

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE SIX MONTHS ENDED JUNE 30, 2012**

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## **INTRODUCTORY SECTION**

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**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

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**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Directory of Officials

June 30, 2012

**Board of Commissioners**

Chairman

Art Jiron

Vice Chairman

Ralph Chaffee

Commissioner

Arturo Marrujo

Commissioner

Felix Cordero

**Administrative Officials**

Interim Executive Director

Robbie R. Levey

Interim Deputy Director

Jesse Padilla

Accountant

Sharon Hansen

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**FINANCIAL SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
The Board of Commissioners of  
Mesilla Valley Public Housing Authority  
and  
The Office of Management and Budget

We have audited the accompanying financial statements of the Mesilla Valley Public Housing Authority (the "Housing Authority") as of and for the six months ended June 30, 2012, as listed in the table of contents. We have also audited the budget comparison schedule presented as supplementary information in the schedule of revenues, expenses and changes in net assets—budget and actual as listed in the table of contents. These financial statements and schedule are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements and schedule 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 Housing Authority's internal control over financial reporting. Accordingly, we express no 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 opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of June 30, 2012, and the respective changes in financial position and cash flows thereof, for the six months then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the supplementary schedule referred to above presents fairly, in all material respects, the budgetary comparison of the Housing Authority in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The basic financial statements enclosed represent six months of financial operations of the Housing Authority. The Housing Authority was formerly operated as the "Housing Authority of the City of Las Cruces." In accordance with the reporting requirements of the New Mexico State Audit Rule and U.S. Department of Housing and Urban Development, the budgetary comparison schedule and Schedules III and IV have been prepared by combining activities of the Housing Authority of the City of Las Cruces for the six months ended December 31, 2011 with the activities of the Housing Authority for the six months ended June 30, 2012 to derive twelve months of financial data. The basic financial statements of the Housing Authority of the City of Las Cruces were audited by us and we issued our report dated September 14, 2012. The financial statements of the Housing Authority of the City of Las Cruces should be considered when reviewing the supplemental information referred to above.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements and the budgetary comparison. 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 State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying financial information listed as Supporting Schedules I through IV in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Housing Authority. Such information, including the information that must be considered in the previous paragraph, has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements (for the twelve month period as described in the previous paragraph) taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
September 14, 2012

## **Mesilla Valley Public Housing Authority**

**TELEPHONE (575) 528-2000  
FAX (575) 523-1383  
LAS CRUCES, NEW MEXICO 88001**

### **MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Mesilla Valley Public Housing Authority’ (the “Housing Authority”) financial performance provides an overview of the Authority’s financial activities for the six months ended June 30, 2012. Please read it in conjunction with the Housing Authority’s financial statements, which follow this section.

As noted in Note 1, the Housing Authority exists under an intergovernmental agreement between the City of Las Cruces, New Mexico and Dona Ana County. The agreement established the Housing Authority and it commenced its operations as of January 1, 2012.

These financial statements represent the financial operations of the Housing Authority for the six months ended June 30, 2012. Prior to the intergovernmental agreement, the Housing Authority operated as the “Housing Authority of the City of Las Cruces” (HACLCL) and separate financial statements for the six month period July 1, 2011 and December 31, 2011 are available at 926 S. San Pedro Street, Las Cruces, NM 88001.

In addition, the Housing Authority has 8 component units, none of which are presented in the basic financial statements. The primary reason is that each component unit has a calendar year end and all of the operations from 2011 have previously been reported in the HACLCL financial statements. In accordance with GASB 14, the component unit financial information should incorporate financial statements for the component unit's fiscal year ending during the reporting entity's fiscal year. Therefore, the Housing Authority plans to include the component unit operations for the entire 2012 calendar year in the fiscal year 2013 financial statements.

### **The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets**

One of the most important questions asked about the Housing Authority’s finances is, “How did we do the first six months of operations?” The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets reports information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid. They report the Housing Authority’s net assets at year-end and changes in net assets during the year.

You can think of the Housing Authority’s net assets, the difference between assets and liabilities, as one way to measure the Housing Authority’s financial health, or financial position. Over time, increases or decreases in the Housing Authority’s net assets are one indicator of whether its

# Mesilla Valley Public Housing Authority

Management's Discussion and Analysis  
For the Six Months Ended June 30, 2012

financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Housing Authority's tenant base, which includes such variables as housing assistance demand, family size, family income, the condition of the Housing Authority's rental units, and the Housing Authority's investments in mixed-financing ventures to assess the overall health of the Housing Authority.

There was an initial transfer of equity (assets and liabilities) from the previous reporting entity. See Note 13 for more information on this transfer.

The Housing Authority's total assets decreased during the six months ended June 30, 2012, by approximately \$4,145,118 from its inception. This decrease is due to several factors. The Housing Authority sold two homes, returned a land lot donated by the City of Las Cruces in a prior year back to the City, over-expended its Section 8 Voucher Housing Assistance Payments (HAP) funding received from the U.S. Department of Housing and Urban Development (HUD) in the amount of \$1,007,464 in accordance with HUD instructions in an effort to reduce the Housing Authority's HAP restricted net assets balance. Restricted net assets are available for future HAP subsidy payments. Finally, the Housing Authority's Section 8 New Construction project was legally separated between its Burley Court site and Valley Vista site. Valley Vista became a low-income housing tax credit project titled Robledo Ridge. A total of \$1,479,016 in assets was transferred from the Housing Authority to Robledo Ridge.

Assets, liabilities, and net assets are summarized as follows:

	<u>Six Months Ended</u> <u>June 30, 2012</u>
Current assets	\$ 3,356,464
Restricted assets	571,163
Noncurrent assets	9,010,560
Total Assets	<u>\$ 12,938,187</u>
Current Liabilities	\$ 455,035
Non Current Liabilities	1,667,881
Total Liabilities	<u>2,122,916</u>
Net Assets	
Invested in capital assets, net of related debt	4,276,031
Restricted	490,087
Unrestricted	6,049,153
Total net assets	<u>10,815,271</u>
Total liabilities and net assets	<u>\$ 12,938,187</u>

# Mesilla Valley Public Housing Authority

Management's Discussion and Analysis  
For the Six Months Ended June 30, 2012

The majority of operating revenues for the six months ended June 30, 2012 came from operating subsidies and grants, accounting for \$2,695,774 (84.65%) of total operating revenues. The remainders of the operating revenues were generated from rental revenue at \$387,991 (12.18%) and other tenant revenues for \$100,754 (3.16%).

The largest contributing factor to operating expenses came in the form of Housing Assistance Payments, which made up \$2,509,438 (60.85%) of all operating expenses. This was followed by administration costs of \$710,061 (17.22%) and \$519,946 (12.61%) for maintenance and operations.

Changes in net assets are summarized as follows:

	<u>Six Months Ended</u> <u>June 30, 2012</u>
Total operating revenues	\$ 3,184,519
Total operating expenses	4,123,657
Operating Loss	(939,138)
Total non-operating revenues (expenses)	246,266
Transfers out	(220,000)
Change in net assets	(912,872)
Beginning net assets	-
Equity transfers in – Housing Authority of the City of Las Cruces	11,728,143
Ending net assets	\$ 10,815,271

## Budgetary Highlights

The Housing Authority made one revision to its budget during fiscal year 2012. This revision adjusted the budget for fluctuations in HUD funding of the Section 8 Voucher and Public Housing programs, as well as adjusted for the increased number of projected home sales and related cost of sales for the year. Total operating revenues were under budget by \$218,917 due primarily to the Housing Authority receiving more funding from HUD than anticipated. The amount of HUD funding fluctuates considerably during the fiscal year. Total operating expenses were under budget by \$303,969, due mainly to the lack of annual funding budget provided by HUD for certain programs. The Housing Authority bases their budget on the expenditure rate for the previous fiscal year and incorporates any anticipated changes in fiscal year 2012 Housing assistance payments were under budget due to the housing authority, upon HUD's instructions, attempting to utilize its Net Restricted Assets balance by overspending HUD subsidy for HAP.

# **Mesilla Valley Public Housing Authority**

Management's Discussion and Analysis  
For the Six Months Ended June 30, 2012

## **Capital Assets**

For the six months ended June 30, 2012, the Housing Authority had \$5,953,517, net of depreciation, invested in a range of capital assets, including land, dwelling units, administrative buildings, office furniture and equipment, maintenance equipment, and vehicles. See the notes to the financial statements for further information on capital assets.

## **Long-Term Debt**

At year-end, the Housing Authority had \$1,677,486 in bonds and notes outstanding. See the notes to the financial statements for further information on long-term debt.

## **Economic Factors and Next Year's Budgets and Rates**

The Housing Authority's staff and Board of Commissioners considered many factors when setting the fiscal year 2012 budget. One of the main factors is the economy. The demand for housing assistance should not diminish due to the growth of the community and surrounding area, and the local and national economies.

According to the Census Bureau, the poverty rate in New Mexico was 20.2% in 2010-2011 compared with 18.8% in 2009-2010, while the national poverty rate was 15% in 2011. In New Mexico, 451,000 people, or 22.2% of the population, were estimated to be living in poverty in 2011. According to the New Mexico Department of Workforce Solutions, the rate of over-the-year job growth comparing July 2012 with July 2011 was negative .4%, representing a loss of 2,800 jobs. It is important to keep in mind that the actual HUD Section 8 Voucher funding level is mainly based on the Housing Authority's actual expenditure level for housing assistance payments, as reported to HUD electronically on a monthly basis through the Voucher Management System (VMS). For the public housing program, the final funding percentage for calendar year 2012 was 2011 was 100%, compared to 103% for calendar year 2010, and 88.42% for calendar year 2009. Additionally, HUD is recapturing excess operating reserves for both the Section 8 Voucher and public housing programs. The Housing Authority operates in an environment of annually fluctuating funding levels.

## **Contacting the Housing Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Housing Authority's finances and to show the Housing Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Mesilla Valley Public Housing Authority at 926 South San Pedro, Las Cruces, New Mexico 88001.

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**BASIC  
FINANCIAL STATEMENTS**

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Statement of Net Assets

June 30, 2012

**ASSETS**

*Current assets*

Cash and cash equivalents	\$ 3,139,687
Restricted cash and cash equivalents	571,163
Accounts receivable - tenants, net of allowance for doubtful accounts	8,936
Grants receivable	164,106
Prepaid expenses and other assets	43,735

*Total current assets* 3,927,627

*Noncurrent Assets*

Capital assets, net	5,953,517
Receivables from component units, net	1,339,822
Mortgage receivables, noncurrent	1,231,717
Other noncurrent assets	485,504

*Total assets* \$ 12,938,187

**LIABILITIES AND NET ASSETS**

*Current liabilities*

Book overdraft	\$ 141,501
Accounts payable	136,310
Accrued payroll	28,679
Notes payable, current portion	67,469

*Total current liabilities* 373,959

*Current liabilities (payable from restricted assets)*

Tenant deposits	77,236
FSS deposits	3,840

*Total current liabilities (payable from restricted assets)* 81,076

*Non-current liabilities*

Compensated absences, noncurrent portion	57,864
Notes payable, net of current portion	1,610,017

*Total non-current liabilities* 1,667,881

*Total liabilities* 2,122,916

*Net assets:*

Invested in capital assets, net of related debt	4,276,031
Restricted for program activities	490,087
Unrestricted	6,049,153

*Total net assets* 10,815,271

*Total liabilities and net assets* \$ 12,938,187

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Statement of Revenues, Expenses and Changes in Net Assets  
For the Six Months Ended June 30, 2012

<i>Operating revenues</i>	
Rental revenue (tenants)	\$ 387,991
Other tenant revenue	100,754
Operating subsidies and grants	<u>2,695,774</u>
<i>Total operating revenues</i>	<u>3,184,519</u>
<i>Operating expenses</i>	
Housing assistance payments	2,509,438
Administration	710,061
Maintenance and operations	519,946
Utilities	81,402
Depreciation	160,145
Miscellaneous	<u>142,665</u>
<i>Total operating expenses</i>	<u>4,123,657</u>
<i>Operating income (loss)</i>	<u>(939,138)</u>
<i>Non-operating revenues (expenses)</i>	
Interest income	46,266
Interest expense	(61,188)
Developer fees	72,616
Insurance reimbursement	201,830
Loss on disposal of assets	<u>(13,258)</u>
<i>Total non-operating revenues</i>	<u>246,266</u>
Transfers	(220,000)
<i>Change in net assets</i>	(912,872)
<i>Total net assets - beginning of year</i>	-
<i>Equity transfers in - Housing Authority of the City of Las Cruces</i>	<u>11,728,143</u>
<i>Total net assets - end of year</i>	<u><u>\$ 10,815,271</u></u>

