

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

FINANCIAL STATEMENTS

JUNE 30, 2009

Moss Adams LLP
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Albuquerque, New Mexico
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LAS VEGAS HOUSING AUTHORITY

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

Official Roster

June 30, 2009

CITY COUNCIL

Name	Title
Tony E. Marquez, Jr.	Mayor
Morris Madrid	Councilor
Diane Moore	Councilor
Andrew Feldman	Councilor
Cruz E. Roybal, Jr.	Councilor

ADMINISTRATIVE OFFICIAL

Robert Pacheco	Executive Director
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Independent Auditors' Report

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The Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Hector Balderas
New Mexico State Auditor

We have audited the accompanying basic financial statements of Las Vegas Housing Authority (Authority), a component unit of the City of Las Vegas (City), as of and for the year ended June 30, 2009, including the budgetary statement as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion 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 Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 10, the beginning balance of net assets has been restated to account for the unrecorded sales and demolition of housing units in the prior years. The restatement resulted in a decrease in the beginning balance of net assets of \$1,113,035.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2009, and its changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, the financial statement referred to above presents fairly, in all material respects, the budgetary comparison for the year then ended in conformity with the budgetary basis required by the

The Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Hector Balderas
New Mexico State Auditor

U.S. Department of Housing and Urban Development that is more fully described in Note 8 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2010, 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 Authority has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board (GASB) has determined to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedules listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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.

Moss Adams LLP

Albuquerque, New Mexico
March 24, 2010

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2009

ASSETS

Current assets

Cash and cash equivalents	\$ 383,397
Tenant accounts receivable (net of allowance of \$5,000)	2,444
Receivable from HUD	8,653
Accrued interest receivable	241
Inventory	<u>18,310</u>

Total unrestricted current assets 413,045

Restricted cash and cash equivalents

Tenant deposits	<u>21,283</u>
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Total current assets 434,328

Capital assets not depreciated	261,467
Capital assets depreciated, net	<u>3,096,146</u>

Capital assets, net 3,357,613

Total assets 3,791,941

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	36,129
Accrued payroll	14,876
Accrued compensated absences	32,145
Tenant deposits payable	21,283
Deferred revenue	<u>5,997</u>

Total current liabilities 110,430

NET ASSETS

Invested in capital assets	3,357,613
Restricted	<u>323,898</u>

Total net assets 3,681,511

Total liabilities and net assets \$ 3,791,941

See Notes to Financial Statements.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
Year Ended June 30, 2009

Operating revenues	
Tenant rental income	\$ 381,711
HUD operating grants	639,283
Other income	20,829
	<hr/>
Total operating revenues	1,041,823
	<hr/>
Operating expenses	
Administrative	654,896
Utilities	263,497
Maintenance and repairs	157,641
General	113,423
Depreciation	353,847
	<hr/>
Total operating expenses	1,543,304
	<hr/>
Operating loss	(501,481)
	<hr/>
Non-operating revenues	
Interest income	3,933
Non-operating HUD grant	586,040
	<hr/>
Total non-operating revenues	589,973
	<hr/>
Net income	88,492
	<hr/>
Net assets, beginning of year as previously reported	4,706,054
	<hr/>
Net assets restatement	(1,113,035)
	<hr/>
Net assets, beginning of year as restated	3,593,019
	<hr/>
Net assets, end of year	\$ 3,681,511
	<hr/> <hr/>

See Notes to Financial Statements.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2009

Cash Flows From Operating Activities	
Cash received from customers and others	\$ 399,891
Cash received from HUD for operations	639,283
Cash payments to and on behalf of employees	(563,379)
Cash payments to suppliers for goods and services	<u>(604,022)</u>
Net cash used by	
operating activities	<u>(128,227)</u>
Cash Flows From Investing Activities	
Purchase of capital assets	(415,176)
HUD grants for purchase of capital assets	585,800
Interest income	<u>3,933</u>
Net cash provided by	
investing activities	<u>174,557</u>
Net increase in cash and	
cash equivalents	46,330
Cash and cash equivalents, beginning of year	<u>358,350</u>
Cash and cash equivalents, end of year	<u><u>\$ 404,680</u></u>
Cash and cash equivalents	
Unrestricted cash	\$ 383,397
Restricted	<u>21,283</u>
	<u><u>\$ 404,680</u></u>

See Notes to Financial Statements.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (CONTINUED)
Year Ended June 30, 2009

Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating loss	\$ (501,481)
Adjustments to Reconcile Operating Loss to	
Net Cash Used By Operating Activities	
Depreciation	353,847
Changes in assets and liabilities	
Receivables	(1,021)
Accounts payable	8,295
Accrued payroll	6,502
Accrued compensated absences	7,259
Deferred revenue	(278)
Customer deposits payable	(1,350)
	<hr/>
Net cash used by	
operating activities	\$ (128,227)
	<hr/> <hr/>

See Notes to Financial Statements.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business. Las Vegas Housing Authority (Authority) was established in 1961, and is located in Las Vegas, New Mexico. The Authority uses the City of Las Vegas (City) commissioners as their board. The Authority manages low rent public housing developments containing 228 housing 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.

