



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

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

**MOSS ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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LAS VEGAS HOUSING AUTHORITY**

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

**Official Roster**

**June 30, 2011**

**CITY COUNCIL**

<b>Name</b>	<b>Title</b>
Alfonso E. Ortiz, Jr.	Mayor
Tonita Gurule-Giron	Councilor
Diane Moore	Councilor
Andrew Feldman	Councilor
David L. Romero	Councilor

**ADMINISTRATIVE OFFICIAL**

Robert Pacheco	Executive Director
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## Report of Independent Auditors

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 the Las Vegas Housing Authority (Authority), a component unit of the City of Las Vegas (City), as of and for the year ended June 30, 2011, 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.

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, 2011, 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, in our opinion, 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 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2012, 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 accounting principles generally accepted in the United States 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 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.

*Mess Adams LLP*

Albuquerque, New Mexico  
March 9, 2012

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
BALANCE SHEET  
June 30, 2011**

**ASSETS**

Current assets

Cash and cash equivalents	\$ 545,215
Receivable from HUD	13,065
Tenant receivables, net	2,582
Inventory	<u>33,112</u>

**Total unrestricted current assets** 593,974

Restricted cash and cash equivalents  
Tenant deposits

29,363

**Total current assets** 623,337

Capital assets not depreciated	218,871
Capital assets depreciated, net	<u>4,087,218</u>

Capital assets, net 4,306,089

**Total assets** \$ 4,929,426

**LIABILITIES AND NET ASSETS**

Current liabilities

Accounts payable	\$ 9,806
Accrued payroll	25,762
Accrued compensated absences	32,145
Tenant deposits payable	<u>29,363</u>

**Total current liabilities** 97,076

**NET ASSETS**

Invested in capital assets	4,306,089
Restricted for housing	<u>526,261</u>

**Total net assets** 4,832,350

**Total liabilities and net assets** \$ 4,929,426

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
Year Ended June 30, 2011**

Operating revenues	
Tenant rental income	\$ 462,166
HUD operating grants	837,864
Other income	17,761
	<hr/>
<b>Total operating revenues</b>	<b>1,317,791</b>
	<hr/>
Operating expenses	
Administrative	720,519
Utilities	226,181
Maintenance and repairs	248,299
Depreciation	345,226
General	104,076
	<hr/>
<b>Total operating expenses</b>	<b>1,644,301</b>
	<hr/>
Operating loss	(326,510)
	<hr/>
Non-operating revenues	
Interest income	5,509
Non-operating HUD grant	807,855
	<hr/>
<b>Total non-operating revenues</b>	<b>813,364</b>
	<hr/>
<b>Net income</b>	<b>486,854</b>
	<hr/>
Net assets, beginning of year	4,345,496
	<hr/>
<b>Net assets, end of year</b>	<b>\$ 4,832,350</b>
	<hr/> <hr/>

*See Notes to Financial Statements.*



**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
Year Ended June 30, 2011**

Cash Flows From Operating Activities	
Cash received from customers and others	\$ 482,882
Cash received from HUD for operations	837,864
Cash payments to and on behalf of employees	(659,791)
Cash payments to suppliers for goods and services	<u>(826,428)</u>
<b>Net cash used in operating activities</b>	<u>(165,473)</u>
Cash Flows From Investing Activities	
Purchase of capital assets	(607,404)
HUD grants for purchase of capital assets	917,445
Interest income	<u>5,509</u>
<b>Net cash provided by investing activities</b>	<u>315,550</u>
<b>Net increase in cash and cash equivalents</b>	150,077
Cash and cash equivalents, beginning of year	<u>424,501</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 574,578</u></u>
Cash and cash equivalents	
Unrestricted cash	\$ 545,215
Restricted	<u>29,363</u>
	<u><u>\$ 574,578</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS (CONTINUED)  
Year Ended June 30, 2011**

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	\$ (326,510)
Adjustments to Reconcile Operating Loss to Net Cash Used By Operating Activities	
Depreciation	345,226
Bad debt expense	5,471
Changes in assets and liabilities	
Receivables	(7,812)
Inventory	(14,802)
Accounts payable	(183,230)
Accrued payroll	10,888
Customer deposits payable	5,296
	<hr/>
<b>Net cash used in operating activities</b>	<b>\$ (165,473)</b>
	<hr/> <hr/>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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 235 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's combined balance sheet 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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

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.