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Statement of Cash Flows

For the Six Months Ended June 30, 2012

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents	\$ 464,176
Cash payments to employees for services	(520,486)
Cash payments to suppliers for goods and services	(3,381,975)
Subsidy grants and other receipts	<u>2,628,289</u>
<i>Net cash provided (used) by operating activities</i>	<u>(809,996)</u>
<i>Cash flows from noncapital financing activities:</i>	
Miscellaneous income	<u>265,637</u>
<i>Net cash provided (used) by noncapital financing activities</i>	<u>265,637</u>
<i>Cash flows from capital and related financing activities:</i>	
Proceeds from sale of assets	218,000
Acquisition of capital assets	(417,985)
Principal payments on long-term debt	(18,732)
Interest payments on long-term debt	<u>(61,188)</u>
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(279,905)</u>
<i>Cash flows from investing activities:</i>	
Interest on investments	<u>46,266</u>
<i>Net cash provided (used) by investing activities</i>	<u>46,266</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(777,998)
<i>Cash and cash equivalents - transfer from Housing Authority of the City of Las Cruces</i>	<u>4,347,347</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 3,569,349</u>

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Statement of Cash Flows

For the Six Months Ended June 30, 2012

*Reconciliation of operating income (loss) to  
net cash (used) by operating activities:*

Operating income (loss)	\$	(939,138)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation		160,145
Changes in assets and liabilities		
Accounts receivable		(91,527)
Prepaid expenses		7,234
Accounts payable		52,082
Accrued payroll expenses		8,918
Accrued compensated absences		(6,820)
Tenant deposits		(890)
		<hr/>
<i>Net cash provided (used) by operating activities</i>	\$	<u><u>(809,996)</u></u>

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Financial Reporting Entity

Mesilla Valley Public Housing Authority (the “Housing Authority”) is a public housing authority that provides affordable housing to low-income families. The programs are primarily funded with federal grants and tenant rents. The Housing Authority exists under an intergovernmental agreement between the City of Las Cruces, New Mexico and Dona Ana County. The agreement established the Housing Authority and it commenced its operations as of January 1, 2012.

The reporting entity for the Housing Authority is based upon criteria established by the Governmental Accounting Standards Board. All functions of the Housing Authority for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and special financing relationships.

These financial statements represent the financial operations of the Housing Authority for the six months ended June 30, 2012. Prior to the intergovernmental agreement, the Housing Authority operated as the “Housing Authority of the City of Las Cruces” (HACL) and separate financial statements for the six month period July 1, 2011 and December 31, 2011 are available at 926 S. San Pedro Street, Las Cruces, NM 88001.

The Las Cruces Housing Development Corporation (LCHDC) was a legally separate nonprofit corporation formed to provide for the construction and financing of a low-income housing project. The project was managed by HACL. LCHDC was governed by a self-appointed board. LCHDC was reported as if it was part of the HACL (blended) because its sole purpose is to finance and construct the housing project. During the period under audit, the sole purpose of LCHDC was completed and LCHDC was officially dissolved on March 6, 2012. All financial transactions were completed by December 31, 2011.

This summary of significant accounting policies of the Housing Authority is presented to assist in the understanding of the Housing Authority’s financial statements. The financial statements and notes are the representation of the Housing Authority’s management, who is responsible for their integrity and objectivity. The financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Housing Authority has implemented Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments* for the year ended June 30, 2012. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the committee on accounting procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Housing Authority has elected not to apply FASB pronouncements issued after November 30, 1989.

**Activities of the Housing Authority**

The Housing Authority manages the following units:

HUD Public Housing (Contract FW5434)	
Scattered sites, Development II and modernization programs	248 units
New Construction Housing (NMOZ-0002-0004)	
Vista Valley and Burley Court projects and Las Cruces	
Housing Development Corporation	40 units

The Housing Authority also oversees the regulatory portion and subsidizes rent for the following program:

HUD Section 8 Housing	
Voucher (Contract FW5374V)	1,607 units

## MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial Reporting Entity (continued)

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Housing Authority is able to exercise oversight responsibilities.

#### Discretely-Presented Component Units

Montana Senior Village, LLC (MSV), MSV II Limited Partnership (MSV II), Stone Mountain Place, LP (SM P), Falcon Ridge, LP (FR), Cimmaron, LP (Cimmaron I), Cimmaron II Apartments, LP (Cimmaron II), Desert Palms Apartments, LP (DP) and Robledo Ridge, LLLP (RR), were formed to acquire, construct and rehabilitate, and operate apartment buildings for rental to low-income tenants. The Housing Authority is the managing member of MSV, is the sole member of Montana Street, LLC (MSV II's general partner), is the sole member of Stone Mountain Place, LLC (SMP's general partner), is the sole member of Falcon Ridge, LLC (FR's general partner), is the sole member of Cimmaron Apartments I, LLC (Cimmaron I's general partner), is the sole member of Cimmaron Apartments, LLC (Cimmaron II's general partner), is the sole member of Desert Palms Apartments, LLC (DP's general partner) and is a partner in Robledo Ridge, LLLP. The criteria provided in Government Accounting Standards Board Statements No. 14 and No. 39 has been considered and MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II and DP meet the criteria for inclusion as component units of the Housing Authority.

MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR have a December 31 fiscal year-end, and in accordance with GASB 14, the reporting entity (which reports using the Housing Authority's fiscal year) should incorporate financial statements for the component unit's fiscal year ending during the reporting entity's fiscal year. Accordingly, these financial statements do not include the first six months of the financial operations of the component units. See note 14 for more information.

#### Basis of Accounting and Measurement Focus

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

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The Housing Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

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

Basis of Accounting and Measurement Focus (continued)

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Revenue Recognition**

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

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Housing Authority has entered into contracts with U.S. Department of Housing and Urban Development (HUD) to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions within the public housing program. Such contributions are reflected as operating grants revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures such as the lives of capital assets. Accordingly, actual results could differ from those estimates. Significant estimates in the Housing Authority's financial statements include depreciation on capital assets, the current portion of accrued compensated absences and the allowance for uncollectible accounts.

Assets, Liabilities and Net Assets

**Deposits and Investments**

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

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



MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

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

Assets, Liabilities and Net Assets (continued)

**Deposits and Investments**

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

**Accounts Receivable**

All trade receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

**Inventory**

The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as an expenditure at the time of consumption. Inventory for the Housing Authority is valued at cost using the First In, First Out Method.

**Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The Housing Authority does have an exception for ranges and refrigerators, which are capitalized regardless of the cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

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

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

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

<u>Assets</u>	<u>Years</u>
Building and improvements	40 yrs – 50 yrs
Machinery and equipment	5 yrs – 10 yrs
Vehicles	5 yrs – 10 yrs

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

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

Assets, Liabilities and Net Assets (continued)

**Compensated Absences**

Housing Authority employees are entitled to compensated absences which are reported as an expense and a liability of the program that will fund it. There is no cap on the number of sick leave hours that can be accumulated. When an employee separates from employment with the Housing Authority in good standing, he or she is eligible to receive 1/8 of accumulated sick leave between 160 to 1,000 hours. If he or she has accumulated less than 160 hours, he receives no pay out at separation of employment. Hours accumulated over 1,000 are also not compensated. There is no cap on the number of annual leave hours that are paid out when an employee separates from employment in good standing.

**Net Assets**

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components:

- **Invested in Capital Assets, Net of Related Debt** – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted Net Assets** – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets** – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

See Note 13 for disclosure of all equity transactions that took place during the six month period June 30, 2012.

**Unrestricted and Restricted Revenues**

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

**Budgets**

The Housing Authority’s budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of the anticipated revenue and expenditures. Annual budgets of the Housing Authority are prepared prior to June 1 and must be approved by resolution of the Board of Commissioners. Once the budget has been formally approved, any amendments must also be approved by the Board of Commissioners.

## MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

### NOTE 2. DEPOSITS AND INVESTMENTS

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing Authority properly followed State investment requirements as of June 30, 2012.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Housing Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution. The only funds held in a non-interest bearing account are the funds in the rent account, which are then transferred to an interest-bearing account on a monthly basis.

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

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

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Under the Transaction Account Guarantee Program (TAGP) in effect from July 1, 2010 to December 31, 2010, time deposits, savings deposits and interest bearing negotiable order of withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. The TAGP program expired on December 31, 2010. On November 9, 2010, the FDIC Board of Directors issued a final rule to implement the section of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides temporary unlimited coverage for noninterest-bearing transaction accounts in all FDIC-insured depository institutions. The separate coverage on noninterest-bearing transaction accounts became effective on December 31, 2010 and will terminate on December 31, 2012. From December 31, 2010 to July 20, 2011 accounts held by an official custodian for a government unit are insured as follows:

- Up to \$250,000 for the combined total of all time and savings deposits (including NOW accounts), and
- Unlimited coverage for noninterest-bearing transaction (demand deposit) accounts

Through July 20, 2011, there is no difference in deposit insurance coverage when an official custodian deposits money in-state or out-of-state.

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

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

**Custodial Credit Risk – Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority’s deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2012, none of the Housing Authority’s deposits of \$614,220 were exposed to custodial credit risk as all deposits were insured by the FDIC.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law.

	Wells Fargo Bank, N.A.	Citizens Bank of Las Cruces	Total
Total amount of deposits	\$ 554,430	\$ 59,790	\$ 614,220
FDIC Coverage	<u>(554,430)</u>	<u>(59,790)</u>	<u>(614,220)</u>
Total uninsured public funds	<u>-</u>	<u>-</u>	<u>-</u>
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the Housing Authority's name	<u>-</u>	<u>-</u>	<u>-</u>
Uninsured and uncollateralized	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Collateral requirement (50% of uninsured public funds)	\$ -	\$ -	\$ -
Pledged securities	<u>-</u>	<u>-</u>	<u>-</u>
Over (under) collateralization	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Custodial Credit Risk – Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority does not have an investment policy for custodial credit risk other than to comply with the state statute as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). New Mexico State Statutes require collateral pledged to be delivered for securities underlying an overnight repurchase agreement, or a joint safekeeping receipt be issued to the Housing Authority for at least one hundred two percent (102%) of the fair value of the securities underlying overnight repurchase accounts invested with the institution. At June 30, 2012, the Housing Authority’s investment balances were exposed to custodial credit risk as follows:

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

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

**Custodial Credit Risk – Investments (continued)**

The collateral pledged is listed on Schedule I of this report.

	Wells Fargo Bank, N.A. Repurchase Agreement
Total amount of deposits	\$ 3,185,633
FDIC Coverage	-
Total uninsured public funds	<u>3,185,633</u>
Securities underlying an overnight repurchase agreement held by investment's counterparty not in Housing Authority's name	<u>3,185,633</u>
Total investments subject to custodial credit risk	<u>\$ -</u>
Collateral requirement (102% of value of underlying securities)	\$ 3,249,346
Pledged securities	<u>3,254,585</u>
Over (under) collateralization	<u>\$ 5,239</u>

**Reconciliation to Statement of Net Assets**

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

Cash and cash equivalents	\$ 3,216,923
Restricted cash and cash equivalents	493,927
Less: Book Overdraft	(141,501)
Add: outstanding checks and other reconciling items	231,504
Less: repurchase agreement	<u>(3,185,633)</u>
	615,220
Less: petty cash	<u>(1,000)</u>
Bank balance of deposits	<u>\$ 614,220</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

**NOTE 3. COMPONENT UNIT RECEIVABLES**

Other receivables and non-current receivables consist of the following:

Other receivables:	
Spay and Neuter Animal Program (SNAP)	
Note payable	\$ <u>16,660</u>
Non-current receivables:	
New Mexico Housing Corporation (NMHC)	
Note payable	\$ <u>460,000</u>

The following is a reconciliation of amounts due to the Housing Authority from its component units from December 31, 2011 (component units' year-end) to June 30, 2012 (Housing Authority's year-end). Reconciling items include timing differences and an allowance for doubtful accounts based on management's assessment of the collection of receivables from MSV II.:

MSV payables to Housing Authority (December 31, 2011)	
Note payable	\$ 487,250
Deferred development fees	57,446
Land note payable	69,479
Other	8,293
	<u>622,468</u>
MSV II payables to Housing Authority (December 31, 2011)	
Deferred development fee note	90,157
Authority loan payable	800,000
Authority AHP loan payable	500,000
Other	8,783
	<u>1,398,940</u>
SMP payables to Housing Authority (December 31, 2011)	
Development fees payable	<u>238,574</u>
Falcon Ridge payables to Housing Authority (December 31, 2011)	
Development fees payable	<u>30,552</u>
Cimmaron I payables to Housing Authority (December 31, 2011)	
Development fees payable	<u>80,000</u>
Cimmaron II payables to Housing Authority (December 31, 2011)	
Development fees payable	<u>55,027</u>
Desert Palms payables to Housing Authority (December 31, 2011)	
Development fees payable	<u>50,807</u>
Net payables to Housing Authority at December 31, 2011	<u>2,476,368</u>
Reconciling items:	
Allowance for doubtful accounts	(1,317,076)
Payments received from January 1, 2012 through June 30, 2012	(75,000)
Accrued interest from January 1, 2012 through June 30, 2012	255,079
Reconciling items	451
	<u>451</u>
Housing Authority net receivable from component units, at June 30, 2012	<u>\$ 1,339,822</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

**NOTE 4. CAPITAL ASSETS**

The following summarizes changes in capital assets activity during fiscal year 2012.

