

*The State of New Mexico*

*City of Artesia  
Public Housing Authority*

*City of Artesia, New Mexico*

*Annual Financial Report  
For the Year Ended  
June 30, 2013*



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## **INTRODUCTORY SECTION**

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**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
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June 30, 2013

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**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Official Roster  
June 30, 2013

**Board of Directors**

Vice Chairman	Veral d'Entremont
Commissioner	Randy Hazelbaker
Commissioner	Leslie Patterson
Commissioner	Jimmy Boyse
Resident Commissioner	Monica Carrillo

**Administrative Officials**

Executive Director	Louisa Madrid
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**FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

Hector H. Balderas  
New Mexico State Auditor  
Chairman and Board Members  
City of Artesia Public Housing Authority  
City of Artesia, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the business-type activities of City of Artesia Public Housing Authority (the "Authority"), as of and for the year ended June 30, 2013, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons listed as supplementary information, as defined by the Government Accounting Standards Board for the year ended June 30, 2013, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### **Opinions**

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budgetary comparisons referred to above present fairly, in all material respects, the respective budgetary comparisons for the year ended in conformity with the budgetary basis of accounting and more fully described in Note 1 to the financial statements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. Supporting Schedules I through III as listed in the table of contents are required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development and are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supporting Schedules I through III required by 2.2.2 NMAC and the U.S. Department of Housing and Urban Development are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules I through III required by 2.2.2 NMAC and the U.S. Department of Housing and Urban development are fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013 on our consideration of the 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* in considering the Authority's internal control over financial reporting and compliance.

*Accounting & Consulting Group, LLP*

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 25, 2013

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**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Statement of Net Position  
June 30, 2013

Exhibit A-1

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total
<b>ASSETS</b>			
<i>Current assets</i>			
Cash and cash equivalents	\$ 663,975	\$ -	\$ 663,975
Accounts receivable - tenants, net of allowance for doubtful accounts of \$946	1,294	-	1,294
Prepaid expenses	44,253	-	44,253
<i>Total current assets</i>	<u>709,522</u>	<u>-</u>	<u>709,522</u>
<i>Noncurrent Assets</i>			
Restricted cash and cash equivalents	33,966	-	33,966
Capital assets	7,278,274	-	7,278,274
Accumulated depreciation	(4,673,571)	-	(4,673,571)
<i>Total assets</i>	<u>\$ 3,348,191</u>	<u>\$ -</u>	<u>\$ 3,348,191</u>
<b>LIABILITIES AND NET POSITION</b>			
<i>Current liabilities</i>			
Accounts payable	22,847	\$ -	\$ 22,847
Accrued payroll	30,742	-	30,742
Compensated absences	6,460	-	6,460
<i>Total current liabilities</i>	<u>60,049</u>	<u>-</u>	<u>60,049</u>
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	33,966	-	33,966
<i>Total current liabilities (payable from restricted assets)</i>	<u>33,966</u>	<u>-</u>	<u>33,966</u>
<i>Non-current liabilities</i>			
Compensated absences	3,100	-	3,100
<i>Total non-current liabilities</i>	<u>3,100</u>	<u>-</u>	<u>3,100</u>
<i>Total liabilities</i>	<u>97,115</u>	<u>-</u>	<u>97,115</u>
<i>Net position</i>			
Net investment in capital assets	2,604,703	-	2,604,703
Unrestricted	646,373	-	646,373
<i>Total net position</i>	<u>3,251,076</u>	<u>-</u>	<u>3,251,076</u>
<i>Total liabilities and net position</i>	<u>\$ 3,348,191</u>	<u>\$ -</u>	<u>\$ 3,348,191</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2013