*Basis of Accounting.* The Authority is responsible for the fair presentation in the financial statements of balance sheet, 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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

*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.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on the Balance Sheet. 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 Balance Sheet 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 deposit 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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

*Compensated Absences.* Accrued compensated absences of the Enterprise funds are recorded on their Balance Sheet.

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.

*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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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.

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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

The Authority's cash, cash equivalents and investments as of June 30, 2011, 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 three months.

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, 2011, the Authority's deposits were exposed to custodial credit risk as follows:

	Bank Balances
FDIC Insured	\$ 19,522
Collateralized with securities held in financial institutions name	379,535
Uninsured and uncollateralized	<u>161,039</u>
	<u>\$ 560,096</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
<b>Bank of Las Vegas</b>		
Checking	\$ 314,578	560,096
FDIC insurance		<u>19,522</u>
Uninsured bank balance		<u>540,574</u>
50% of uninsured balance		270,287
Collateral pledged – securities held by financial institution		<u>379,535</u>
Amount over (under) collateralized		<u>\$ 109,248</u>



**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

	Carrying Amount	Bank Deposits
<b>Community 1<sup>st</sup> Bank Las Vegas</b>		
Certificates of Deposit	\$ 260,000	260,000
FDIC insurance		<u>4,392</u>
Uninsured bank balance		<u>255,608</u>
50% if uninsured balance		127,804
Collateral pledged – securities held by financial institution		<u>135,496</u>
Amount over (under) collateralized		<u><u>\$ 7,692</u></u>

The Authority's cash and pledged collateral are combined with the cash and pledged collateral of the City. Therefore, all FDIC coverage and pledged collateral have 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 6/30/11	Outstanding Checks	Book Balance at 6/30/11
Bank of Las Vegas	Checking	\$ 32,126	2,764	29,362
Bank of Las Vegas	Checking	102,716	102,801	(85)
Bank of Las Vegas	Checking	54	-	54
Bank of Las Vegas	Checking	<u>425,200</u>	<u>139,953</u>	<u>285,247</u>
		<u><u>\$ 560,096</u></u>	<u><u>245,518</u></u>	<u><u>314,578</u></u>
Community 1 <sup>st</sup> Bank	Certificate of Deposit	\$ 145,000	-	145,000
Community 1 <sup>st</sup> Bank	Certificate of Deposit	<u>115,000</u>	-	<u>115,000</u>
		<u><u>\$ 260,000</u></u>	<u><u>-</u></u>	<u><u>260,000</u></u>

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 3. CAPITAL ASSETS**

The following schedule shows the changes in capital assets during the year ended June 30, 2011:

	Balance 6/30/2010	Additions	Deletions	Balance 6/30/2011
Capital assets not depreciated:				
Land	\$ 208,150	-	-	<b>208,150</b>
Construction in progress	661,802	230,315	(881,396)	<b>10,721</b>
Total not depreciated	<u>869,952</u>	<u>230,315</u>	<u>(881,396)</u>	<b><u>218,871</u></b>
Capital assets being depreciated:				
Land improvements	716,141	61,894	-	<b>778,035</b>
Buildings & Improvements	8,042,908	1,149,255	-	<b>9,192,163</b>
Furniture, fixtures & equipment	394,091	-	-	<b>394,091</b>
Vehicles	201,018	47,336	-	<b>248,354</b>
Total being depreciated	<u>9,354,158</u>	<u>1,258,485</u>	<u>-</u>	<b><u>10,612,643</u></b>
Total capital assets	<u>10,224,110</u>	<u>1,488,800</u>	<u>(881,396)</u>	<b><u>10,831,514</u></b>
Less accumulated depreciation				
Land improvements	418,742	25,048	-	<b>443,790</b>
Building & improvements	5,220,057	304,736	-	<b>5,524,793</b>
Furniture, fixtures & equipment	370,711	4,318	-	<b>375,029</b>
Vehicles	170,689	11,124	-	<b>181,813</b>
Total accumulated depreciation	<u>6,180,199</u>	<u>345,226</u>	<u>-</u>	<b><u>6,525,425</u></b>
Net capital assets	<u>\$ 4,043,911</u>	<u>1,143,574</u>	<u>(881,396)</u>	<b><u>4,306,089</u></b>

Depreciation expense for the year ended June 30, 2011 totaled \$345,226.