Reporting Entity. The Authority combined statement of net assets includes the accounts of all of its operations. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations of the primary government's officials to appoint a voting majority of an organization's governing body and either the primary government is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or level of services performed or provided by the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to financial the deficits of, provide financial support to the organization; or (c) is obligated in some manner for the debt of the organization. The Authority is a component unit of the City. The Authority has no component units.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

Basis of Accounting. The Authority is responsible for the fair presentation in the financial statements of the statement of net assets, and the related statements of revenues, expenditures and changes in net assets and cash flows in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Measurement Focus, Basis of Accounting and Basis of Presentation. The accounts of the Authority organized on the basis of a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In accounting and reporting for its proprietary operations, the Authority does not apply applicable FASB Statements and Interpretations issued after November 30, 1989. Proprietary funds include the following fund type:

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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 Authority's enterprise fund are tenant rental income and operating grants. Operating expenses for enterprise funds include the cost of operation, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The capitalization policy includes items with a cost of \$5,000 or more and an estimated useful life of greater than one year. Interest incurred during construction was written off as an expense and not capitalized. Donated capital assets are valued at their estimated fair market value on the date they are donated. The capital assets of the Authority have been recorded at their historical cost.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on the Statement of Net Assets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Land improvements	5-20 years
Building and Building Improvements	10-40 years
Furniture, fixtures and equipment	3-15 years
Vehicles	5-7 years

Management Estimates and Assumptions. The accompanying financial statements include certain estimates and assumptions by management that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents. Amounts reflected as "cash and cash equivalents" on the Statement of Net Assets include amounts on hand and in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Authority. Certificates of deposits with financial institutions are stated at cost, which approximates their market value.

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.

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.

Compensated Absences. Accrued compensated absences of the Enterprise funds are recorded on their Statement of 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.

No liability has been recognized for sick pay as the Authority does not provide for payment upon termination of employment and does not provide for payment or exchange in the future.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

Net Assets. 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.

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.

NOTE 2. DEPOSITS AND INVESTMENTS

The Authority is authorized under the provision of Chapter 6, Article 10, paragraph 10, NMSA 1978, annotated, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

All money not immediately necessary for the public uses as the Authority may be invested in:

- a. Bonds or negotiable securities of the United States, the state or any county, municipality or town which has a taxable valuation of real property for the 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 bonds at maturity at any time within five years last preceding; or
- b. Securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government; or
- c. In 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 at a price differential representing the interest income to be earned by the investor. The contract 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. 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 collateral required for investment in the contracts provided in this 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.
- d. If the Authority is unable to receive payment on public money at the rate of interest set forth by the State Board of Finance (which is no less than one hundred percent of the asked price on the United States treasury bills of the same maturity on the day of the deposit) from financial institutions within the geographic boundaries of the governmental unit, the Authority may invest its money as provided under Section 6-10-10.1 NMSA 1978 with the New Mexico State Treasurer's investment pool for a period greater than 181 days. The State Treasurer's investment pool shall be invested as provided for State funds under Section 60-10-10 NMSA 1978.

The Authority's cash, cash equivalents and investments as of June 30, 2009, and during the year then ended, consisted of demand deposits and certificates of deposit at two local banks. Certificates of deposit have original maturities of less than 3 months.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial credit risk is the risk that in the event a bank failure, the government's deposits may not be returned. As of June 30, 2009, the Authority's deposits were exposed to custodial credit risk as follows:

	<u>Bank Balances</u>
FDIC Insured	\$ 32,087
Collateralized with securities held in financial institution's name	535,731
Uninsured and uncollateralized	<u>429,942</u>
	<u>\$ 997,760</u>

Deposits of the Authority's monies are to be collateralized in an aggregate equal to 50% of the deposits in excess of Federal Deposit Insurance Corporation Insurance coverage. The following schedules show the carrying amounts and bank balances, which are held by two banks.