	Balance				Balance	
	January 1, 2012	Transfers	Additions	Deletions	June 30, 2012	
Public housing	\$ -	\$ 8,013,879	\$ 158,670	\$ -	\$ 8,172,549	
Less accumulated depreciation	-	(6,138,479)	(115,694)	-	(6,254,173)	
Net public housing	-	1,875,400	42,976	-	1,918,376	
Section 8 housing	-	4,542	-	-	4,542	
Less accumulated depreciation	-	(1,286)	(67)	-	(1,353)	
Net Section 8 housing	-	3,256	(67)	-	3,189	
Section 8 new construction	-	1,927,334	-	-	1,927,334	
Less accumulated depreciation	-	(400,370)	(13,936)	-	(414,306)	
Net Section 8 new construction	-	1,526,964	(13,936)	-	1,513,028	
Local housing projects	-	3,025,258	254,276	238,203	3,041,331	
Less accumulated depreciation	-	(503,701)	(30,448)	(11,742)	(522,407)	
Net local housing projects	-	2,521,557	223,828	226,461	2,518,924	
Net capital assets	\$ -	\$ 5,927,177	\$ 252,801	\$ 226,461	\$ 5,953,517	
Summary Totals						
Capital assets						
Capital assets not being depreciated:						
Land	\$ -	\$ 1,806,214	\$ -	\$ 90,413	\$ 1,715,801	
Total capital assets not being depreciated	-	1,806,214	-	90,413	1,715,801	
Other capital assets						
Site improvements	-	2,104,060	19,641	19,289	2,104,412	
Structures	-	8,476,425	384,025	128,501	8,731,949	
Equipment	-	584,316	9,280	-	593,596	
Total other capital assets at cost	-	11,164,801	412,946	147,790	11,429,957	
Less accumulated depreciation:						
Site improvements	-	(1,284,338)	(35,298)	(2,202)	(1,317,434)	
Structures	-	(5,367,954)	(96,910)	(9,540)	(5,455,324)	
Equipment	-	(391,546)	(27,937)	-	(419,483)	
Subtotal	-	(7,043,838)	(160,145)	(11,742)	(7,192,241)	
Net capital assets being depreciated	-	4,120,963	252,801	136,048	4,237,716	
Net capital assets	\$ -	\$ 5,927,177	\$ 252,801	\$ 226,461	\$ 5,953,517	

Depreciation expense for the six months ended June 30, 2012 totaled \$160,145.

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Notes to Financial Statements  
June 30, 2012

**NOTE 5. LONG-TERM LIABILITIES**

The following summarizes changes in long-term debt activity during fiscal year 2012.

Description	Issue Date	Interest Rates (%)	Maturity Date	Balance January 1, 2012	Additions/ Transfers in from HACLC	Retirements	Balance June 30, 2012	Amount Due Within One Year
Note payable								
Washington Federal	10/13/2004	7.50%	01/20/2014	\$ -	\$ 346,140	\$ 8,864	\$ 337,276	\$ 21,208
Note payable								
Wells Fargo Bank	04/15/2005	8.13%	04/15/2025	-	322,875	6,399	316,476	14,281
Note payable								
Washington Federal	08/15/2005	7.56%	08/15/2025	-	244,122	5,080	239,042	11,035
Note payable								
Citizen's Bank	12/20/2011	6.50%	10/12/2016	-	720,000	4,787	715,213	18,196
Note payable								
Land	12/02/1998	0.00%	11/02/2015	-	69,479	-	69,479	2,749
<b>Total</b>				<b>\$ -</b>	<b>\$ 1,702,616</b>	<b>\$ 25,130</b>	<b>\$ 1,677,486</b>	<b>\$ 67,469</b>

Debt service requirements on long-term debt at June 30, 2012, are as follows:

Year Ending June 30,	Notes Payable	
	Principal	Interest
2013	\$ 67,469	\$ 114,564
2014	366,020	100,502
2015	53,537	83,314
2016	115,757	79,647
2017	667,456	48,000
2018-2022	216,247	123,714
2023-2027	191,000	26,451
	<b>\$ 1,677,486</b>	<b>\$ 576,192</b>

**NOTE 6. CONTINGENT LIABILITIES**

*Legal Proceedings*—The Housing Authority is subject to various legal proceedings that arise in the ordinary course of the Housing Authority's operations. In the opinion of the Housing Authority's management, the ultimate resolution of the matters will not have a material adverse impact on the financial position or results of operations of the Housing Authority.

*Federal Grants*—The Housing Authority receives federal grants for various specific purposes. These grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowance, if any, will not be material to the financial statements.

**NOTE 7. MORTGAGE RECEIVABLES AND OTHER ASSETS**

The Housing Authority owns mortgages on twelve properties which they sold and originated the mortgage. These mortgages carry an interest rate ranging from 4% to 4.5% and mature during the period 2039 through 2042. They are all collateralized by the mortgaged property. There is a current allowance on the mortgage receivables in the amount of \$1,222,669.



MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

NOTE 8. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Retirement Plan: Substantially all full-time employees of the Housing Authority participate in a defined benefit contributory retirement plan through the Public Employees' Retirement Act (PERA) of the State of New Mexico, a cost-sharing multiple employer public employee retirement system. Benefit provisions are established and may only be amended by state statute. Information pertaining to the actuarially computed present value of vested accumulated plan benefits and nonvested accumulated plan benefits, the plan's net assets available for benefits and the assumed rate of return used in computing the present value, and ten-year historical trend information presenting PERA's progress in accumulating sufficient assets to pay benefits when due is not available by individual government agencies participating in the plan. Actuarial pension data for the State of New Mexico, as employer, is provided at the statewide level in a separately issued audit report of PERA. That report may be obtained by writing to PERA, P.O. Box 2123, 1120 Paseo de Peralta, Santa Fe, NM, 87504-2123 or on their internet website at www.state.nm.us/pera/.

Retirement Eligibility: Eligibility for receiving the monthly benefit equal to the number of years of credited service times 2.5% of their final average monthly salary, the 36 consecutive months of credited service producing the largest average, is as follows:

- Employees may retire at:
  - Any age with 25 or more years of credited service
  - Age 60 or older with 20 or more years of credit service
- All employees are eligible for retirement at:
  - Age 61 or older with 17 or more years of credited service
  - Age 62 or older with 14 or more years of credited service
  - Age 63 or older with 11 or more years of credited service
  - Age 64 or older with 8 or more years of credited service
  - Age 65 or older with 5 or more years of credited service
- Benefits vest after five years of credited service

Disability Benefits: Members or vested former members with five or more years of credited service will receive their normal retirement pension based on credited service and final average salary at the time of disability or retirement. The five-year service requirement is waived if the disability is incurred in the line of duty. Disability retirements are subject to reevaluation until the member reaches normal retirement. Payment of the disability pension is suspended for the balance of any year in which a disability-retired member does not submit an annual statement of earnings from gainful employment by June 30th of each year or if the amount of earnings in the previous year is more than the amount that causes the suspension of, or a decrease in, the Social Security Old Age Benefit for a 65 year old.

Funding Policy: The Housing Authority's retirement plan requires a 9.15% contribution by the employees and a 9.15% contribution by the Housing Authority.

Contribution requirements for the six months ended:

	Housing Authority	Employee	Total	Percentage Contributed
June 30, 2012	\$ 32,259	\$ 32,259	\$ 64,518	100%

NOTE 9. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the previous three years.

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Notes to Financial Statements

June 30, 2012

**NOTE 10. CONCENTRATIONS**

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

**NOTE 11. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2012, the date of the most recent statement of net assets, have been evaluated for possible adjustment to the financial statements or disclosures is September 14, 2012 which is the date on which the financial statements were available to be issued.

The Housing Authority refinanced the note payable on its Burley Court property in the amount of \$720,000. The note is dated July 19, 2012 and matures on July 15, 2027. It has an interest rate of 6% and requires \$6,110 in monthly payments. The collateral for this mortgage is the property at Burley Court.

**NOTE 12. SUBSEQUENT PRONOUNCEMENTS**

In November 2010, GASB Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged. The Housing Authority will implement this standard during fiscal year June 30, 2013. The Housing Authority is still evaluating how this reporting standard will affect the reporting entity.

In December 2010, GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Housing Authority will implement this standard during fiscal year June 30, 2013.

In March 2012, GASB Statement No. 66 *Technical Corrections-2012-an amendment of the GASB Statements No. 10 and No. 62*, Effective Date: The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented. The Housing Authority will implement this standard during fiscal year June 30, 2014.

**NOTE 13. TRANSFERS FROM PREVIOUS REPORTING ENTITY**

As noted in Note 1, the Housing Authority operated as the HACLC and the cash and cash equivalents of HACLC were transferred into the Housing Authority as of January 1, 2012. The Local Housing Projects amount differs from the December 31, 2011 financial statements and the following schedule reconciles the transfers presented:

	Local Housing Projects
Cash and Cash Equivalents - December 31, 2011	\$ 1,470,611
Disbursement of LCAR Funds	(6,929)
New Mexico Housing Corporation (No Longer a Component Unit)	<u>(221,294)</u>
Cash and Cash Equivalents - as of June 30, 2012	<u>\$ 1,242,388</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Notes to Financial Statements

June 30, 2012

**NOTE 13. TRANSFERS FROM PREVIOUS REPORTING ENTITY (continued)**

As noted in Note 1, the Housing Authority operated as the HACLC and the net assets of HACLC were transferred into the Housing Authority as of January 1, 2012. The following schedule represents the equity transfers presented within the financial statements at June 30, 2012:

	<u>HUD Public Housing</u>	<u>HUD Section 8 Housing</u>	<u>New Construction Housing</u>	<u>Local Housing Projects</u>	<u>Total</u>
Net Assets as of June 30, 2011	\$ 3,449,299	\$ 1,871,589	\$ 2,530,715	\$ 5,566,180	\$ 13,417,783
Change in Net Assets thru December 31, 2011	(42,324)	(452,041)	109,935	(110,569)	(494,999)
Transfer of Housing Development Corporation Net Assets (Dissolution)	-	-	(1,353,277)	-	(1,353,277)
Transfer of Net Assets from New Construction Operations to Robledo Ridge, LLLP	-	-	(125,739)	-	(125,739)
New Mexico Housing Corporation Net Assets (No Longer Component Unit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,375</u>	<u>284,375</u>
Net Assets as of December 31, 2011	<u>\$ 3,406,975</u>	<u>\$ 1,419,548</u>	<u>\$ 1,161,634</u>	<u>\$ 5,739,986</u>	<u>\$ 11,728,143</u>

**NOTE 14. COMPONENT UNITS**

As described in Note 1, the reporting entity consists of several component units as defined under GASB 14 and 39. The component units were presented in the financial statements of the Housing Authority of the City of Las Cruces as of December 31, 2011. The component units have a calendar year end and are comprised of Montana Senior Village, LLC (MSV), MSV II Limited Partnership (MSV II), Stone Mountain Place, LP (SM P), Falcon Ridge, LP (FR), Cimmaron, LP (Cimmaron I), Cimmaron II Apartments, LP (Cimmaron II), Desert Palms Apartments, LP (DP) and Robledo Ridge, LLLP (RR). The Housing Authority is the managing member of MSV, is the sole member of Montana Street, LLC (MSV II's general partner), is the sole member of Stone Mountain Place, LLC (SMP's general partner), is the sole member of Falcon Ridge, LLC (FR's general partner), is the sole member of Cimmaron Apartments I, LLC (Cimmaron I's general partner), is the sole member of Cimmaron Apartments, LLC (Cimmaron II's general partner), is the sole member of Desert Palms Apartments, LLC (DP's general partner) and is a partner of Robledo Ridge, LLLP.