Exhibit A-2

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total
<i>Operating revenues</i>			
Tenant rents	\$ 446,444	\$ -	\$ 446,444
Other tenant revenue	23,956	-	23,956
Operating subsidy	81,676	-	81,676
<i>Total operating revenues</i>	<u>552,076</u>	<u>-</u>	<u>552,076</u>
<i>Operating expenses</i>			
Personnel services	297,293	-	297,293
Contractual services	48,486	-	48,486
General and administrative	85,136	-	85,136
Bad debt	2,824	-	2,824
Maintenance and materials	43,299	-	43,299
Utilities	145,696	-	145,696
Depreciation	237,595	-	237,595
<i>Total operating expenses</i>	<u>860,329</u>	<u>-</u>	<u>860,329</u>
<i>Operating (loss)</i>	<u>(308,253)</u>	<u>-</u>	<u>(308,253)</u>
<i>Non-operating revenues (expenses)</i>			
Capital grants	-	133,300	133,300
Other federal grant subsidies	-	57,949	57,949
Inter-program transfer	57,949	(57,949)	-
Interest income	1,145	-	1,145
Other income	3,813	-	3,813
<i>Total non-operating revenues (expenses)</i>	<u>62,907</u>	<u>133,300</u>	<u>196,207</u>
<i>Change in net position</i>	<u>(245,346)</u>	<u>133,300</u>	<u>(112,046)</u>
<i>Total net position - beginning of year</i>	3,363,122	-	3,363,122
<i>Equity transfer in (out)</i>	<u>133,300</u>	<u>(133,300)</u>	<u>-</u>
<i>Total net position - end of year</i>	<u>\$ 3,251,076</u>	<u>\$ -</u>	<u>\$ 3,251,076</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Statement of Cash Flows  
For the Year Ended June 30, 2013

	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total
<i>Cash flows from operating activities:</i>			
Cash received from tenant rents	\$ 473,031	\$ -	\$ 473,031
Cash payments to employees for services	(285,381)	-	(285,381)
Cash payments to suppliers for goods and services	(356,760)	-	(356,760)
Cash received from operating subsidy	110,945	-	110,945
<i>Net cash used by operating activities</i>	<u>(58,165)</u>	<u>-</u>	<u>(58,165)</u>
<i>Cash flows from noncapital financing activities:</i>			
Other federal grant subsidies	-	57,949	57,949
Transfers	57,949	(57,949)	-
<i>Net cash provided by noncapital financing activities</i>	<u>57,949</u>	<u>-</u>	<u>57,949</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	-	133,300	133,300
Acquisition of capital assets	(31,629)	(133,300)	(164,929)
<i>Net cash provided by capital and related financing activities</i>	<u>(31,629)</u>	<u>-</u>	<u>(31,629)</u>
<i>Cash flows from investing activities:</i>			
Interest on investments and other income	4,958	-	4,958
<i>Net cash provided by from investing activities</i>	<u>4,958</u>	<u>-</u>	<u>4,958</u>
<i>Net decrease in cash and cash equivalents</i>	(26,887)	-	(26,887)
<i>Cash and cash equivalents - beginning of year</i>	724,828	-	724,828
<i>Cash and cash equivalents - end of year</i>	<u>\$ 697,941</u>	<u>\$ -</u>	<u>\$ 697,941</u>

The accompanying notes are an integral part of these financial statements



	Low Rent Public Housing Program	Public Housing Capital Fund Program	Total
<i>Reconciliation of operating loss to net cash used by operating activities:</i>			
Operating loss	\$ (308,253)	\$ -	\$ (308,253)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	237,595	-	237,595
Changes in assets and liabilities			
Accounts receivable	32,813	-	32,813
Prepaid expenses	(2,594)	-	(2,594)
Accounts payable	(31,550)	-	(31,550)
Accrued payroll expenses	9,063	-	9,063
Accrued compensated absences	2,850	-	2,850
Tenant deposits	1,911	-	1,911
<i>Net cash used by operating activities</i>	<u>\$ (58,165)</u>	<u>\$ -</u>	<u>\$ (58,165)</u>