	Carrying Amount	Bank Deposits
Bank of Las Vegas		
Checking	\$ 144,830	737,760
FDIC insurance		<u>27,056</u>
Uninsured bank balance		<u>710,704</u>
50% of uninsured balance		355,352
Collateral pledged – securities held by financial institution		<u>413,400</u>
Amount over (under) collateralized		<u>\$ 58,048</u>
	Carrying Amount	Bank Deposits
Community 1st Bank Las Vegas		
Certificates of Deposits	\$ 260,000	260,000
FDIC insurance		<u>5,031</u>
Uninsured bank balance		<u>254,969</u>
50% if uninsured balance		127,485
Collateral pledged – securities held by financial institution		<u>122,331</u>
Amount over (under) collateralized		<u>\$ (5,154)</u>

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

The Authority's cash and pledged collateral are combined with the cash and pledged collateral of the City. Therefore, all FDIC coverage has been allocated among accounts based on the deposit amount.

The following is presented to comply with the requirements of the New Mexico State Statute 12-6-5 NMSA, 1978, as interpreted in New Mexico State Auditor's Rule 2 NMAC 2.2.

Bank Name	Account Type	Bank Balance at 6/30/09	Outstanding Checks	Book Balance at 6/30/09
Bank of Las Vegas	Checking	\$ 23,437	4,086	19,351
Bank of Las Vegas	Checking	260,846	119,645	141,201
Bank of Las Vegas	Checking	453,422	469,199	(15,777)
Bank of Las Vegas	Checking	55	-	55
		<u>737,760</u>	<u>592,930</u>	<u>144,830</u>
Community 1 st Bank	Certificate of Deposit	\$ 145,000	-	145,000
Community 1 st Bank	Certificate of Deposit	115,000	-	115,000
		<u>260,000</u>	<u>-</u>	<u>260,000</u>

NOTE 3. CAPITAL ASSETS

The following schedule shows the changes in capital assets during the year ended June 30, 2009.

	Restated Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Capital assets not depreciated:				
Land	\$ 208,150	-	-	208,150
Construction in progress	5,540	47,777	-	53,317
Total not depreciated	<u>213,690</u>	<u>47,777</u>	-	<u>261,467</u>
Capital assets being depreciated:				
Land improvements	696,647	19,494	-	716,141
Buildings & improvements	7,342,068	347,905	-	7,689,973
Furniture, fixtures & equipment	404,194	-	-	404,194
Vehicles	201,018	-	-	201,018
Total being depreciated	<u>8,643,927</u>	<u>367,399</u>	-	<u>9,011,326</u>
Total capital assets	<u>8,857,617</u>	<u>415,176</u>	-	<u>9,272,793</u>

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3. CAPITAL ASSETS (CONTINUED)

	Restated Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Less accumulated depreciation				
Land improvements	377,831	33,991	-	411,822
Building & improvements	4,650,270	297,482	-	4,947,752
Furniture, fixtures & equipment	388,664	7,376	-	396,040
Vehicles	144,568	14,998	-	159,566
Total accumulated depreciation	5,561,333	353,847	-	5,915,180
Net capital assets	<u>\$3,296,284</u>	<u>61,329</u>	-	<u>3,357,613</u>

Depreciation expense for the year ended June 30, 2009 totaled \$353,847.

NOTE 4. RETIREMENT PLAN

Plan Description. Substantially all of the Authority's full-time employees participate in a public employee retirement system authorized under the Public Employee's Retirement Act (Chapter 10, Article 11 NMSA 1978). The Public Employees 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, 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. That report may be obtained by writing to PERA, PO Box 2123, Santa Fe, NM 87504-2123.

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute 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 years ending June 30, 2009, 2008 and 2007 were \$34,857, \$35,728, and \$41,990 respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan Description. The 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 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.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 5. POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN (CONTINUED)

Employers joining the program after January 1, 1998 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 Housing Authority's contributions to the RHCA for the years ended June 30, 2009, 2008 and 2007 were \$4,952, \$5,051 and \$5,966, respectively, which equal the required contributions for each year.

NOTE 6. 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.

The Authority is required by US Department of Housing and Urban Development (HUD) to replace 17 out of 21 housing units that were sold in 2004. The acquisition or construction of the 17 units shall be funded from the proceeds of sales of the remaining 39 homeownership units. These housing units can be retained as low-income rental property or sold to low-income families in accordance with HUD rules and guidelines.

Management is unaware of any other material pending or threatened litigation, claims or assessments against the Authority, which are not covered by the Authority's insurance.

NOTE 7. RISK MANAGEMENT

The 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
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 8. BUDGET AND BUDGETARY PROCESS

The Board of Commissioners adopts an annual operating budget, which can be amended by them throughout the year. The budget is also reviewed and approved by HUD. Budgetary accounting follows generally accepted accounting principles generally accepted in the United States of America, except that HUD subsidized capital outlay and the related grants, and depreciation expense is not budgeted. Budgetary control is maintained at the line item level.