**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 Employees 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 benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 4. RETIREMENT PLAN (CONTINUED)**

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, NM 87504-2123. The report is also available on PERA's website at [www.pera.state.nm.us](http://www.pera.state.nm.us).

*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, 2011, 2010 and 2009 were \$40,528, \$40,520 and \$34,857, respectively, which equal the amount of the required contributions for each fiscal year.

**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 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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

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](http://www.nmrhca.state.nm.us).

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. During the fiscal year ended June 30, 2011, the statute required each participating employer to contribute 1.666% of each participating employee’s annual salary; each participating employee was required to contribute .833% of their salary. In the fiscal years ending June 30, 2012 through June 30, 2013, the contribution rates for employees and employers will rise as follows:

For employees who are not members of an enhanced retirement plan the contributions rates will be:

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employee Contribution Rate</u>
FY12	1.834%	.917%
FY13	2.000%	1.000%

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

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

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

The RHCA plan is financed 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 Authority's contributions to the RHCA for the years ended June 30, 2011, 2010 and 2009 were \$7,379, \$5,757 and \$4,952, 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 U.S. Department of Housing and Urban Development (HUD) to replace 17 out of 21 housing units that were improperly 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.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**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.

**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 fund level.

**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, 2011, the Authority received 77% of its total revenue from HUD.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
STATEMENT OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
Year Ended June 30, 2011**

	Budget		Actual	Variance
	Original	Final		
Revenues				
Net tenant rental income	\$ 367,700	367,700	385,181	17,481
HUD operating grants	795,000	920,000	834,505	(85,495)
Other income	19,000	16,300	11,679	(4,621)
<b>Total operating income</b>	<b>1,181,700</b>	<b>1,304,000</b>	<b>1,231,365</b>	<b>(72,635)</b>
Expenses				
Administrative	720,004	731,826	685,730	46,096
Utilities	220,600	249,606	221,811	27,795
Maintenance and repairs	168,050	217,222	204,217	13,005
General	136,600	252,904	97,776	155,128
<b>Total operating expenses</b>	<b>1,245,254</b>	<b>1,451,558</b>	<b>1,209,534</b>	<b>242,024</b>
Excess of revenues over expenses	<u>\$ (63,554)</u>	<u>(147,558)</u>	21,831	<u>169,389</u>
Change in accounts receivable			86,426	
Change in accounts payable			(11,248)	
Interest income			5,509	
Non-operating HUD Grant			807,855	
Non-operating grant expenses			(78,293)	
Depreciation expense			<u>(345,226)</u>	
<b>Net income - GAAP basis</b>			<u>\$ 486,854</u>	

STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
June 30, 2011

Line Item Number		Public and Indian Housing 14.850	Public Housing Capital Fund 14.872/14.885	Hope VI Funds 14.866	Total
	<b>Assets</b>				
111	Cash-unrestricted	\$ 266,297	(86)	19,004	285,215
114	Cash-tenant security deposits	29,363	-	-	29,363
100	<b>Total cash</b>	<u>295,660</u>	<u>(86)</u>	<u>19,004</u>	<u>314,578</u>
122	Accounts receivable-HUD projects	-	13,065	-	13,065
126	Accounts receivable-tenants-dwelling rents	4,082	-	-	4,082
126.1	Allowance for doubtful accounts-dwelling rents	(1,500)	-	-	(1,500)
129	Accrued interest receivable	-	-	-	-
120	<b>Total receivables, net of allowance for doubtful accounts</b>	<u>2,582</u>	<u>13,065</u>	<u>-</u>	<u>15,647</u>
131	Investments-unrestricted	115,000	-	145,000	260,000
143	Inventories	33,112	-	-	33,112
144	Interprogram due from other funds	15,664	-	-	15,664
150	<b>Total current assets</b>	<u>462,018</u>	<u>12,979</u>	<u>164,004</u>	<u>639,001</u>
161	Land	453,843	-	471,353	925,196
162	Buildings	7,444,138	-	1,289,362	8,733,500
163	Furniture, equipment & machinery-dwelling	227,351	-	-	227,351
164	Furniture, equipment & machinery-administration	934,744	-	-	934,744
166	Accumulated depreciation	(5,110,947)	-	(1,414,476)	(6,525,423)
167	Construction in progress	10,721	-	-	10,721
160	<b>Total fixed assets, net of accumulated depreciation</b>	<u>3,959,850</u>	<u>-</u>	<u>346,239</u>	<u>4,306,089</u>
180	<b>Total non-current assets</b>	<u>3,959,850</u>	<u>-</u>	<u>346,239</u>	<u>4,306,089</u>
190	<b>Total assets</b>	<u>\$ 4,421,868</u>	<u>12,979</u>	<u>510,243</u>	<u>4,945,090</u>



STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE (CONTINUED)  
June 30, 2011

Line Item Number		Public and Indian Housing 14.850	Public Housing Capital Fund 14.872/14.885	Hope VI Funds 14.866	Total
	<b>Liabilities and Equity</b>				
312	Accounts payable-less than 90 days	\$ 9,806	-	-	9,806
321	Accrued wage/payroll taxes payable	25,762	-	-	25,762
341	Tenant security deposits	29,363	-	-	29,363
342	Deferred revenue	-	-	-	-
347	Interprogram due to other funds	54	12,979	2,631	15,664
310	<b>Total current liabilities</b>	<b>64,985</b>	<b>12,979</b>	<b>2,631</b>	<b>80,595</b>
354	Accrued compensated absences-noncurrent	32,145	-	-	32,145
350	<b>Total noncurrent liabilities</b>	<b>32,145</b>	<b>-</b>	<b>-</b>	<b>32,145</b>
300	<b>Total liabilities</b>	<b>97,130</b>	<b>12,979</b>	<b>2,631</b>	<b>112,740</b>
	<b>Equity</b>				
508.1	Invested in capital assets, net of related debt	3,959,850	-	346,239	4,306,089
512.1	Unrestricted net assets	364,888	-	161,373	526,261
513	<b>Total equity/net assets</b>	<b>4,324,738</b>	<b>-</b>	<b>507,612</b>	<b>4,832,350</b>
600	<b>Total liabilities and equity/net assets</b>	<b>\$ 4,421,868</b>	<b>12,979</b>	<b>510,243</b>	<b>4,945,090</b>

STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE (CONTINUED)  
Year Ended June 30, 2011

Line Item Number		Public and Indian Housing 14.850	Public Housing Capital Fund 14.872/14.885	Hope VI Funds 14.866	Total
<b>Revenues</b>					
703	Net tenant rental revenue	\$ 462,166	-	-	462,166
704	Tenant revenue-other	17,761	-	-	17,761
705	Total tenant revenue	479,927	-	-	479,927
706	HUD PHA operating grants	837,864	-	-	837,864
706.1	Capital grants	-	807,855	-	807,855
711	Investment income-unrestricted	3,088	-	2,421	5,509
700	<b>Total revenue</b>	<u>1,320,879</u>	<u>807,855</u>	<u>2,421</u>	<u>2,131,155</u>
<b>Expenses</b>					
911	Administrative salaries	446,254	-	-	446,254
912	Auditing fees	17,680	-	-	17,680
913	Bookkeeping fee	17,905	-	-	17,905
915	Employee benefit contributions-administrative	178,020	-	-	178,020
916	Office expenses	14,351	-	-	14,351
918	Travel	13,352	-	-	13,352
919	Other	14,880	8,000	-	22,880
931	Water	97,369	-	-	97,369
932	Electricity	12,401	-	-	12,401
933	Gas	105,088	-	-	105,088
942	Ordinary maintenance and operations-materials and other	12,066	-	-	12,066
943	Ordinary maintenance and operations-contract costs	170,098	57,682	-	227,780
961	Insurance premiums	94,713	-	-	94,713
962	Compensated absences	32,145	-	-	32,145
963	Payment in lieu of taxes	1,600	-	-	1,600
964	Bad debt-tenant rents	5,471	-	-	5,471
969	<b>Total operating expenses</b>	<u>1,233,393</u>	<u>65,682</u>	<u>-</u>	<u>1,299,075</u>
970	<b>Excess (Deficiency) revenue over operating expenses</b>	<u>87,486</u>	<u>742,173</u>	<u>2,421</u>	<u>832,080</u>
974	Depreciation expense	276,726	-	68,500	345,226
900	<b>Total expenses</b>	<u>1,510,119</u>	<u>65,682</u>	<u>68,500</u>	<u>1,644,301</u>
1001	Operating transfers in	667,593	-	-	667,593
1002	Operating transfers out	(54)	(664,908)	(2,631)	(667,593)
1010	Total other financing sources (uses)	<u>667,539</u>	<u>(664,908)</u>	<u>(2,631)</u>	<u>-</u>
1000	Excess (deficiency) of revenue over total expenses	478,299	77,265	(68,710)	486,854
1103	Beginning equity	3,846,439	(77,265)	576,322	4,345,496
Ending equity (deficit)		<u>\$ 4,324,738</u>	<u>-</u>	<u>507,612</u>	<u>4,832,350</u>

STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF PLEDGED COLLATERAL  
June 30, 2011

Name of Depository	Description of Pledged Collateral	Type of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value at June 30, 2011	Location of Safekeeper
<b>Bank of Las Vegas</b>						
	FFCB	Bonds	2/5/2015	31331GMK2	\$ 531,335	Dallas, TX
	FHLB	Bonds	1/23/2012	2133XSWM6	505,480	Dallas, TX
	FHLB	Bonds	8/18/2014	313370KV9	812,944	Dallas, TX
	FFCB	Bonds	11/16/2015	31331J2S1	2,000,680	Dallas, TX
	FHLB	Bonds	2/27/2015	313372T61	506,270	Dallas, TX
	FHLB	Bonds	1/29/2014	313370MD7	506,090	Dallas, TX
	Total Bank of Las Vegas				<u>\$ 4,862,799</u>	
	City of Las Vegas				\$ 4,483,264	
	Las Vegas Housing Authority				<u>379,535</u>	
					<u>\$ 4,862,799</u>	
<b>Community 1st Bank</b>						
	FHLMC	Loan	10/1/2018	31340B3H0	\$ 11,402	Kansas City, MO
	FHLMC	Loan	12/15/2013	31393N2K4	85,301	Kansas City, MO
	FNMA	Loan	4/1/2034	31402DNV8	504,736	Kansas City, MO
	FHLMC	Loan	8/15/2017	31393VYJ4	86,498	Kansas City, MO
	FNMA	Loan	6/1/2033	31401G3Z5	108,407	Kansas City, MO
	FHLMC	Loan	9/1/2023	31281LB49	178,220	Kansas City, MO
	FHLB	Loan	6/15/2012	3133XC3Y7	161,741	Kansas City, MO
	FHLMC	Loan	12/1/2032	31342AC80	57,314	Kansas City, MO
	FNMA	Loan	10/1/2032	31390R4H3	59,612	Kansas City, MO
	GNMA	Loan	3/20/2033	38374EXD4	125,933	Kansas City, MO
	GNMA	Loan	1/20/2034	36225C4D5	132,149	Kansas City, MO
	FNMA	Loan	2/1/2028	31371NQ57	446,992	Kansas City, MO
	FNMA	Loan	7/1/2013	31371LAF6	117,333	Kansas City, MO
	FNMA	Loan	10/1/2037	31371NL86	302,172	Kansas City, MO
	FNMA	Loan	5/1/2037	31412XVM3	228,721	Kansas City, MO
	FFCB	Loan	9/21/2016	31331GSF7	1,105,072	Kansas City, MO
	FHLB	Loan	1/27/2012	N/A	1,000,000	Kansas City, MO
	FHLB	Loan	3/5/2012	N/A	1,000,000	Kansas City, MO
	FHLB	Loan	2/10/2012	N/A	2,000,000	Kansas City, MO
					<u>\$ 7,711,603</u>	
	City of Las Vegas				\$ 7,576,107	
	Las Vegas Housing Authority				<u>135,496</u>	
					<u>\$ 7,711,603</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.

The pledged collateral at June 30, 2011 was allocated between the City and Housing based on the deposit amounts.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011**

Federal Grantor Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development		
Direct Grants Public Housing Cluster		
Public Housing - Capital Fund Program	14.872	\$ 664,420
Public Housing - Capital Fund Program (ARRA)	14.885	<u>143,435</u>
<b>Total Public Housing Cluster</b>		<b>\$ 807,855</b>
Direct Grants		
Public and Indian Housing	14.850	<u>837,864</u>
<b>Total federal expenditures</b>		<b><u><u>\$ 1,645,719</u></u></b>

NOTE: This schedule was prepared on the accrual basis of accounting.

**Report of Independent Auditors on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements 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, 2011, including the budgetary statement and have issued our report thereon dated March 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis.

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 an instance of noncompliance 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.

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 it.

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, the State Auditor, the City Council, the New Mexico Legislature, 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 specified parties.