The criteria provided in Government Accounting Standards Board Statements No. 14 and No. 39 has been considered and MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR meet the criteria for inclusion as component units of the Housing Authority. The component units continued operations for the first six months of 2012 and that financial information is not included within the basic financial statements of the Housing Authority. The last issued audited financial statements of the component units were as of December 31, 2011 and, as mentioned above, were included in the basic financial statements previous to the intergovernmental agreement referred to in note 1. The financial operations of the component units will be included in the financial statements of the Housing Authority as of June 30, 2013 as an entire year of operations will be available. MSV, MSV II, SMP, FR, Cimmaron I, Cimmaron II, DP and RR do not meet the requirements for blending and will be reported as discretely-presented component units.

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**SUPPLEMENTARY INFORMATION**

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MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Statement A-1

Statement of Revenues, Expenses and Changes in  
Net Assets - Budget and Actual

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues</i>				
Rental revenue (tenants)	\$ 821,526	\$ 860,840	\$ 765,285	\$ (95,555)
Other tenant revenue	155,515	444,753	132,422	(312,331)
Operating subsidies and grants	5,557,050	4,649,266	5,276,069	626,803
<i>Total operating revenues</i>	<u>6,534,091</u>	<u>5,954,859</u>	<u>6,173,776</u>	<u>218,917</u>
<i>Operating expenses</i>				
Housing assistance payments	4,110,462	4,586,888	4,445,233	141,655
Administration	1,246,269	1,197,720	1,617,525	(419,805)
Maintenance and operations	720,407	870,228	978,505	(108,277)
Utilities	191,386	273,932	217,744	56,188
Depreciation	115,412	315,855	316,662	(807)
Miscellaneous	471,384	125,718	80,692	45,026
<i>Total operating expenses</i>	<u>6,855,320</u>	<u>7,370,341</u>	<u>7,656,361</u>	<u>(286,020)</u>
<i>Operating income (loss)</i>	<u>(321,229)</u>	<u>(1,415,482)</u>	<u>(1,482,585)</u>	<u>504,937</u>
<i>Non-operating revenues (expenses)</i>				
Capital outlay funding	-	227,000	-	(227,000)
Interest income	39,363	93,506	93,462	(44)
Interest expense	(186,378)	(204,277)	(149,111)	55,166
Developer fees	249,278	322,999	283,168	(39,831)
Insurance reimbursement	-	201,830	201,830	-
Loss on disposal of assets	-	(13,258)	(13,258)	-
<i>Total non-operating revenues</i>	<u>102,263</u>	<u>627,800</u>	<u>416,091</u>	<u>15,291</u>
Transfers	43,516	39,659	(163,173)	(202,832)
<i>Change in net assets</i>	<u>\$ (175,450)</u>	<u>\$ (748,023)</u>	<u>\$ (1,229,667)</u>	<u>\$ 317,396</u>

The accompanying notes are an integral part of these financial statements

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**COMBINING FINANCIAL STATEMENTS**

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Statement of Net Assets - Detail

June 30, 2012

	HUD Public Housing	HUD Section 8 Housing
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,327,879	\$ 122,033
Restricted cash and cash equivalents	56,034	493,927
Accounts receivable - tenants, net of allowance for doubtful accounts	5,986	-
Grants receivable	148,912	-
Prepaid expenses and other assets	24,500	11,043
<i>Total current assets</i>	<u>1,563,311</u>	<u>627,003</u>
<i>Noncurrent Assets</i>		
Capital assets, net	1,918,376	3,189
Receivables from component units, net	-	-
Mortgage receivables, noncurrent	-	-
Other noncurrent assets	-	-
<i>Total assets</i>	<u>\$ 3,481,687</u>	<u>\$ 630,192</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Book overdraft	\$ 122,689	\$ -
Accounts payable	124,047	10,577
Accrued payroll	12,868	3,652
Notes payable, current portion	-	-
<i>Total current liabilities</i>	<u>259,604</u>	<u>14,229</u>
<i>Current liabilities (payable from restricted assets)</i>		
Tenant deposits	56,034	-
FSS deposits	-	3,840
<i>Total current liabilities (payable from restricted assets)</i>	<u>56,034</u>	<u>3,840</u>
<i>Non-current liabilities</i>		
Compensated absences, noncurrent portion	44,986	4,760
Notes payable, net of current portion	-	-
<i>Total non-current liabilities</i>	<u>44,986</u>	<u>4,760</u>
<i>Total liabilities</i>	<u>360,624</u>	<u>22,829</u>
<i>Net assets:</i>		
Invested in capital assets, net of related debt	1,918,376	3,189
Restricted for program activities	-	490,087
Unrestricted	1,202,687	114,087
<i>Total net assets</i>	<u>3,121,063</u>	<u>607,363</u>
<i>Total liabilities and net assets</i>	<u>\$ 3,481,687</u>	<u>\$ 630,192</u>

The accompanying notes are an integral part of these financial statements

New Construction Housing	Local Housing Projects	Total
\$ 283,717	\$ 1,406,058	\$ 3,139,687
7,754	13,448	571,163
66	2,884	8,936
-	15,194	164,106
597	7,595	43,735
<u>292,134</u>	<u>1,445,179</u>	<u>3,927,627</u>
1,513,028	2,518,924	5,953,517
-	1,339,822	1,339,822
-	1,231,717	1,231,717
-	485,504	485,504
<u>\$ 1,805,162</u>	<u>\$ 7,021,146</u>	<u>\$ 12,938,187</u>
\$ -	\$ 18,812	\$ 141,501
217	1,469	136,310
789	11,370	28,679
18,196	49,273	67,469
<u>19,202</u>	<u>80,924</u>	<u>373,959</u>
7,754	13,448	77,236
-	-	3,840
<u>7,754</u>	<u>13,448</u>	<u>81,076</u>
1,425	6,693	57,864
697,017	913,000	1,610,017
<u>698,442</u>	<u>919,693</u>	<u>1,667,881</u>
<u>725,398</u>	<u>1,014,065</u>	<u>2,122,916</u>
797,815	1,556,651	4,276,031
-	-	490,087
281,949	4,450,430	6,049,153
<u>1,079,764</u>	<u>6,007,081</u>	<u>10,815,271</u>
<u>\$ 1,805,162</u>	<u>\$ 7,021,146</u>	<u>\$ 12,938,187</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Statement of Revenues, Expenses and Changes in Net Assets - Detail  
For the Six Months Ended June 30, 2012

	HUD Public Housing	HUD Section 8 Housing
<i>Operating revenues</i>		
Rental revenue (tenants)	\$ 209,903	\$ -
Other tenant revenue	17,361	344
Operating subsidies and grants	254,760	1,960,739
<i>Total operating revenues</i>	<u>482,024</u>	<u>1,961,083</u>
<i>Operating expenses</i>		
Housing assistance payments	-	2,509,438
Administration	381,780	260,885
Maintenance and operations	399,341	-
Utilities	64,999	75
Depreciation	115,694	67
Miscellaneous	8,182	2,892
<i>Total operating expenses</i>	<u>969,996</u>	<u>2,773,357</u>
<i>Operating income (loss)</i>	<u>(487,972)</u>	<u>(812,274)</u>
<i>Non-operating revenues (expenses)</i>		
Capital grant	-	-
Interest income	125	89
Interest expense	-	-
Developer fees	-	-
Insurance reimbursement	201,830	-
Loss on disposal of assets	105	-
<i>Total non-operating revenues (expenses)</i>	<u>202,060</u>	<u>89</u>
<i>Income before transfers</i>	(285,912)	(812,185)
Transfers in	23,139	-
Transfers out	<u>(23,139)</u>	<u>-</u>
<i>Change in net assets</i>	(285,912)	(812,185)
<i>Total net assets - beginning of year</i>	-	-
<i>Equity transfers in - Housing Authority of the City of Las Cruces</i>	<u>3,406,975</u>	<u>1,419,548</u>
<i>Total net assets - end of year</i>	<u>\$ 3,121,063</u>	<u>\$ 607,363</u>

The accompanying notes are an integral part of these financial statements

New Construction Housing	Local Housing Projects	Total
\$ 35,123	\$ 142,965	\$ 387,991
82,299	750	100,754
90,441	389,834	2,695,774
<u>207,863</u>	<u>533,549</u>	<u>3,184,519</u>
-	-	2,509,438
3,073	63,178	708,916
16,943	103,662	519,946
7,272	9,056	81,402
13,936	30,448	160,145
(39)	132,775	143,810
<u>41,185</u>	<u>339,119</u>	<u>4,123,657</u>
<u>166,678</u>	<u>194,430</u>	<u>(939,138)</u>
-	-	-
16	46,036	46,266
(25,331)	(35,857)	(61,188)
-	72,616	72,616
-	-	201,830
(3,233)	(10,130)	(13,258)
<u>(28,548)</u>	<u>72,665</u>	<u>246,266</u>
138,130	267,095	(692,872)
-	(22,925)	214
<u>(220,000)</u>	<u>22,925</u>	<u>(220,214)</u>
(81,870)	267,095	(912,872)
-	-	-
<u>1,161,634</u>	<u>5,739,986</u>	<u>11,728,143</u>
<u>\$ 1,079,764</u>	<u>\$ 6,007,081</u>	<u>\$ 10,815,271</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Statement of Cash Flows - Detail  
For the Six Months Ended June 30, 2012

	HUD Public Housing	HUD Section 8 Housing
<i>Cash flows from operating activities:</i>		
Cash received from tenant rents	\$ 231,475	\$ -
Cash payments to employees for services	(352,662)	(32,586)
Cash payments to suppliers for goods and services	(377,460)	(2,729,578)
Subsidy grants and other receipts	166,074	1,960,556
<i>Net cash provided (used) by operating activities</i>	<u>(332,573)</u>	<u>(801,608)</u>
<i>Cash flows from noncapital financing activities:</i>		
Miscellaneous income (expense)	201,935	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>201,935</u>	<u>-</u>
<i>Cash flows from capital and related financing activities:</i>		
Proceeds from sale of assets	-	-
Acquisition of capital assets	(158,668)	-
Principal payments on long-term debt	-	-
Interest payments on long-term debt	-	-
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(158,668)</u>	<u>-</u>
<i>Cash flows from investing activities:</i>		
Interest on investments	125	89
<i>Net cash provided (used) by investing activities</i>	<u>125</u>	<u>89</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(289,181)	(801,519)
<i>Cash and cash equivalents - beginning of year</i>	-	-
<i>Cash and cash equivalents - transfer from Housing Authority of the City of Las Cruces</i>	1,550,405	1,417,479
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,261,224</u>	<u>\$ 615,960</u>

The accompanying notes are an integral part of these financial statements

New Construction Housing	Local Housing Projects	Total
\$ 117,999	\$ 114,702	\$ 464,176
(9,749)	(125,489)	(520,486)
(17,358)	(257,579)	(3,381,975)
90,441	411,218	2,628,289
<u>181,333</u>	<u>142,852</u>	<u>(809,996)</u>
(3,233)	66,935	265,637
<u>(3,233)</u>	<u>66,935</u>	<u>265,637</u>
-	218,000	218,000
-	(259,317)	(417,985)
1,611	(20,343)	(18,732)
<u>(25,331)</u>	<u>(35,857)</u>	<u>(61,188)</u>
<u>(23,720)</u>	<u>(97,517)</u>	<u>(279,905)</u>
16	46,036	46,266
<u>16</u>	<u>46,036</u>	<u>46,266</u>
154,396	158,306	(777,998)
-	-	-
<u>137,075</u>	<u>1,242,388</u>	<u>4,347,347</u>
<u>\$ 291,471</u>	<u>\$ 1,400,694</u>	<u>\$ 3,569,349</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Statement of Cash Flows - Detail  
For the Six Months Ended June 30, 2012

	<u>HUD Public Housing</u>	<u>HUD Section 8 Housing</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$ (487,972)	\$ (812,274)
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	115,694	67
 Changes in assets and liabilities		
Accounts receivable	(84,475)	-
Prepaid expenses	3,063	3,818
Accounts payable	99,473	2,275
Accrued payroll expenses	1,041	3,491
Accrued compensated absences	21,338	(1,865)
Tenant deposits	<u>(735)</u>	<u>2,880</u>
 <i>Net cash provided (used) by operating activities</i>	 <u>\$ (332,573)</u>	 <u>\$ (801,608)</u>