The Authority's expenditures exceeded budgeted expenditures in the amount of \$38,985 for administrative expenses and \$24,233 for maintenance and repairs.

NOTE 9. ECONOMIC DEPENDENCY

The Authority receives substantial support from HUD. The continued operations of the Authority are dependent on funding from HUD. For the year ended June 30, 2009, the Authority received 75% of its total revenue from HUD.

NOTE 10. RESTATEMENT OF NET ASSETS

During the year, it was determined that sales of some housing units in 2004, and the demolition of various units in 2006 and 2007 were not reflected in the capital asset records. To correct these errors, the beginning balance of net assets of \$4,706,054, as originally reported, has been decreased by \$1,113,035 to \$3,593,019. This is to eliminate the remaining net book value at June 30, 2008 of the housing units sold and the demolished units of \$563,854 and \$549,181, respectively.

The effect of the restatement for the year ended June 30, 2008 is a decrease of \$127,959 on the reported net loss.

LAS VEGAS HOUSING AUTHORITY
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
Year Ended June 30, 2009

	Budget		Actual	Variance
	Original	Final		
Revenues				
Net tenant rental income	\$ 333,000	333,000	381,711	48,711
HUD operating grants	781,886	781,886	639,283	(142,603)
Other income	142,629	142,629	20,829	(121,800)
Total operating income	1,257,515	1,257,515	1,041,823	(215,692)
Expenses				
Administrative	637,519	615,911	654,896	(38,985)
Utilities	301,587	301,587	263,497	38,090
Maintenance and repairs	111,800	133,408	157,641	(24,233)
General	129,310	129,310	113,423	15,887
Total operating expenses	1,180,216	1,180,216	1,189,457	(9,241)
Excess of revenues over expenses	\$ <u>77,299</u>	<u>77,299</u>	(147,634)	<u>224,933</u>
Interest income			3,933	
Non-operating HUD Grant			586,040	
Depreciation Expense			<u>(353,847)</u>	
Net income - GAAP basis			<u>\$ 88,492</u>	

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
June 30, 2009

Line Item Number		Public and Indian Housing 14.85	Public Housing Capital Fund 14.872	Hope VI Funds 14.866	Total
	Assets				
111	Cash-unrestricted	\$ 7,231	141,052	(24,886)	123,397
114	Cash-tenant security deposits	21,283	-	-	21,283
100	Total cash	<u>28,514</u>	<u>141,052</u>	<u>(24,886)</u>	<u>144,680</u>
122	Accounts receivable-HUD projects	-	8,653	-	8,653
126	Accounts receivable-tenants-dwelling rents	7,444	-	-	7,444
126.1	Allowance for doubtful accounts-dwelling rents	(5,000)	-	-	(5,000)
129	Accrued interest receivable	106	-	135	241
120	Total receivables, net of allowance for doubtful accounts	<u>2,550</u>	<u>8,653</u>	<u>135</u>	<u>11,338</u>
131	Investments-unrestricted	115,000	-	145,000	260,000
143	Inventories	18,310	-	-	18,310
144	Interprogram due from	118,761	7,420	38,921	165,102
150	Total current assets	<u>283,135</u>	<u>157,125</u>	<u>159,170</u>	<u>599,430</u>
161	Land	452,938	-	471,353	924,291
162	Buildings	5,888,483	-	1,289,362	7,177,845
163	Furniture, equipment & machinery-dwelling	227,351	-	-	227,351
164	Furniture, equipment & machinery-administration	889,987	-	-	889,987
166	Accumulated depreciation	(4,637,702)	-	(1,277,476)	(5,915,178)
167	Construction in progress	53,317	-	-	53,317
160	Total fixed assets, net of accumulated depreciation	<u>2,874,374</u>	<u>-</u>	<u>483,239</u>	<u>3,357,613</u>
180	Total non-current assets	<u>2,874,374</u>	<u>-</u>	<u>483,239</u>	<u>3,357,613</u>
190	Total assets	<u>\$ 3,157,509</u>	<u>157,125</u>	<u>642,409</u>	<u>3,957,043</u>