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

The City of Artesia Public Housing Authority (the “Authority”) was established in 1968. There are two different housing projects in the City of Artesia, New Mexico for the Public Housing Authority. The first project, consisting of sixty units, was completed in 1968. The second project, consisting of seventy-eight units, was completed in 1969. Five commissioners, who are appointed by the Mayor and City Council of the City of Artesia, govern the Authority. In the prior year for financial reporting purposes the Authority was considered to be a discretely presented component unit of the City of Artesia. For fiscal year ending June 30, 2013, the Authority is not considered to be a component unit of the City of Artesia because it does not meet the requirements to be reported as a component unit of the City of Artesia as defined by Governmental Accounting Standards Board’s (GASB) Statement 14 as amended by GASB Statement No. 61. The City appoints a voting majority of the Authority board members, but is not financially accountable for the Authority because it is not able to impose its will on the Authority as defined by GASB 14 paragraphs 25-26. With respect to the City of Artesia, the Authority is a related organization as defined by GASB 14 paragraph 68 and there is no other primary government accountable for it. The Authority was created to provide a conduit for housing funds for disadvantaged citizens.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority’s financial statements. The financial statements and notes are the representation of the Authority’s management, who is responsible for their integrity and objectivity. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2013, the Authority adopted GASB Statements No. 60 through 63. GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements. The Authority does not have any Service Concession Arrangements. GASB Statement No. 61, The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34, modifies certain requirements for inclusion of component units in the financial reporting entity. GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA Pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

The Authority reports the following major enterprise funds:

- **Low Rent Public Housing Program** – Funded through direct grants from HUD, the program is designed to provide adequate living accommodations to qualified families through reduced rate rentals built and owned by the Authority.
- **Public Housing Capital Fund Program** – These programs, funded through direct grants from HUD, account for acquisition of capital assets or construction of capital projects.

**A. Financial Reporting Entity**

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential programs and operations of the Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its residents and participants.

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

**A. Financial Reporting Entity (continued)**

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units.

**B. Basis of Accounting and Measurement Focus**

All activities of the Authority are accounted for within proprietary (enterprise) funds. Proprietary funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All of the Authority's funds meet the requirements for being reported as major funds under GASB Statement No. 34.

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

All of the Authority's programs are accounted for as one business-type activity for financial reporting purposes. 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 and does not include federal subsidies. 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. There are no fiduciary funds included in the Authority's financial statements.

**Revenue Recognition**

Dwelling rental revenues are recorded as rentals 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 Authority receives operating subsidy funding from HUD under the performance funding system and the amount is calculated on HUD form 52723. Such contributions are reflected as operating grants revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

**C. *Assets, Liabilities, and Net Position***

**Deposits and Investments**

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

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

State 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 and Accounts Payable**

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

**Prepaid Expenses**

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

**Restricted Cash and Cash Equivalents**

Certain resources set aside in escrow for security deposits of \$33,966, held as insurance against the non-payment for services rendered, are classified on the Statement of Net Position as restricted because their use is limited.

**Capital Assets**

Capital assets, which include property, plant, and equipment, are defined by the 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. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with 2.2.20. 1.9(C) (5) NMAC. Contributed capital assets are recorded at estimated fair market value at the date of donation.

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

**C. Assets, Liabilities, and Net Position (continued)**

**Capital Assets (continued)**

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>	
Buildings and improvements	10 years to 40 years
Machinery and equipment	5 years to 10 years

**Accrued Expenses**

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

**Compensated Absences**

Accrued compensated absences are recorded on their Statements of Net Position. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board (GASB), Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave that will be paid upon termination. The Authority is not a participant of Retiree Health Care or the Public Employees Retirement Association of New Mexico plans

**Net Position**

Net position comprises of various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components:

- **Net investment in capital assets** – This component consists of capital assets, net of accumulated depreciation.
- **Restricted Net Position** – Net position is reported as restricted when constraints placed 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 Position** – Assets that do not meet the definition of “Net investment in capital assets” or “Restricted.”

**Unrestricted and Restricted Revenues**

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

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

**C. Assets, Liabilities, and Net Position (continued)**

**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 Authority's financial statements include depreciation on capital assets, the current portion of accrued compensated absences and the allowance for uncollectible accounts.

**Budgets**

The Authority's Commission is required to obtain approval from HUD for any revisions to the budgets that alter the total expenditures, at the legal level of budgetary control, which is at the grant program level. HUD program budgets are prepared on a regulatory basis which is comparable to the GAAP basis except for the omission of depreciation.