The accompanying notes are an integral part of these financial statements



New Construction Housing	Local Housing Projects	Total
\$ 166,678	\$ 194,430	\$ (939,138)
13,936	30,448	160,145
577	(7,629)	(91,527)
3,301	(2,948)	7,234
(407)	(49,259)	52,082
329	4,057	8,918
(1,671)	(24,622)	(6,820)
(1,410)	(1,625)	(890)
<u>\$ 181,333</u>	<u>\$ 142,852</u>	<u>\$ (809,996)</u>

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**HUD PUBLIC HOUSING PROGRAMS**

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Net Assets - HUD Public Housing Programs  
June 30, 2012

	Public Housing Operations	2009 Capital Fund Program
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,327,879	\$ -
Restricted cash and cash equivalents	56,034	-
Accounts receivable - tenants, net of allowance for doubtful accounts	5,986	-
Grants receivable	-	-
Prepaid expenses and other assets	24,500	-
	1,414,399	-
<i>Total current assets</i>		
<i>Noncurrent Assets</i>		
Capital assets, net	1,918,376	-
	3,332,775	-
<i>Total assets</i>		
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Book overdraft	\$ -	\$ -
Accounts payable	72,417	-
Accrued payroll	12,460	-
	84,877	-
<i>Total current liabilities</i>		
<i>Current liabilities (payable from restricted assets)</i>		
Tenant deposits	56,034	-
	56,034	-
<i>Total current liabilities (payable from restricted assets)</i>		
<i>Non-current liabilities</i>		
Compensated absences, noncurrent portion	44,986	-
	44,986	-
<i>Total non-current liabilities</i>		
	185,897	-
<i>Total liabilities</i>		
<i>Net assets:</i>		
Invested in capital assets, net of related debt	1,918,376	-
Unrestricted	1,228,502	-
	3,146,878	-
<i>Total net assets</i>		
	\$ 3,332,775	\$ -
<i>Total liabilities and net assets</i>		

The accompanying notes are an integral part of these financial statements

2010 Capital Fund Program	2011 Capital Fund Program	Total
\$ -	\$ -	\$ 1,327,879
-	-	56,034
-	-	5,986
104,971	43,941	148,912
-	-	24,500
<u>104,971</u>	<u>43,941</u>	<u>1,563,311</u>
-	-	1,918,376
<u>\$ 104,971</u>	<u>\$ 43,941</u>	<u>\$ 3,481,687</u>
\$ 79,156	\$ 43,533	\$ 122,689
51,630	-	124,047
-	408	12,868
<u>130,786</u>	<u>43,941</u>	<u>259,604</u>
-	-	56,034
-	-	56,034
-	-	44,986
-	-	44,986
<u>130,786</u>	<u>43,941</u>	<u>360,624</u>
-	-	1,918,376
<u>(25,815)</u>	<u>-</u>	<u>1,202,687</u>
<u>(25,815)</u>	<u>-</u>	<u>3,121,063</u>
<u>\$ 104,971</u>	<u>\$ 43,941</u>	<u>\$ 3,481,687</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Combining Statement of Revenues, Expenses and Changes in Net Assets - HUD Public Housing Programs  
For the Six Months Ended June 30, 2012

	Public Housing Operations	2009 Capital Fund Program
<i>Operating revenues</i>		
Rental revenue (tenants)	\$ 209,903	\$ -
Other tenant revenue	17,361	-
Operating subsidies and grants	65,496	1,269
	<hr/>	<hr/>
<i>Total operating revenues</i>	292,760	1,269
	<hr/>	<hr/>
<i>Operating expenses</i>		
Administration	361,760	-
Maintenance and operations	227,421	1,269
Utilities	64,999	-
Depreciation	115,694	-
Miscellaneous	8,182	-
	<hr/>	<hr/>
<i>Total operating expenses</i>	778,056	1,269
	<hr/>	<hr/>
<i>Operating income (loss)</i>	(485,296)	-
	<hr/>	<hr/>
<i>Non-operating revenues (expenses)</i>		
Interest income	125	-
Insurance reimbursement	201,830	-
Loss on disposal of assets	105	-
	<hr/>	<hr/>
<i>Total non-operating revenues</i>	202,060	-
	<hr/>	<hr/>
<i>Income before transfers</i>	(283,236)	-
Transfers in	23,139	-
Transfers out	-	-
	<hr/>	<hr/>
<i>Change in net assets</i>	(260,097)	-
<i>Total net assets - beginning of year</i>	-	-
<i>Equity transfers in - Housing Authority of the City of Las Cruces</i>	3,406,975	-
	<hr/>	<hr/>
<i>Total net assets - end of year</i>	\$ 3,146,878	\$ -
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

2010 Capital Fund Program	2011 Capital Fund Program	Total
\$ -	\$ -	\$ 209,903
-	-	17,361
143,434	44,561	254,760
143,434	44,561	482,024
4,295	15,725	381,780
143,406	27,245	399,341
-	-	64,999
-	-	115,694
-	-	8,182
147,701	42,970	969,996
(4,267)	1,591	(487,972)
-	-	125
-	-	201,830
-	-	105
-	-	202,060
(4,267)	1,591	(285,912)
-	-	23,139
(21,548)	(1,591)	(23,139)
(25,815)	-	(285,912)
-	-	-
-	-	3,406,975
\$ (25,815)	\$ -	\$ 3,121,063

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - HUD Public Housing Programs  
For the Six Months Ended June 30, 2012

	Public Housing Operations	2009 Capital Fund Program
<i>Cash flows from operating activities:</i>		
Cash received from tenant rents	\$ 231,475	\$ -
Cash payments to employees for services	(333,054)	71
Cash payments to suppliers for goods and services	(247,362)	(1,340)
Subsidy grants	65,496	6,432
<i>Net cash provided (used) by operating activities</i>	(283,445)	5,163
<i>Cash flows from noncapital financing activities:</i>		
Insurance reimbursement	201,935	-
Transfers	23,139	-
<i>Net cash provided (used) by noncapital financing activities</i>	225,074	-
<i>Cash flows from capital and related financing activities:</i>		
Acquisition of capital assets	(158,668)	-
<i>Net cash provided (used) by capital and related financing activities</i>	(158,668)	-
<i>Cash flows from investing activities:</i>		
Interest on investments	125	-
<i>Net cash provided (used) by investing activities</i>	125	-
<i>Net increase (decrease) in cash and cash equivalents</i>	(216,914)	5,163
<i>Cash and cash equivalents - beginning of year</i>	-	-
<i>Cash and cash equivalents - transfer from Housing Authority of the City of Las Cruces</i>	1,600,827	(5,163)
<i>Cash and cash equivalents - end of year</i>	\$ 1,383,913	\$ -

*Note: Non cash items transferred from Public Housing Capital Fund Program to Low Rent Public Housing Program.*

The accompanying notes are an integral part of these financial statements



2010 Capital Fund Program	2011 Capital Fund Program	Total
\$ -	\$ -	\$ 231,475
(4,362)	(15,317)	(352,662)
(101,509)	(27,249)	(377,460)
84,533	9,613	166,074
<u>(21,338)</u>	<u>(32,953)</u>	<u>(332,573)</u>
-	-	201,935
<u>(21,548)</u>	<u>(1,591)</u>	<u>-</u>
<u>(21,548)</u>	<u>(1,591)</u>	<u>201,935</u>
<u>-</u>	<u>-</u>	<u>(158,668)</u>
<u>-</u>	<u>-</u>	<u>(158,668)</u>
<u>-</u>	<u>-</u>	<u>125</u>
<u>-</u>	<u>-</u>	<u>125</u>
(42,886)	(34,544)	(289,181)
-	-	-
<u>(36,270)</u>	<u>(8,989)</u>	<u>1,550,405</u>
<u>\$ (79,156)</u>	<u>\$ (43,533)</u>	<u>\$ 1,261,224</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - HUD Public Housing Programs  
For the Six Months Ended June 30, 2012

	Public Housing Operations	2009 Capital Fund Program
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$ (485,296)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	115,694	-
Changes in assets and liabilities		
Accounts receivable	4,211	5,163
Prepaid expenses	3,063	-
Accounts payable	57,576	-
Accrued payroll expenses	704	-
Accrued compensated absences	21,338	-
Tenant deposits	(735)	-
<i>Net cash provided (used) by operating activities</i>	<u>\$ (283,445)</u>	<u>\$ 5,163</u>

The accompanying notes are an integral part of these financial statements

<u>2010 Capital Fund Program</u>	<u>2011 Capital Fund Program</u>	<u>Total</u>
\$ (4,267)	\$ 1,591	\$ (487,972)
-	-	115,694
(58,901)	(34,948)	(84,475)
-	-	3,063
41,897	-	99,473
(67)	404	1,041
-	-	21,338
-	-	(735)
<u>\$ (21,338)</u>	<u>\$ (32,953)</u>	<u>\$ (332,573)</u>

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**NEW CONSTRUCTION HOUSING**

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Net Assets - New Construction Housing Programs  
June 30, 2012

	New Construction Operations	Housing Development Corporation	Total
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 283,717	\$ -	\$ 283,717
Restricted cash and cash equivalents	7,754	-	7,754
Accounts receivable - tenants, net of allowance for doubtful accounts	66	-	66
Prepaid expenses and other assets	597	-	597
<i>Total current assets</i>	<u>292,134</u>	<u>-</u>	<u>292,134</u>
<i>Noncurrent Assets</i>			
Capital assets, net	1,513,028	-	1,513,028
<i>Total assets</i>	<u>\$ 1,805,162</u>	<u>\$ -</u>	<u>\$ 1,805,162</u>
<b>LIABILITIES AND NET ASSETS</b>			
<i>Current liabilities</i>			
Accounts payable	\$ 217	\$ -	\$ 217
Accrued payroll	789	-	789
Notes payable, current portion	18,196	-	18,196
<i>Total current liabilities</i>	<u>19,202</u>	<u>-</u>	<u>19,202</u>
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	7,754	-	7,754
<i>Total current liabilities (payable from restricted assets)</i>	<u>7,754</u>	<u>-</u>	<u>7,754</u>
<i>Non-current liabilities</i>			
Compensated absences, noncurrent portion	1,425	-	1,425
Notes payable, net of current portion	697,017	-	697,017
<i>Total non-current liabilities</i>	<u>698,442</u>	<u>-</u>	<u>698,442</u>
<i>Total liabilities</i>	<u>725,398</u>	<u>-</u>	<u>725,398</u>
<i>Net assets:</i>			
Invested in capital assets, net of related debt	797,815	-	797,815
Unrestricted	281,949	-	281,949
<i>Total net assets</i>	<u>1,079,764</u>	<u>-</u>	<u>1,079,764</u>
<i>Total liabilities and net assets</i>	<u>\$ 1,805,162</u>	<u>\$ -</u>	<u>\$ 1,805,162</u>

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Combining Statement of Revenues, Expenses and Changes in Net Assets - New Construction Housing Programs  
For the Six Months Ended June 30, 2012

	New Construction Operations	Housing Development Corporation	Total
<i>Operating revenues</i>			
Rental revenue (tenants)	\$ 35,123	\$ -	\$ 35,123
Other tenant revenue	82,299	-	82,299
Operating subsidies and grants	90,441	-	90,441
<i>Total operating revenues</i>	<u>207,863</u>	<u>-</u>	<u>207,863</u>
<i>Operating expenses</i>			
Administration	3,073	-	3,073
Maintenance and operations	16,943	-	16,943
Utilities	7,272	-	7,272
Depreciation	13,936	-	13,936
Miscellaneous	(39)	-	(39)
<i>Total operating expenses</i>	<u>41,185</u>	<u>-</u>	<u>41,185</u>
<i>Operating income (loss)</i>	<u>166,678</u>	<u>-</u>	<u>166,678</u>
<i>Non-operating revenues (expenses)</i>			
Interest income	16	-	16
Interest expense	(25,331)	-	(25,331)
Loss on disposal of assets	(3,233)	-	(3,233)
<i>Total non-operating revenues</i>	<u>(28,548)</u>	<u>-</u>	<u>(28,548)</u>
<i>Income before transfers</i>	138,130	-	138,130
Transfers in	-	-	-
Transfers out	(220,000)	-	(220,000)
<i>Change in net assets</i>	(81,870)	-	(81,870)
<i>Total net assets - beginning of year</i>	-	-	-
<i>Equity transfers in - Housing Authority of the City of Las Cruces</i>	<u>1,161,634</u>	<u>-</u>	<u>1,161,634</u>
<i>Total net assets - end of year</i>	<u>\$ 1,079,764</u>	<u>\$ -</u>	<u>\$ 1,079,764</u>