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE (CONTINUED)
June 30, 2009

Line Item Number		Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hope VI Funds 14.866	Total
	Liabilities and Equity				
312	Accounts payable-less than 90 days	\$ 21,976	14,153	-	36,129
321	Accrued wage/payroll taxes payable	14,876	-	-	14,876
341	Tenant security deposits	21,283	-	-	21,283
342	Deferred revenue	5,997	-	-	5,997
347	Interprogram due to	8,131	156,971	-	165,102
310	Total current liabilities	<u>72,263</u>	<u>171,124</u>	<u>-</u>	<u>243,387</u>
354	Accrued compensated absences-noncurrent	32,145	-	-	32,145
350	Total noncurrent liabilities	<u>32,145</u>	<u>-</u>	<u>-</u>	<u>32,145</u>
300	Total liabilities	<u>104,408</u>	<u>171,124</u>	<u>-</u>	<u>275,532</u>
	Equity				
508.1	Invested in capital assets, net of related debt	2,874,374	-	483,239	3,357,613
512.1	Unrestricted net assets	178,727	(13,999)	159,170	323,898
513	Total equity/net assets	<u>3,053,101</u>	<u>(13,999)</u>	<u>642,409</u>	<u>3,681,511</u>
600	Total liabilities and equity/net assets	<u>\$ 3,157,509</u>	<u>157,125</u>	<u>642,409</u>	<u>3,957,043</u>

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE (CONTINUED)
Year Ended June 30, 2009

Line Item Number		Public and Indian Housing 14.850	Public Housing Capital Fund 14.872	Hope VI Funds 14.866	Total
Revenues					
703	Net tenant rental revenue	\$ 381,711	-	-	381,711
704	Tenant revenue-other	17,461	-	-	17,461
705	Total tenant revenue	<u>399,172</u>	<u>-</u>	<u>-</u>	<u>399,172</u>
706	HUD PHA operating grants	639,283	-	-	639,283
706.1	Capital grants	-	586,040	-	586,040
711	Investment income-unrestricted	3,368	-	3,933	7,301
700	Total revenue	<u>1,041,823</u>	<u>586,040</u>	<u>3,933</u>	<u>1,631,796</u>
Expenses					
911	Administrative salaries	218,985	-	-	218,985
912	Auditing fees	14,000	8,500	-	22,500
913	Book-Keeping fee	16,737	-	-	16,737
915	Employee benefit contributions-administrative	152,914	-	-	152,914
916	Office expenses	13,517	-	-	13,517
918	Travel	9,398	-	-	9,398
919	Other	10,097	39,513	-	49,610
931	Water	85,585	-	-	85,585
932	Electricity	10,786	-	-	10,786
933	Gas	151,811	-	-	151,811
941	Ordinary maintenance and operations-labor	181,381	-	-	181,381
942	Ordinary maintenance and operations-materials and other	5,609	-	-	5,609
943	Ordinary maintenance and operations-contract costs	117,802	26,208	-	144,010
961	Insurance premiums	101,461	-	-	101,461
962	Compensated absences	7,259	-	-	7,259
963	Payment in lieu of taxes	1,637	-	-	1,637
964	Bad debt-tenant rents	16,256	-	-	16,256
969	Total operating expenses	<u>1,115,235</u>	<u>74,221</u>	<u>-</u>	<u>1,189,456</u>
970	Excess (Deficiency) revenue over operating expenses	<u>(73,412)</u>	<u>511,819</u>	<u>3,933</u>	<u>442,340</u>
974	Depreciation expense	283,940	-	69,908	353,848
900	Total expenses	<u>1,399,175</u>	<u>74,221</u>	<u>69,908</u>	<u>1,543,304</u>
1001	Operating transfers in	(525,818)	-	-	(525,818)
1002	Operating transfers out	-	525,818	-	525,818
1010	Total other financing sources (uses)	<u>(525,818)</u>	<u>525,818</u>	<u>-</u>	<u>-</u>
1000	Excess (deficiency) of revenue over total expenses	<u>168,466</u>	<u>(13,999)</u>	<u>(65,975)</u>	<u>88,492</u>
1103	Beginning equity	3,997,670	-	708,384	4,706,054
1104	Prior period adjustments, equity transfers	(1,113,035)	-	-	(1,113,035)
Ending equity (deficit)		<u>\$ 3,053,101</u>	<u>(13,999)</u>	<u>642,409</u>	<u>3,681,511</u>

STATE OF NEW MEXICO
 LAS VEGAS HOUSING AUTHORITY
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
 Year Ended June 30, 2009

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Public and Indian Housing	14.850	\$ 639,283
Public Housing Capital Fund	14.872	<u>586,040</u>
Total federal expenditures		<u><u>\$ 1,225,323</u></u>

Note - This schedule was prepared on the accrual basis of accounting.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2009

