completed by the deadline.

Management's response: The Housing Authority did not have a Financial Specialist nor did the City of Las Vegas have a Financial Officer until recently. In the future, the Housing Authority will complete accounting records to ensure a timely audit report.

SECTION III – FEDERAL AWARD FINDINGS

None.

SECTION IV – PRIOR YEAR AUDIT FINDINGS

FS 2007-08 — Bank reconciliations — Resolved

FS 2007-09 — Tenant deposits — Resolved

STATE OF NEW MEXICO
Las Vegas Housing Authority
A Component Unit of the City of Las Vegas
Other Disclosures
For the Year Ended June 30, 2008

OTHER DISCLOSURES:

AUDITOR PREPARED FINANCIAL STATEMENTS

Although it would be preferred and desirable for the Agency to prepare its own GAAP-financial statements, it is felt that the Authority's personnel do not have the time to prepare them. Therefore, the external auditor prepared the GAAP-basis financial statements and footnotes for management's approval. Management is responsible for the financial statements.

EXIT CONFERENCE

The contents of this report were discussed with Las Vegas Housing Authority, representatives on March 2, 2009. The following individuals were in attendance.

Accounting and Consulting Group, LLP
Jeffrey W. McWhorter, CPA

Las Vegas Housing Authority Officials
Robert Pacheco, Executive Director
June Cordova, Finance Director
Lori Gonzales, Housing Manager

City of Las Vegas
Abran Romero, Finance Director
Veronica Gentry, Assistant Finance Director
Diane Moore, City Council Member