**NOTE 2. DEPOSITS AND INVESTMENTS**

State Statutes authorize the investment of Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2013.

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 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 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.

By operation of federal law, beginning January 1, 2013, funds invested in noninterest bearing transaction accounts will no longer receive unlimited coverage under by the Federal Deposit Insurance Corporation. Beginning January 1, 2013, all of the Authority's accounts at an insured depository institution, including non-interest bearing accounts are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000

**Custodial Credit Risk – Deposits**

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of bank failure, the Authority's deposits may not be returned to it. The Authority does not have a 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, 2013, \$456,344 of the Authority's bank balance of \$706,344 was exposed to custodial credit risk. Although the \$456,344 was uninsured, it was collateralized by collateral held by the pledging bank's trust department, not in the Authority's name. None of the Authority's deposits were uninsured and uncollateralized at June 30, 2013.

Section 6-10-17, NMSA 1978 Compilation states the types of collateral allowed are 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.

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

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

	First American Bank
Amount of Deposits	\$ 706,344
FDIC Coverage	250,000
Total uninsured deposits	456,344
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	456,344
Uninsured and uncollateralized	-
Collateral requirement (50% of uninsured funds)	228,172
Pledged securities	590,000
Over (under) collateralized	\$ 361,828

**Reconciliation to Statement of Net Position**

The carrying amount of deposits and investments shown above are included in the Authority's Statement of Net Position as follows:

Cash and cash equivalents	\$ 663,975
Restricted cash and cash equivalents	33,966
Total cash, cash equivalents, and investments	697,941
Less: petty cash	(20)
Add: outstanding checks	8,423
Bank balance of deposits	\$ 706,344

**NOTE 3. RECEIVABLES**

Receivables as of June 30, 2013, are as follows:

Tenant receivables	\$ 2,240
Allowance for doubtful accounts	(946)
Total	\$ 1,294

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

**NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Transfers between programs were recorded for fiscal year ending June 30, 2013 for purposes of transferring the equity associated with capital asset purchases and non-capital grant activity from the Public Housing Capital Fund Program to the Low Rent Public Housing Program. The transfers between programs were recorded as follows:

<u>Transfers from other programs:</u>	<u>Transfers to other programs:</u>	<u>Amount</u>
Public Housing Capital Fund Program	Low Rent Public Housing Program	<u>\$ 57,949</u>
<u>Equity Transfers from other programs:</u>	<u>Equity Transfers to other programs:</u>	<u>Amount</u>
Public Housing Capital Fund Program	Low Rent Public Housing Program	<u>\$ 133,300</u>

**NOTE 5. CAPITAL ASSETS**

The following is a summary of capital assets and changes occurring during the year ended June 30, 2013. Land is not subject to depreciation.

	Balance June 30, 2012	Additions	Balance June 30, 2013
Capital assets, not depreciated:			
Land	\$ 102,969	-	\$ 102,969
 Total capital assets, not depreciated:	 102,969	 -	 102,969
 Capital assets, depreciated:			
Buildings and improvements	6,838,960	133,300	6,972,260
Machinery and equipment	171,416	31,629	203,045
 Total capital assets, depreciated:	 7,010,376	 164,929	 7,175,305
 Less accumulated depreciation:	 4,435,976	 237,595	 4,673,571
 Net book value	 \$ 2,677,369		 \$ 2,604,703

Depreciation expense for the year ended June 30, 2013 totaled \$237,595. The expense was allocated to the following program:

Low Rent Public Housing Program	\$	237,595
---------------------------------	----	---------



**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

**NOTE 6. LONG-TERM LIABILITIES**

The following summarizes changes in long-term liabilities during the fiscal year ended June 30, 2013.

	Balance, June 30, 2012	Additions	Retirements	Balance, June 30, 2013	Due Within One Year
Compensated absences	\$ 6,710	\$ 9,310	\$ 6,460	\$ 9,560	\$ 6,460
Totals	<u>\$ 6,710</u>	<u>\$ 9,310</u>	<u>\$ 6,460</u>	<u>\$ 9,560</u>	<u>\$ 6,460</u>

**NOTE 7. CONTINGENT LIABILITIES**

*Legal Proceedings*—The Authority is subject to various legal proceedings that arise in the ordinary course of the Authority’s operations. In the opinion of the 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 Authority.