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at 6/30/2009	Location of Safekeeper	
Bank of Las Vegas	FHLB	Bonds	1/14/2015	3133XNXT1	\$ 821,979	Dallas, TX	
	FFCB	Bonds	2/5/2015	31331GMK2	483,905	Dallas, TX	
	FHLB	Bonds	1/9/2012	3133XSTE8	2,513,974	Dallas, TX	
Total Bank of Las Vegas					<u>\$ 3,819,858</u>		
City of Las Vegas					\$ 3,406,458		
Las Vegas Housing Authority					<u>413,400</u>		
					<u>\$ 3,819,858</u>		
Community 1st Bank	FHLMC	Loan	10/1/2018	31340B3H0	\$ 13,376	Kansas City, MO	
	FHLMC	Loan	1/1/2011	31340NC27	688	Kansas City, MO	
	FHLMC	Loan	12/15/2013	31393N2K4	468,678	Kansas City, MO	
	FNMA	Loan	4/1/2034	31402DNV8	1,028,158	Kansas City, MO	
	FHLMC	Loan	8/15/2017	31393VYJ4	243,123	Kansas City, MO	
	FNMA	Loan	6/1/2033	31401G3Z5	184,124	Kansas City, MO	
	FHLMC	Loan	9/1/2023	31281LB49	182,826	Kansas City, MO	
	FHLB	Loan	6/15/2012	3133XC3Y7	255,231	Kansas City, MO	
	FHLMC	Loan	12/1/2032	31342AC80	58,595	Kansas City, MO	
	FNMA	Loan	10/1/2032	31390R4H3	80,692	Kansas City, MO	
	GNMA	Loan	3/20/2033	38374EXD4	203,794	Kansas City, MO	
	GNMA	Loan	1/20/2034	36225C4D5	162,483	Kansas City, MO	
	FNMA	Loan	2/1/2028	31371NQ57	842,316	Kansas City, MO	
	FNMA	Loan	7/1/2013	31371LAF6	364,692	Kansas City, MO	
	FNMA	Loan	10/1/2037	31371NL86	525,289	Kansas City, MO	
	FNMA	Loan	5/1/2037	31412XVM3	516,833	Kansas City, MO	
	FHLB	Loan	1/23/2019	3133XST73	948,096	Kansas City, MO	
						<u>\$ 6,078,994</u>	
	City of Las Vegas					\$ 5,956,663	
	Las Vegas Housing Authority					<u>122,331</u>	
					<u>\$ 6,078,994</u>		

The custodian of the pledged securities for Bank of Las Vegas is the Federal Home Loan Bank.
The custodian of pledged securities for Community 1st Bank is the Federal Reserve Bank.

**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***

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

We have audited the basic financial statements of Las Vegas Housing Authority (Authority), a component unit of the City of Las Vegas, as of and for the year ended June 30, 2009, including the budgetary statement and have issued our report thereon dated March 24, 2010. 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 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 entity's financial statements that is more than inconsequential will not

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

be prevented or detected by the Authority's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items FS 2008-01, FS 2009-01, FS 2009-02, FS 2009-04 and FS 2009-05 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 or material weaknesses. However, of the significant deficiencies described above, we consider item FS 2009-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 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 questioned costs as item FS 2008-02.

We noted certain matters that are required to be reported under *Government Auditing Standards January 2007 Revision* paragraphs 5.14 and 5.16, and Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as items FS 2009-03 and FS 2009-06.

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

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

This report is intended solely for the information and use of management, others within the Authority's 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.

Moss Adams LLP

Albuquerque, New Mexico
March 24, 2010

FEDERAL FINANCIAL ASSISTANCE

**Report on Compliance With Requirements
Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance With OMB Circular A-133**

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

Compliance

We have audited the compliance of Las Vegas Housing Authority (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, 2009. The Authority'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 the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 the Authority's compliance with those requirements.

In our opinion, the Authority's complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-07.

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

Internal Control Over Compliance

The management of the Authority 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 the Authority'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 Authority's internal control over compliance.

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 as defined below. However, as discussed below, we identified certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects entity'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 entity's internal control. We consider the deficiency in the internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2009-07 to be a significant deficiency.

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 entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

Honorable Mayor and City Councilors
Las Vegas Housing Authority
Las Vegas, New Mexico
and
Mr. Hector H. Balderas
New Mexico State Auditor

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 them.

This report is intended solely for the information and use of management, others within the Authority's 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.