*Mess Adams LLP*

Albuquerque, New Mexico  
March 9, 2012

**FEDERAL FINANCIAL ASSISTANCE**



**Report of Independent Auditors on Compliance With  
Requirements That Could Have a Direct and Material Effect on  
Each Major Program and on Internal  
Control Over Compliance in Accordance  
With OMB Circular A-133**

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 Las Vegas Housing Authority's (Authority) compliance, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2011. 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.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an 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 2010-01.

#### Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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, the State Auditor, the City Council, the New Mexico Legislature, 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 specified parties.

*Mass Adams LLP*

Albuquerque, New Mexico  
March 9, 2012

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

**A. SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes   x   No
- Significant deficiency(s) identified? \_\_\_\_\_ Yes   x   None reported

Non-compliance material to financial statements noted?   x   Yes \_\_\_\_\_ No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes   x   No
- Significant deficiency(s) identified?   x   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?   x   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 Cluster
14.885	Public Housing Capital Fund Cluster (ARRA)

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   x   No

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

**B. FINANCIAL STATEMENT FINDINGS**

**FS 2008-02 Late Audit Report, Compliance and Other Matters**

**CONDITION**

The audit report as of and for the year ended June 30, 2011 was not submitted by the deadline of December 1 for each fiscal year. The audit report was submitted to the State Auditor's Office in March 2012.

**CRITERIA**

2.2.2 NMAC, Audit Rule 2011, specifies the deadline for submission of audit reports. Section 2.2.2.9 A (1)(d) stipulates that Authority's reports are due no later than December 1. Further, Section 2.2.2.9 A (2) 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)(d) of the NMAC, Audit Rule 2010 which may impact future funding.

**RECOMMENDATION**

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

**MANAGEMENT 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, 2011**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2010-01 Public and Indian Housing - Allowable Costs - Documentation of Employee Time and Effort, Significant Deficiency and Non-Compliance**

**Federal Program:**

U.S. Department of Housing and Urban Development  
Public and Indian Housing - CFDA 14.850  
Award Period, July 1, 2010 – June 30, 2011

**CONDITION**

During our testing of payroll for single audit, we noted that all employees tested had no certification of their level of effort on the Public and Indian Housing Program.

**CRITERIA**

According to OMB Circular A-87, "Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification." The certification is either a general semi-annual certifications or detailed monthly reports, depending on employees' job responsibilities.

**QUESTIONED COSTS**

Unknown.

**EFFECT**

The program is not in compliance with grant requirements and employee's time has the potential to be misstated.

**CAUSE**

The Authority's personnel are not aware of grant compliance requirements and do not have controls in place for Time and Effort Certifications.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
Year Ended June 30, 2011**

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**2010-01 Public and Indian Housing – Allowable Costs – Documentation of  
Employee Time and Effort, Significant Deficiency and Non Compliance**

**Federal Program:**

U.S. Department of Housing and Urban Development  
Public and Indian Housing - CFDA 14.850  
Award Period, July 1, 2010 – June 30, 2011

**RECOMMENDATION**

We recommend that the Authority develop follow-up procedures to ensure Time and Effort certifications are retained.

**MANAGEMENT RESPONSE**

The Housing Authority has followed up on procedures for “Time and Effort Certifications.” A semi-annual reporting form is now on file and will be retained for future audits.

**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2011**

FS 2008-01	Preparation of Financial Statements	Resolved
FS 2008-02	Late Audit Report	Updated and Repeated
FS 2009-02	Segregate Cash Receipt Duties	Resolved
FS 2009-03	Budget Overspending	Resolved
2009-07	Review and Approval of HUD Cash Drawdown	Resolved
2010-01	Documentation of Employee Time and Effort	Updated and Repeated



**STATE OF NEW MEXICO  
LAS VEGAS HOUSING AUTHORITY  
EXIT CONFERENCE  
Year Ended June 30, 2011**

An exit conference was held on March 9, 2012 and attended by:

Las Vegas Housing Authority

Robert Pacheco, Executive Director  
June Sotres, Financial Specialist

City of Las Vegas

Alfonso E. Ortiz, Jr., Mayor  
Vincent Howell, Councilor  
Timothy Dodge, City Manager  
Pamela Marrujo, Finance Director  
Tana Vega, Deputy Finance Director  
June Cordova, Financial Specialist

Moss Adams LLP

Larry Carmony, Partner  
Jaime Rumbaoa, Manager  
George Seus, Senior

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