*Federal Grants*—The 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 8. RISK MANAGEMENT**

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

**NOTE 9. CONCENTRATIONS**

Approximately 36% of total revenues of the Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Authority’s continued compliance with grant provisions and the continuance of the grant programs by this U.S. Governmental agency.

**NOTE 10. SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2013, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is November 25, 2013 which is the date on which the financial statements were issued. Management is not aware of any events requiring disclosure that took place subsequent to year end.

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Notes to the Financial Statements  
June 30, 2013

**NOTE 11. SUBSEQUENT PRONOUNCEMENTS**

In March 2012, Statement No. 65 *Items Previously Reported as Assets and Liabilities*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In March 2012, Statement No. 66 *Technical Corrections-2012—an amendment of GASB Statements No. 10 and No. 62*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2014.

In June 2012, Statement No. 67 *Financial Reporting for Pension Plans—an amendment of GASB Statements No. 25*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2013. Earlier application is encouraged. The standard is expected to have no effect on the Authority in upcoming years.

In June 2012, Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statements No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The Authority will implement this standard during the fiscal year June 30, 2016.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Statement of Revenues, Expenses and Changes in  
Net Position - Budget (Non-GAAP Budgetary Basis) and Actual  
Low Rent Public Housing Program  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ 434,560	\$ 465,200	\$ 470,400	\$ 5,200
<i>Total operating revenues</i>	434,560	465,200	470,400	5,200
<i>Operating expenses</i>				
Personnel services	287,320	288,030	297,293	(9,263)
Contractual services	52,000	51,000	48,486	2,514
General and administrative	95,000	99,000	85,136	13,864
Bad debt	7,000	7,000	2,824	4,176
Maintenance and materials	36,000	41,000	43,299	(2,299)
Utilities	155,000	155,000	145,696	9,304
<i>Total operating expenses</i>	632,320	641,030	622,734	18,296
<i>Operating income (loss)</i>	(197,760)	(175,830)	(152,334)	23,496
<i>Non-operating revenues (expenses)</i>				
Other federal grant subsidies	-	-	81,676	81,676
Interest income	6,000	4,000	1,145	(2,855)
Miscellaneous income	5,000	5,000	3,813	(1,187)
<i>Total non-operating revenues (expenses)</i>	11,000	9,000	86,634	77,634
Capital grants	-	-	-	-
Transfers in	-	-	57,949	57,949
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	-	-	57,949	57,949
<i>Change in net position before GAAP Adjustment</i>	(186,760)	(166,830)	(7,751)	159,079
<i>(Expenses) not budgeted</i>				
Depreciation	-	-	237,595	(237,595)
Designated cash (Budgeted increase in cash)	186,760	166,830	-	(166,830)
<i>Total net position, beginning of year</i>	-	-	3,363,122	3,363,122
<i>Equity transfer in (out)</i>	-	-	133,300	133,300
<i>Total net position, end of year</i>	\$ -	\$ -	\$ 3,251,076	\$ 3,251,076
Change in net position, above			\$ (7,751)	
Adjustments for depreciation			(237,595)	
Change in net position (Exhibit A-2)			\$ (245,346)	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Statement of Revenues, Expenses and Changes in  
Net Position - Budget (Non-GAAP Budgetary Basis) and Actual  
Public Housing Capital Fund Program  
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues</i>				
Charges for services	\$ -	\$ -	\$ -	\$ -
<i>Total operating revenues</i>	-	-	-	-
<i>Operating expenses</i>				
Personnel services	-	-	-	-
Contractual services	-	-	-	-
General and administrative	-	-	-	-
Bad debt	-	-	-	-
Maintenance and materials	-	-	-	-
Utilities	-	-	-	-
<i>Total operating expenses</i>	-	-	-	-
<i>Operating income (loss)</i>	-	-	-	-
<i>Non-operating revenues (expenses)</i>				
Other federal grant subsidies	57,949	57,949	57,949	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	57,949	57,949	57,949	-
Capital grants	133,300	133,300	133,300	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<i>Capital grants and net transfers</i>	133,300	133,300	133,300	-
<i>Change in net position before GAAP Adjustment</i>	191,249	191,249	191,249	-
<i>(Expenses and transfers) not budgeted</i>				
Transfer out	-	-	(57,949)	(57,949)
Designated cash (Budgeted decrease in cash)	(191,249)	(191,249)	-	191,249
<i>Total net position, beginning of year</i>	-	-	-	-
<i>Equity transfer in (out)</i>	-	-	(133,300)	(133,300)
<i>Total net position, end of year</i>	\$ -	\$ -	\$ -	\$ -
Change in net position, above			\$ 191,249	
Adjustments for non-budgeted transfer.			(57,949)	
Change in net position (Exhibit A-2)			\$ 133,300	