Moss Adams LLP

Albuquerque, New Mexico
March 24, 2010

STATE OF NEW MEXICO
 LAS VEGAS HOUSING AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2009

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(s) identified that are not considered to be material weakness(es) Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of Major Program

CFDA Number	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund

Dollar threshold used to distinguish between type A and type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes No

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

B. FINANCIAL STATEMENT FINDINGS

FS 2008-01 Preparation of Financial Statements

CONDITION

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

CRITERIA

The Governmental Accounting Standards Board, *Codification of Governmental Accounting and Financial Reporting Standards (GASB)*, Section 1100 requires governments to prepare financial statements on the full accrual basis for enterprise type funds.

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.

CAUSE

The 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.

RECOMMENDATION

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

MANAGEMENT RESPONSE

The 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2008-02 Late Audit Report

CONDITION

The audit report as of and for the year ended June 30, 2009 was not submitted by the deadline of December 1 for each fiscal year. The audit report was submitted to the State Auditor's Office on March 26, 2010.

CRITERIA

2.2.2 NMAC, Audit Rule 2009, specifies the deadline for submission of audit reports. Section 2.2.2.9 A (1)(c) stipulates that Authority's reports are due no later than December 1. Further, Section 2.2.2.9 A (3) requires that submission of a late audit report shall be reported as current year audit finding in the audit report.

CAUSE

The accounting records were not completed in time to ensure the submission of timely audit report.

EFFECT

The Authority is not in compliance with Section 2.2.2.9 A (1)(c) of the NMAC, Audit Rule 2009 which may impact future funding.

RECOMMENDATION

The Authority should continue to work towards providing the timely completion of the audit report.

MANAGEMENT'S RESPONSE

In the future, the Authority will complete accounting records to ensure a timely audit report.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-01 Unrecorded Sales and Demolition of Housing Units

CONDITION

During the year, the Authority discovered that the sale of various housing units in 2004 and the demolition of significant housing units in 2006 and 2007 were not reflected in the Authority's financial statements. These housing units have a net book value of \$1,113,035 at June 30, 2008.

CRITERIA

All transactions should be recorded in the books to ensure accuracy and completeness of the financial reporting process.

EFFECT

The financial statements issued during the years affected are materially misstated. This error was corrected in the current year by adjusting the beginning balance of net assets.

CAUSE

The controls surrounding the capital assets process are not adequately designed.

RECOMMENDATION

We recommend that the Authority should account all transactions in the general ledger. It may consider performing a comprehensive review of the fixed asset register to ensure existence/completeness of the listing. It should work closely with the Fee Accountant and the Finance Department of the City of Las Vegas to ensure that all transactions are properly accounted with in the general ledger.

MANAGEMENT RESPONSE

Management concurs. In the future, it will make sure that all transactions are accounted in the general ledger.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-02 Segregate Cash Receipts Duties

CONDITION

During our internal control review process for cash receipts from tenants, we noted that the Receptionist controls receipts of checks and money orders, posting of collection to customer account in the AR subsidiary ledger, as well as depositing them to the bank.

CRITERIA

Cash receipts should be controlled by a person independent of the person responsible for the accounts receivable subsidiary ledger.

EFFECT

There is an increased likelihood of errors and misappropriation of fund going undetected.

CAUSE

The controls surrounding the cash drawdown process are not adequately designed.

RECOMMENDATION

We recommend that the Authority should assign someone that is responsible for depositing checks and money orders to the bank.

MANAGEMENT RESPONSE

Management concurs. In April 2010, the Authority implemented the recommendation. Deposits are now being performed by the Financial Analyst.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-03 Budget Overspending

CONDITION

During the fiscal year ended June 30, 2009, the Authority's expenditures exceeded budgeted expenditures in the amount of \$38,985 for administrative expenses and \$24,233 for maintenance and repairs.

CRITERIA

New Mexico State Statute 6-6-6 NMSA 1978 requires that spending does not exceed budgeted amounts, unless approved budget adjustments are made.

EFFECT

The Authority is not in compliance with the requirements of NMSA 6-6-6 and there is increased risk that unauthorized transactions could occur.

CAUSE

The Authority did not monitor budget versus actual expenditures during the year.

RECOMMENDATION

Overspending of the budget shall not occur. We recommend that all budget adjustments be approved prior to spending and budget to actual reviews be made on a timely basis.

MANAGEMENT'S RESPONSE

The Authority will implement procedures to ensure that expenditures are made within budgeted amounts.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-04 Reconcile Bank Accounts on a Timely Basis

CONDITION

During our cash receipts test work, we noted that bank accounts for June 30, 2009 were only reconciled in October 2009.

CRITERIA

Timely bank reconciliations are crucial in that they assist management in identifying errors and other problems promptly.

EFFECT

Because reconciliations of the Authority's bank accounts are not performed timely, errors or defalcations may not be detected in a timely manner, thus circumventing the detective capabilities of the reconciliation control.