The accompanying notes are an integral part of these financial statements

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - New Construction Housing Programs  
For the Six Months Ended June 30, 2012

	New Construction Operations	Housing Development Corporation	Total
<i>Cash flows from operating activities:</i>			
Cash received from tenant rents	\$ 117,999	\$ -	\$ 117,999
Cash payments to employees for services	(9,749)	-	(9,749)
Cash payments to suppliers for goods and services	(17,358)	-	(17,358)
Subsidy grants	90,441	-	90,441
<i>Net cash provided (used) by operating activities</i>	<u>181,333</u>	<u>-</u>	<u>181,333</u>
<i>Cash flows from noncapital financing activities:</i>			
Miscellaneous (expense)	(3,233)	-	(3,233)
Transfers	-	-	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>(3,233)</u>	<u>-</u>	<u>(3,233)</u>
<i>Cash flows from capital and related financing activities:</i>			
Principal payments on long-term debt	1,611	-	1,611
Interest payments on long-term debt	(25,331)	-	(25,331)
<i>Net cash provided (used) by capital and related financing activities</i>	<u>(23,720)</u>	<u>-</u>	<u>(23,720)</u>
<i>Cash flows from investing activities:</i>			
Interest earned	16	-	16
<i>Net cash provided by investing activities</i>	<u>16</u>	<u>-</u>	<u>16</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	154,396	-	154,396
<i>Cash and cash equivalents - beginning of year</i>	-	-	-
<i>Cash and cash equivalents - transfer from Housing Authority of the City of Las Cruces</i>	<u>137,075</u>	<u>-</u>	<u>137,075</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 291,471</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 291,471</u></u>

The accompanying notes are an integral part of these financial statements



**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - New Construction Housing Programs  
For the Six Months Ended June 30, 2012

	<u>New Construction Operations</u>	<u>Housing Development Corporation</u>	<u>Total</u>
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>			
Operating income (loss)	\$ 166,678	\$ -	\$ 166,678
 <i>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</i>			
Depreciation	13,936	-	13,936
 <i>Changes in assets and liabilities</i>			
Accounts receivable	577	-	577
Prepaid expenses	3,301	-	3,301
Accounts payable	(407)	-	(407)
Accrued payroll expenses	329	-	329
Accrued compensated absences	(1,671)	-	(1,671)
Tenant deposits	(1,410)	-	(1,410)
	<u>\$ 181,333</u>	<u>\$ -</u>	<u>\$ 181,333</u>
<i>Net cash provided (used) by operating activities</i>	<u>\$ 181,333</u>	<u>\$ -</u>	<u>\$ 181,333</u>

The accompanying notes are an integral part of these financial statements

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## **LOCAL HOUSING PROJECTS**

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Net Assets - Local Housing Projects  
June 30, 2012

	Conventional Home Choice II	Shelter Plus Care
<b>ASSETS</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 1,137,637	\$ -
Restricted cash and cash equivalents	13,448	-
Accounts receivable - tenants, net of allowance for doubtful accounts	2,884	-
Grants receivable	-	15,194
Prepaid expenses and other assets	7,595	-
<i>Total current assets</i>	1,161,564	15,194
<i>Noncurrent Assets</i>		
Capital assets, net	2,517,236	-
Receivables from component units, net	1,123,436	-
Mortgage receivables, noncurrent	1,231,717	-
Other noncurrent assets	-	-
<i>Total assets</i>	\$ 6,033,953	\$ 15,194
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Current liabilities</i>		
Book overdraft	\$ -	\$ 17,725
Accounts payable	1,279	190
Accrued payroll	9,872	-
Notes payable, current portion	49,273	-
<i>Total current liabilities</i>	60,424	17,915
<i>Current liabilities (payable from restricted assets)</i>		
Tenant deposits	13,448	-
<i>Total current liabilities (payable from restricted assets)</i>	13,448	-
<i>Non-current liabilities</i>		
Compensated absences, noncurrent portion	1,074	-
Notes payable, net of current portion	913,000	-
<i>Total non-current liabilities</i>	914,074	-
<i>Total liabilities</i>	987,946	17,915
<i>Net assets:</i>		
Invested in capital assets, net of related debt	1,554,963	-
Unrestricted	3,491,044	(2,721)
<i>Total net assets</i>	5,046,007	(2,721)
<i>Total liabilities and net assets</i>	\$ 6,033,953	\$ 15,194

The accompanying notes are an integral part of these financial statements

Dona Ana County Housing Authority	Developer Fees	Homeless Prevention and Rapid Re-Housing	CTI Program SW Counseling	Total
\$ -	\$ 268,421	\$ -	\$ -	\$ 1,406,058
-	-	-	-	13,448
-	-	-	-	2,884
-	-	-	-	15,194
-	-	-	-	7,595
-	268,421	-	-	1,445,179
1,688	-	-	-	2,518,924
-	216,386	-	-	1,339,822
-	-	-	-	1,231,717
-	485,504	-	-	485,504
<u>\$ 1,688</u>	<u>\$ 970,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,021,146</u>
\$ 1,087	\$ -	\$ -	\$ -	\$ 18,812
-	-	-	-	1,469
100	1,398	-	-	11,370
-	-	-	-	49,273
1,187	1,398	-	-	80,924
-	-	-	-	13,448
-	-	-	-	13,448
-	5,619	-	-	6,693
-	-	-	-	913,000
-	5,619	-	-	919,693
1,187	7,017	-	-	1,014,065
1,688	-	-	-	1,556,651
(1,187)	963,294	-	-	4,450,430
501	963,294	-	-	6,007,081
<u>\$ 1,688</u>	<u>\$ 970,311</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,021,146</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Revenues, Expenses and Changes in Net Assets - Local Housing Projects  
For the Six Months Ended June 30, 2012

	Conventional Home Choice II	Shelter Plus Care
<i>Operating revenues</i>		
Rental revenue (tenants)	\$ 142,965	\$ -
Other tenant revenue	-	-
Operating subsidies and grants	227,000	71,896
<i>Total operating revenues</i>	369,965	71,896
<i>Operating expenses</i>		
Administration	26,728	5,935
Maintenance and operations	25,340	68,423
Utilities	8,898	-
Depreciation	30,448	-
Miscellaneous	67,237	-
<i>Total operating expenses</i>	158,651	74,358
<i>Operating income (loss)</i>	211,314	(2,462)
<i>Non-operating revenues (expenses)</i>		
Interest income	39,293	-
Interest expense	(35,857)	-
Developer fees	-	-
Loss on disposal of assets	(10,130)	-
<i>Total non-operating revenues</i>	(6,694)	-
<i>Income before transfers</i>	204,620	(2,462)
Transfers in	(97,925)	-
Transfers out	22,925	-
<i>Change in net assets</i>	129,620	(2,462)
<i>Total net assets - beginning of year</i>	-	-
<i>Equity transfers in - Housing Authority of the City of Las Cruces</i>	4,916,387	(259)
<i>Total net assets - end of year</i>	\$ 5,046,007	\$ (2,721)

The accompanying notes are an integral part of these financial statements

Dona Ana County Housing Authority	Developer Fees	Homeless Prevention and Rapid Re-Housing	CTI Program SW Counseling	Total
\$ -	\$ -	\$ -	\$ -	\$ 142,965
-	750	-	-	750
90,938	-	-	-	389,834
90,938	750	-	-	533,549
8,650	21,865	-	-	63,178
9,899	-	-	-	103,662
158	-	-	-	9,056
-	-	-	-	30,448
54,038	11,500	-	-	132,775
72,745	33,365	-	-	339,119
18,193	(32,615)	-	-	194,430
-	6,743	-	-	46,036
-	-	-	-	(35,857)
-	72,616	-	-	72,616
-	-	-	-	(10,130)
-	79,359	-	-	72,665
18,193	46,744	-	-	267,095
-	75,000	-	-	(22,925)
-	-	-	-	22,925
18,193	121,744	-	-	267,095
-	-	-	-	-
(17,692)	841,550	-	-	5,739,986
\$ 501	\$ 963,294	\$ -	\$ -	\$ 6,007,081

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - Local Housing Projects  
For the Six Months Ended June 30, 2012

	Conventional Home Choice II	Shelter Plus Care
<i>Cash flows from operating activities:</i>		
Cash received from tenant rents	\$ 114,702	\$ -
Cash payments to employees for services	(51,542)	(5,935)
Cash payments to suppliers for goods and services	(129,878)	(68,311)
Subsidy grants and other receipts	227,000	69,980
<i>Net cash provided (used) by operating activities</i>	160,282	(4,266)
<i>Cash flows from noncapital financing activities:</i>		
Miscellaneous income (expense)	-	-
Transfers	(75,000)	-
<i>Net cash provided (used) by noncapital financing activities</i>	(75,000)	-
<i>Cash flows from capital and related financing activities:</i>		
Proceeds from sale of assets	218,000	-
Acquisition of capital assets	(259,317)	-
Principal payments on long-term debt	(20,343)	-
Interest payments on long-term debt	(35,857)	-
<i>Net cash (used) by capital and related financing activities</i>	(97,517)	-
<i>Cash flows from investing activities:</i>		
Interest on investments	39,293	-
<i>Net cash provided by from investing activities</i>	39,293	-
<i>Net increase (decrease) in cash and cash equivalents</i>	27,058	(4,266)
<i>Cash and cash equivalents - beginning of year</i>	-	-
<i>Cash and cash equivalents - transfer from Housing Authority of the City of Las Cruces</i>	1,124,027	(13,459)
<i>Cash and cash equivalents - end of year</i>	\$ 1,151,085	\$ (17,725)

The accompanying notes are an integral part of these financial statements



<u>Dona Ana County Housing Authority</u>	<u>Developer Fees</u>	<u>Homeless Prevention and Rapid Re-Housing</u>	<u>CTI Program SW Counseling</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 114,702
(40,043)	(27,969)	-	-	(125,489)
(44,754)	(14,636)	-	-	(257,579)
113,488	750	-	-	411,218
<u>28,691</u>	<u>(41,855)</u>	<u>-</u>	<u>-</u>	<u>142,852</u>
-	66,935	-	-	66,935
-	75,000	-	-	-
-	141,935	-	-	66,935
-	-	-	-	218,000
-	-	-	-	(259,317)
-	-	-	-	(20,343)
-	-	-	-	(35,857)
-	-	-	-	(97,517)
-	6,743	-	-	46,036
-	6,743	-	-	46,036
28,691	106,823	-	-	158,306
-	-	-	-	-
(29,778)	161,598	-	-	1,242,388
<u>\$ (1,087)</u>	<u>\$ 268,421</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,694</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Combining Statement of Cash Flows - Local Housing Projects  
For the Six Months Ended June 30, 2012

	Conventional Home Choice II	Shelter Plus Care
<i>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</i>		
Operating income (loss)	\$ 211,314	\$ (2,462)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	30,448	-
Changes in assets and liabilities		
Accounts receivable	(28,263)	(1,916)
Prepaid expenses	(2,951)	-
Accounts payable	(49,172)	112
Accrued payroll expenses	9,194	-
Accrued compensated absences	(8,663)	-
Tenant deposits	(1,625)	-
<i>Net cash provided (used) by operating activities</i>	\$ 160,282	\$ (4,266)

The accompanying notes are an integral part of these financial statements

<u>Dona Ana County Housing Authority</u>	<u>Developer Fees</u>	<u>Homeless Prevention and Rapid Re-Housing</u>	<u>CTI Program SW Counseling</u>	<u>Total</u>
\$ 18,193	\$ (32,615)	\$ -	\$ -	\$ 194,430
-	-	-	-	30,448
22,550	-	-	-	(7,629)
-	3	-	-	(2,948)
(128)	(71)	-	-	(49,259)
(3,414)	(1,723)	-	-	4,057
(8,510)	(7,449)	-	-	(24,622)
-	-	-	-	(1,625)
<u>\$ 28,691</u>	<u>\$ (41,855)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,852</u>

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**SUPPORTING SCHEDULES**

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2012

Schedule I

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP No.</u>	<u>Market Value June 30, 2012</u>
Wells Fargo Bank	FH-30	12/01/41	3128LLD29	<u>\$ 3,254,585</u>

Note:

Pledged collateral is held in safekeeping by Wells Fargo Bank

See independent auditors' report

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Schedule II

Schedule of Deposits and Investments

June 30, 2012

Financial Institution/Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Book Balance
Wells Fargo Bank				
Operating Account - Demand	\$ 550,590	\$ -	\$ 52,855	\$ 497,735
Repurchase Agreement - Investment	3,185,633	-	-	3,185,633
Family Self-Sufficiency Account - Demand	3,840	-	-	3,840
Total Wells Fargo Bank	3,740,063	-	52,855	3,687,208
Citizen's Bank				
Tenant Rent - Demand	59,790	-	864	58,926
Total Citizen's Bank	59,790	-	864	58,926
Total deposits and investments	\$ 3,799,853	\$ -	\$ 53,719	3,746,134
Less: Robledo Ridge Operating Petty cash				(177,785)
				1,000
Total cash and cash equivalents				\$ 3,569,349

See independent auditors' report

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Financial Data Schedule

June 30, 2012

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
111	Cash - Unrestricted	\$ 1,327,879	\$ 122,033
112	Cash - Restricted - Modernization and Development	-	-
113	Cash - Other Restricted	-	493,927
114	Cash - Tenant Security Deposits	56,034	-
100	Total Cash	<u>1,383,913</u>	<u>615,960</u>
122	Accounts Receivable - HUD Other Projects	-	-
124	Accounts Receivable - Other Government	-	-
125	Accounts Receivable - Miscellaneous	-	-
126	Accounts Receivable - Tenants - Dwelling Rents	7,501	-
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(1,515)	-
126.2	Allowance for Doubtful Accounts - Other	-	-
129	Accrued Interest Receivable	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>5,986</u>	<u>-</u>
142	Prepaid Expenses and Other Assets	24,500	11,043
143	Inventories	921	-
143.1	Allowance for Obsolete Inventories	(921)	-
150	Total Current Assets	<u>1,414,399</u>	<u>627,003</u>
161	Land	500,000	-
162	Buildings	5,552,335	4,541
163	Furniture, Equipment & Machinery - Dwellings	46,665	-
164	Furniture, Equipment & Machinery - Administration	476,944	-
165	Leasehold Improvements	1,596,605	-
166	Accumulated Depreciation	(6,254,173)	(1,352)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>1,918,376</u>	<u>3,189</u>
171	Notes, Loans and Mortgages Receivable - Non-Current	-	-
174	Other Assets	-	-
180	Total Non-Current Assets	<u>1,918,376</u>	<u>3,189</u>
190	Total Assets	<u>\$ 3,332,775</u>	<u>\$ 630,192</u>

See independent auditors' report



Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	State/Local	Total	Component Units (December 31, 2011)
\$ -	\$ 283,717	\$ 1,419,506	\$ -	\$ 3,153,135	\$ 579,337
-	-	-	-	-	2,723,187
-	-	-	-	493,927	-
-	7,754	-	-	63,788	208,242
-	291,471	1,419,506	-	3,710,850	3,510,766
148,912	-	-	-	148,912	-
-	-	-	15,194	15,194	46,395
-	-	2,454,386	-	2,454,386	1,937
-	407	6,024	-	13,932	17,687
-	(341)	(3,140)	-	(4,996)	-
-	-	(1,222,669)	-	(1,222,669)	-
-	-	263,923	-	263,923	-
148,912	66	1,498,524	15,194	1,668,682	66,019
-	597	7,595	-	43,735	96,793
-	-	-	-	921	-
-	-	-	-	(921)	-
148,912	292,134	2,925,625	15,194	5,423,267	3,673,578
-	872,000	343,802	-	1,715,802	3,556,014
-	1,055,334	2,603,667	-	9,215,877	41,121,570
-	-	-	-	46,665	1,727,238
-	-	69,987	-	546,931	609
-	-	23,876	-	1,620,481	4,941,551
-	(414,306)	(522,408)	-	(7,192,239)	(7,335,245)
-	1,513,028	2,518,924	-	5,953,517	44,011,737
-	-	1,561,403	-	1,561,403	-
-	-	-	-	-	1,423,198
-	1,513,028	4,080,327	-	7,514,920	45,434,935
\$ 148,912	\$ 1,805,162	\$ 7,005,952	\$ 15,194	\$ 12,938,187	\$ 49,108,513

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Financial Data Schedule

June 30, 2012

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
311	Bank Overdraft	\$ -	\$ -
312	Accounts Payable <= 90 Days	72,417	10,577
321	Accrued Wage/Payroll Taxes Payable	12,460	3,652
325	Accrued Interest Payable	-	-
341	Tenant Security Deposits	56,034	-
342	Deferred Revenues	-	-
343	Current Portion of Long-term Debt - Capital Projects	-	-
344	Current Portion of Long-term Debt - Operating Borrowings	-	-
345	Other Current Liabilities	-	3,840
346	Accrued Liabilities - Other	-	-
310	Total Current Liabilities	<u>140,911</u>	<u>18,069</u>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-
353	Non-current Liabilities - Other	-	-
354	Accrued Compensated Absences - Non-Current	<u>44,986</u>	<u>4,760</u>
350	Total Non-Current Liabilities	<u>44,986</u>	<u>4,760</u>
300	Total Liabilities	<u>185,897</u>	<u>22,829</u>
508.1	Invested in Capital Assets, Net of Related Debt	1,918,376	3,189
511	Restricted Net Assets	-	490,087
512.1	Unrestricted Net Assets	<u>1,228,502</u>	<u>114,087</u>
513	Total Equity/Net Assets	<u>3,146,878</u>	<u>607,363</u>
600	Total Liabilities and Equity/Net Assets	<u>\$ 3,332,775</u>	<u>\$ 630,192</u>

See independent auditors' report

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	State/Local	Total	Component Units (December 31, 2011)
\$ 122,689	\$ -	\$ 1,087	\$ 17,725	\$ 141,501	\$ -
51,630	217	1,279	190	136,310	478,110
408	789	11,370	-	28,679	8,985
-	-	-	-	-	58,475
-	7,754	13,448	-	77,236	202,006
-	-	-	-	-	10,600
-	18,196	49,273	-	67,469	122,361
-	-	-	-	-	-
-	-	-	-	3,840	7,548
-	-	-	-	-	207,719
<u>174,727</u>	<u>26,956</u>	<u>76,457</u>	<u>17,915</u>	<u>455,035</u>	<u>1,095,804</u>
-	697,017	913,000	-	1,610,017	16,871,023
-	-	-	-	-	1,852,562
-	1,425	6,693	-	57,864	-
-	698,442	919,693	-	1,667,881	18,723,585
<u>174,727</u>	<u>725,398</u>	<u>996,150</u>	<u>17,915</u>	<u>2,122,916</u>	<u>19,819,389</u>
-	797,815	1,556,651	-	4,276,031	27,018,353
-	-	-	-	490,087	2,723,187
(25,815)	281,949	4,453,151	(2,721)	6,049,153	(452,416)
<u>(25,815)</u>	<u>1,079,764</u>	<u>6,009,802</u>	<u>(2,721)</u>	<u>10,815,271</u>	<u>29,289,124</u>
<u>\$ 148,912</u>	<u>\$ 1,805,162</u>	<u>\$ 7,005,952</u>	<u>\$ 15,194</u>	<u>\$ 12,938,187</u>	<u>\$ 49,108,513</u>

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Financial Data Schedule

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
70300	Net Tenant Rental Revenue	\$ 383,912	\$ -
70400	Tenant Revenue - Other	24,845	-
70500	Total Tenant Revenue	<u>408,757</u>	<u>-</u>
70600	HUD PHA Operating Grants	438,106	3,687,735
70610	Capital Grants	-	-
70800	Other Governmental Grants	-	-
71100	Investment Income - Unrestricted	8,036	5,190
71500	Other Revenue	201,830	527
71600	Gain or Loss on Sale of Capital Assets	105	-
72000	Investment Income - Restricted	-	360
70000	Total Revenue	<u>1,056,834</u>	<u>3,693,812</u>
91100	Administrative Salaries	355,043	34,935
91200	Auditing Fees	30,500	15,955
91300	Outside Management Fees	-	-
91400	Advertising and Marketing	-	-
91500	Employee Benefit Contributions - Administrative	137,571	14,424
91600	Office Expenses	25,889	38,027
91700	Legal Expense	35,802	2,342
91800	Travel	3,166	184
91810	Allocated Overhead	-	-
91900	Other Operating - Administrative	30,081	375,464
91000	Total Operating - Administrative	<u>618,052</u>	<u>481,331</u>
92200	Relocation Costs	1,125	-
92400	Tenant Services- Other	-	-
92500	Total Tenant Services	<u>1,125</u>	<u>-</u>

See independent auditors' report

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	State/Local	Total	Component Units (December 31, 2011)
\$ -	\$ 70,470	\$ 310,903	\$ -	\$ 765,285	\$ 2,832,310
-	-	4,648	-	29,493	103,518
-	70,470	315,551	-	794,778	2,935,828
250,281	293,743	-	-	4,669,865	12,512
39,037	-	-	-	39,037	-
-	-	408,125	142,895	551,020	120,699
-	1,369	78,507	-	93,102	4,178
-	95,727	305,990	-	604,074	60,278
-	-	(10,130)	-	(10,025)	-
-	-	-	-	360	-
289,318	461,309	1,098,043	142,895	6,742,211	3,133,495
39,267	7,302	131,220	415	568,182	164,267
-	270	36,600	-	83,325	72,086
-	83,415	-	4,291	87,706	186,391
-	-	-	-	-	13,870
-	9,705	47,346	148	209,194	68,480
-	3,550	9,276	-	76,742	50,638
-	1,092	19,002	-	58,238	8,523
-	786	14,020	-	18,156	-
-	-	-	-	-	-
-	(1,783)	77,979	1,958	483,699	111,731
39,267	104,337	335,443	6,812	1,585,242	675,986
-	-	-	-	1,125	-
-	-	388	137,813	138,201	-
-	-	388	137,813	139,326	-

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Financial Data Schedule

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
93100	Water	74,989	-
93200	Electricity	13,008	180
93300	Gas	3,374	-
93600	Sewer	57,427	-
93800	Other Utilities	8,831	-
93000	Total Utilities	<u>157,629</u>	<u>180</u>
94100	Ordinary Maintenance & Operation - Labor	133,842	-
94200	Ordinary Maintenance & Operation - Materials & Other	147,068	-
94300	Ordinary Maintenance & Operation Contracts	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	51,861	-
94000	Total Maintenance	<u>332,771</u>	<u>-</u>
95200	Protective Services- Other Contract Costs	813	-
	Total Protective Services	<u>813</u>	<u>-</u>
96110	Property Insurance	22,550	15,203
96120	Liability Insurance	12,171	8,205
96130	Workmen's Compensation	8,584	5,779
96140	All Other Insurance	14,345	-
96100	Total Insurance Premiums	<u>57,650</u>	<u>29,187</u>
96200	Other General Expenses	-	-
96210	Compensated Absences	21,338	(1,865)
96400	Bad Debt - Tenant Rents	8,182	-
96000	Total Other General	<u>29,520</u>	<u>(1,865)</u>
96710	Interest of Mortgage (or Bonds) Payable	-	-
96900	Total Operating Expenses	<u>1,197,560</u>	<u>508,833</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>(140,726)</u>	<u>3,184,979</u>
97100	Extraordinary Maintenance	78,195	-
97300	Housing Assistance Payments	-	4,449,073
97400	Depreciation Expense	221,887	132
90000	Total Expenses	<u>\$ 1,497,642</u>	<u>\$ 4,958,038</u>

See independent auditors' report

Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	State/Local	Total	Component Units (December 31, 2011)
-	7,830	3,467	-	86,286	76,023
-	2,616	8,005	-	23,809	138,193
-	358	1,180	-	4,912	10,127
-	7,079	4,684	-	69,190	76,578
-	-	3,986	-	12,817	1,013
-	17,883	21,322	-	197,014	301,934
-	13,950	21,571	-	169,363	154,913
3,400	19,187	68,851	-	238,506	119,539
232,626	-	7,609	-	240,235	221,528
-	-	7,708	-	59,569	67,071
236,026	33,137	105,739	-	707,673	563,051
-	67	280	-	1,160	5,683
-	67	280	-	1,160	5,683
-	-	516	-	38,269	83,651
-	2,305	1,551	-	24,232	41,203
-	-	29	-	14,392	10,940
-	-	4,724	-	19,069	5,180
-	2,305	6,820	-	95,962	140,974
-	6,946	66,160	-	73,106	209,588
-	(1,671)	(24,187)	-	(6,385)	-
-	-	11,671	-	19,853	37,425
-	5,275	53,644	-	86,574	247,013
-	79,196	69,915	-	149,111	891,842
275,293	242,200	593,551	144,625	2,962,062	2,826,483
14,025	219,109	504,492	(1,730)	3,780,149	307,012
-	-	2,713	-	80,908	-
-	-	-	-	4,449,073	-
-	27,871	66,772	-	316,662	1,333,300
\$ 275,293	\$ 270,071	\$ 663,036	\$ 144,625	\$ 7,808,705	\$ 4,159,783