CAUSE

Reconciliations of bank accounts are performed by the City's accounting staff. In 2009, there were various turnovers in the Accounting Department, including the Finance Director.

RECOMMENDATION

Bank statements in some instances were accumulated for several months before they were reconciled to the appropriate general ledger controls. Not reconciling the accounts on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis. Also, it is generally easier and less time-consuming to reconcile accounts while transactions are fresh in mind. We recommend that all bank accounts be reconciled each month prior to preparation of the monthly financial statements.

MANAGEMENT'S RESPONSE

The Authority concurs that performing timely bank reconciliations is a crucial internal control that assists management in identifying errors and defalcations. It will ensure that the City will reconcile its bank accounts on a timely basis.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009**

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-05 Segregate Payroll Duties

CONDITION

During our internal control review of the payroll process, we noted that the Payroll Clerk performs updates/changes to the master data, as well as entering time for employees.

CRITERIA

Good internal control practices provide that authority to change master data or input time entries for employees should be performed by an individual other than the Payroll Clerk.

EFFECT

There is an increased likelihood of errors and fraud such as incorrect pay rates, inexistent employees, etc.

CAUSE

The controls surrounding the payroll process are not adequately designed.

RECOMMENDATION

We recommend that the Authority should work with the City to ensure that individual other than the Payroll Clerk is designated in-charge for updating the master data, including the access to enter time for employees. Payroll register or Change Report should be reviewed by the Authority to ensure that only valid and authorized data are processed in the payroll system.

MANAGEMENT RESPONSE

Management concurs. The Authority was informed that the City already designated an individual who is in-charge in updating the master data.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

B. FINANCIAL STATEMENT FINDINGS (CONTINUED)

FS 2009-06 Undercollateralization of Bank Account

CONDITION

During the testing of cash, we noted that the accounts with Community 1st Bank are under collateralized by \$5,154.

CRITERIA

Per New Mexico Administrative Code 2.60.4.9 Collateral Requirements for Depository Bank Services, the agency's bank must maintain collateral 50% of the amount of the uninsured balance on deposit.

EFFECT

The bank is under collateralized which places the Authority's financial resources at risk in case of bank failure.

CAUSE

It appears that management has failed to ensure that collateralization is met.

RECOMMENDATION

We recommend that the Authority monitor the collateralization of its bank-held deposits and investments in order to ensure that collateralization requirements are met.

MANAGEMENT RESPONSE

The Authority will start monitoring the banks compliance with the collateral requirements.

STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2009

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2009-07 Review and Approval of HUD Cash Drawdown

Federal Program:

U.S. Department of Housing and Urban Development

Public and Indian Housing - CFDA 14.850

Public Housing Capital Fund - CFDA 14.872

Award Period, July 1, 2008 – June 30, 2009

CONDITION

The Authority submits cash drawdown requests to HUD on a weekly or monthly basis depending on the type of the grant (operating versus capital). During our review of the process, we observed that the cash drawdown request form is not reviewed before being submitted by the Financial Analyst using the eLOCC system.

CRITERIA

Aside from the person preparing the cash drawdown request form, someone from the Authority, either the Housing Manager or Executive Director should review the form for proper authorization.

EFFECT

There is an increased likelihood of errors and fraud going undetected.

CAUSE

The controls surrounding the cash drawdown process are not adequately designed.

QUESTIONED COSTS

None.

RECOMMENDATION

We recommend that the Authority implement a review and approval mechanism for the cash drawdown request form to ensure that only legitimate and authorized transactions are processed.

MANAGEMENT RESPONSE

Management concurs. In April 2010, the Deputy Director started in reviewing and approving the cash drawdown requests before submission is made to the HUD.

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2009**

FS 2008-01 Preparation of Financial Statements	Updated and Repeated as FS 2008-01
FS 2008-02 Late Audit Report	Updated and Repeated as FS 2008-02

**STATE OF NEW MEXICO
LAS VEGAS HOUSING AUTHORITY
EXIT CONFERENCE
Year Ended June 30, 2009**

An exit conference was held on March 23, 2010 and attended by:

Las Vegas Housing Authority

Robert Pacheco, Executive Director
Lori Gonzales, Deputy Housing Director

City of Las Vegas

Alfonso E. Ortiz Jr., Mayor
Diane Moore, City Councilor
Timothy Dodge, City Manager
Pamela Marrujo, Interim Finance Director
Tana Vega, Deputy Finance Director

Moss Adams LLP

James Hartogenesis, CPA, Senior Manager
Jaime Rumbaoa, CPA, Manager

The financial statements were prepared with the assistance of Moss Adams LLP.