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Financial Data Schedule

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

Line Item Number	Description	Low Rent Public Housing Program 14.850	Section 8 Housing Choice Voucher 14.871
10010	Operating Transfers In	\$ 137,584	\$ -
10020	Operating Transfers Out	<u>-</u>	<u>-</u>
10100	Total Other Financing Sources (Uses)	<u>137,584</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(303,224)	(1,264,226)
11030	Beginning Equity	<u>3,450,102</u>	<u>1,871,589</u>
11040-070	Equity Transfers	<u>-</u>	<u>-</u>
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	<u>-</u>	<u>-</u>
	Ending Equity (deficit)	<u>\$ 3,146,878</u>	<u>\$ 607,363</u>
11170	Administrative Fee Equity	<u>\$ -</u>	<u>\$ 117,279</u>
11180	Housing Assistance Payments Equity	<u>\$ -</u>	<u>\$ 490,087</u>
11190	Unit Months Available	<u>-</u>	<u>13,839</u>
11210	Number of Unit Months Leased	<u>-</u>	<u>10,974</u>
11270	Excess Cash	<u>\$ -</u>	<u>\$ -</u>
11620	Building Purchases	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report



Public Housing Capital Fund Program 14.872	N/C S/R Section 8 Programs	Business Activities	State/Local	Total	Component Units (December 31, 2011)
\$ -	\$ 100,232	\$ (22,925)	\$ -	\$ 214,891	\$ -
(39,037)	(263,405)	(75,622)	-	(378,064)	(56,827)
(39,037)	(163,173)	(98,547)	-	(163,173)	(56,827)
(25,012)	28,065	336,460	(1,730)	(1,229,667)	(1,083,115)
(803)	2,530,715	5,673,342	(991)	13,523,954	12,292,812
-	(1,479,016)	-	-	(1,479,016)	18,079,427
-	(1,479,016)	-	-	(1,479,016)	18,079,427
<u>\$ (25,815)</u>	<u>\$ 1,079,764</u>	<u>\$ 6,009,802</u>	<u>\$ (2,721)</u>	<u>\$ 10,815,271</u>	<u>\$ 29,289,124</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,279</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,087</u>	<u>\$ -</u>
<u>-</u>	<u>480</u>	<u>720</u>	<u>-</u>	<u>15,039</u>	<u>7,068</u>
<u>-</u>	<u>456</u>	<u>600</u>	<u>-</u>	<u>12,030</u>	<u>6,708</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Change in net assets per Statement of Net Assets	\$ (912,872)
Change in net assets per Statement of Net Assets - Housing Authority of the City of Las Cruces	(494,999)
Less: Change in net assets - New Mexico Housing Corporation	<u>178,204</u>
Excess (Deficiency) of Operating Revenue Over (Under) Expenses	<u>\$ (1,229,667)</u>

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**COMPLIANCE SECTION**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

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

Hector H. Balderas  
New Mexico State Auditor  
The Board of Commissioners of  
Mesilla Valley Public Housing Authority  
and  
The Office of Management and Budget

We have audited the financial statements and budgetary comparison of the Mesilla Valley Public Housing Authority (the “Housing Authority”) as of and for the six months ended June 30, 2012, and have issued our report thereon dated September 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Housing Authority’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing 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.

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 the Housing 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 findings FS 2012-01 and FS 2012-02.

The Housing 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 Housing Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, others within the organization, the Housing Authority Commission, the Office of the State Auditor, the New Mexico State Legislature and its committees, 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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
September 14, 2012

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**FEDERAL FINANCIAL ASSISTANCE**



**Accounting & Consulting Group, LLP**  
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Hector H. Balderas  
New Mexico State Auditor  
The Board of Commissioners of  
Mesilla Valley Public Housing Authority  
and  
The Office of Management and Budget

Compliance

We have audited Mesilla Valley Public Housing Authority's (the "Housing 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 each of the Housing Authority's major federal programs for the six months ended June 30, 2012. The Housing 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 Housing Authority's management. Our responsibility is to express an opinion on the Housing 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 Housing 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 Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the six months ended June 30, 2012. 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 FA 11-1.

Internal Control Over Compliance

Management of the Housing 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 Housing 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 Housing Authority's internal control over compliance.

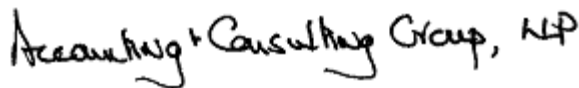
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 FA 11-1.

The Housing 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 Housing Authority's responses and, accordingly, we express no opinion on them.

This report relates to our audit of the Housing Authority, excluding its other component units.

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



Accounting & Consulting Group, LLP  
Albuquerque, New Mexico  
September 14, 2012

MESILLA VALLEY PUBLIC HOUSING AUTHORITY

Schedule IV

Schedule of Expenditures of Federal Awards

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

Federal Grantor Program Title	Grant or State Number	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Section 8 New Construction and Substantial Rehabilitation	NM02-0002-004	14.182	\$ 260,378
Shelter Plus Care		14.238	84,222
Public and Indian Housing	NM003000001	14.850	432,181 *
Section 8 Housing Choice Vouchers	NM003V0	14.871	3,687,735 *
Public Housing Capital Fund (CFP)	NM02S003501-09	14.872	7,808
	NM02P003501-10	14.872	215,522
	NM02P003501-11	14.872	51,963
			<u>275,293</u>
Total U.S. Department of Housing and Urban Development			<u>4,739,809</u>
Total Expenditures of Federal Awards			<u>\$ 4,739,809</u>

\* Major Program

See independent auditors' report

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Schedule IV

Notes to Schedule of Expenditures of Federal Awards

For the Six Months Ended June 30, 2012 (including Six Months Ended December 31, 2011 from HACLC)

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Mesilla Valley Public Housing Authority (The Authority) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Sub-recipients**

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

See independent auditors' report

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
 Schedule of Findings and Questioned Costs  
 June 30, 2012

**A. SUMMARY OF AUDIT RESULTS***Financial Statements:*

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

*Federal Awards:*

- | 1. Internal control over major programs:  |                                   |                 |        |                           |        |                                   |  |
|---|-----------------------------------|-----------------|--------|---------------------------|--------|-----------------------------------|--|
| a. Material weaknesses identified?  | No                                |                 |        |                           |        |                                   |  |
| b. Significant deficiencies identified not considered to be material weaknesses?  | Yes                               |                 |        |                           |        |                                   |  |
| 2. Type of auditors' report issued on compliance for major programs   | Unqualified                       |                 |        |                           |        |                                   |  |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   | Yes                               |                 |        |                           |        |                                   |  |
| 4. Identification of major programs:  |                                   |                 |        |                           |        |                                   |  |
| <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">CFDA<br/>Number</th> <th style="text-align: center; border-bottom: 1px solid black;">Federal Program</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">14.850</td> <td style="text-align: center;">Public and Indian Housing</td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> </tbody> </table> | CFDA<br>Number                    | Federal Program | 14.850 | Public and Indian Housing | 14.871 | Section 8 Housing Choice Vouchers |  |
| CFDA<br>Number  | Federal Program                   |                 |        |                           |        |                                   |  |
| 14.850  | Public and Indian Housing         |                 |        |                           |        |                                   |  |
| 14.871  | Section 8 Housing Choice Vouchers |                 |        |                           |        |                                   |  |
| 5. Dollar threshold used to distinguish between type A and type B programs:   | \$300,000                         |                 |        |                           |        |                                   |  |
| 6. Auditee qualified as low-risk auditee?   | No                                |                 |        |                           |        |                                   |  |

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
 Schedule of Findings and Questioned Costs  
 June 30, 2012

**B. FINDINGS-FINANCIAL STATEMENT AUDIT**

**FS 2012-01 – Information Technology – Other Matter**

*Condition:* During our evaluation of the information technology procedures, we noted that the Housing Authority does not have a sufficient disaster recovery plan.

*Criteria:* State of New Mexico Statewide Guideline S-GUIDE-002.003 (per NMSA 1978 Section 15-1C-1 et. Seq. and NMAC 1.12.6 and NMAC 1.12.2) establishes an Enterprise Security Policy for the protection of IT assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction in order to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information.

*Effect:* A lack of contingency planning exposes the Housing Authority to the risk lost data and information.

*Cause:* The Housing Authority was unaware the offsite or secure storage of back-up tapes should be part of its contingency plan.

*Auditors' Recommendation:* We recommend that the Housing Authority modify its current procedures to transfer its back-up tapes to offsite storage or a secure fireproof safe to protect its financial and server data.

*Management's Response:* Although MVPHA does have an automated back up currently in place, we will ensure that procedures will be modified to have back up of financial and server data off site. We have begun obtaining quotes for off site storage.

**FS 2012-02 – Unsupported Time Sheet Corrections – Other Matter**

*Condition:* During our testing of internal controls over payroll, we noted 2 out of 10 timesheets with manual changes made to the timesheets, but did not contain the required initials documenting who made the changes and the initials of a department head denoting approval of changes. The changes to the timesheets were for reclassifying the disbursement codes to which the expenditures were being charged to and were made using whiteout. The timesheets were signed by both the employee and the department manager, but neither had initialed the changes indicating an approval.

*Criteria:* According to the Housing Authority's internal control policies, changes to timesheets require initials of the individual making the changes and initials of approval of changes by department head.

*Effect:* It is possible to reclassify time and funds into different distribution codes which may allow manipulation of grant funding.

*Cause:* The corrections were made within the department where the timesheets originated. However, the individual making the changes failed to initial the changes that had been made on the timesheets and failed to obtain the initials of department head denoting approval of changes.

*Auditors' Recommendation:* We recommend that the Housing Authority implement its internal controls over timesheets as designed in the internal control policies.

*Management's Response:* The issue has already been resolved. We do require initials on all changes and no longer allow white-out or scratch-outs of any entry. A single line through an entry is permitted, with initials.

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**  
Schedule of Findings and Questioned Costs  
June 30, 2012

**C. FINDINGS – FEDERAL AWARDS**

**FA 11-1 – Reporting**

Federal program information:

Funding agency: U.S. Department of Housing and Urban Development  
Title: Section 8 Housing Choice Vouchers Program and Public and Indian Housing Program  
CFDA Number: 14.871 and 14.850  
Award number: N/A  
Award period: 7/1/11 – 6/30/12

*Criteria or Specific Requirement:* For each public and Indian housing grant that involves development, operating, or modernization assistance, the prime recipient must submit Form HUD 60002 (24 CFR sections 135.3(a) and 135.90).

*Condition:* The form was not submitted within the required time frame for year-end June 30, 2012.

*Questioned Costs:* None.

*Cause:* Procedures were not in place to ensure that the Housing Authority submitted this form within the required time frame set forth by HUD.

*Effect:* Form HUD 60002 was not submitted timely.

*Auditors' Recommendations:* The Housing Authority should establish procedures ensuring that reports are completed and submitted in a timely manner and in compliance with HUD requirements.

*Management's Response:* During the transition of management at the beginning of 2012, HUD notices were not being received, which resulted in the late submission of Form HUD 60002. The Board of Commissioners as well as the HUD Field Office in Albuquerque were advised of the late submission in July, 2012, and advised that this would result in a repeat finding. Management is aware of this requirement, the deadline has been entered in Outlook Calendars, and we will ensure that the report is completed and submitted in a timely manner from this point forward, in compliance with HUD requirements.

**D. PRIOR YEAR AUDIT FINDINGS**

FA 11-1 — Reporting - Repeated

FA 11-2 — Move-in and Annual Inspections - Resolved

**MESILLA VALLEY PUBLIC HOUSING AUTHORITY**

Other Disclosures

June 30, 2012

**AUDITOR PREPARED FINANCIAL STATEMENTS**

Accounting and Consulting, Group, LLP prepared the GAAP-basis financial statements and footnotes of Mesilla Valley Public Housing Authority from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority.

**EXIT CONFERENCE**

The contents of this report were discussed on September 18, 2012. The following individuals were in attendance and the meeting was held in closed session.

Mesilla Valley Public Housing Authority

Art Jiron, Commission Chair  
Arturo Marrujo, Commissioner  
Felix Cordero, Commissioner  
Steve Pandak, Commissioner  
Robbie Levey, Interim Executive Director  
Sharon Hansen, Accountant  
Lee Montague, Modernization/Maintenance Manager

Accounting & Consulting Group, LLP

Ray Roberts, CPA, Managing Partner  
Bobby Cordova, CPA, Manager