The accompanying notes are an integral part of these financial statements

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**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Collateral Pledged by Depository for Public Funds  
June 30, 2013

Schedule I

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP No.	Par Value June 30, 2013	Name and Location of Safekeeper
First American Bank					
	Dulce NM ISD #21 ETM**	9/1/2016	264430JZ3	\$ 70,000	FHLB: Fed Home Loan Bank
	Belen NM Cons Sch Dist**	8/1/2020	077581MQ6	175,000	FHLB: Fed Home Loan Bank
	Taos NM Muni SD #001 St**	9/1/2020	876014FF3	195,000	FHLB: Fed Home Loan Bank
	Estancia NM Muni SD**	6/15/2023	297326EH9	<u>150,000</u>	FHLB: Fed Home Loan Bank
	Total First American Bank Pledged Securities			<u>590,000</u>	
	Total pledged securities			<u><u>\$ 590,000</u></u>	

\*\* As per NMSA 2.2.2.10 (N)(4)(e), the value of collateral consisting of obligations of the State of New Mexico, its agencies institutions, counties, municipalities, or other subdivisions, shall be par value.

See independent auditors' report



**STATE OF NEW MEXICO**  
 City of Artesia Public Housing Authority  
 Schedule of Deposit and Investment Accounts  
 June 30, 2013

Schedule II

Bank Account Type/Name	First American Bank	Totals
Savings	\$ 337,950	\$ 337,950
Operating	322,452	322,452
Payroll	24,284	24,284
Tenant Deposit	21,658	21,658
Total on deposit	706,344	706,344
Reconciling items	(8,423)	(8,423)
Reconciled balance June 30, 2013	\$ 697,921	\$ 697,921
Petty Cash		20
Less: restricted cash and cash equivalents per Exhibit A-1		(33,966)
Total cash and cash equivalents per Exhibit A-1		\$ 663,975

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Financial Data Schedule  
June 30, 2013

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	\$ 663,975	\$ -	\$ 663,975
100	Total Cash	663,975	-	663,975
126	Accounts Receivable - Tenants	2,240	-	2,240
126.1	Allowance for Doubtful Accounts - Tenants	(946)	-	(946)
	Total Receivables, Net of Allowance for Doubtful Accounts	1,294	-	1,294
142	Prepaid Expenses and Other Assets	44,253	-	44,253
150	Total Current Assets	709,522	-	709,522
114	Cash - Tenant Security Deposits	33,966	-	33,966
161	Land	102,969	-	102,969
162	Buildings	4,281,044	-	4,281,044
163	Furniture, Equipment & Machinery - Dwellings	141,721	-	141,721
164	Furniture, Equipment & Machinery - Administration	61,324	-	61,324
165	Leasehold Improvements	2,691,216	-	2,691,216
166	Accumulated Depreciation	(4,673,571)	-	(4,673,571)
160	Total Capital Assets, Net of Accumulated Depreciation	2,604,703	-	2,604,703
180	Total Non-Current Assets	2,638,669	-	2,638,669
190	Total Assets	<u>\$ 3,348,191</u>	<u>\$ -</u>	<u>\$ 3,348,191</u>

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Financial Data Schedule  
June 30, 2013

Schedule III  
Page 2 of 4

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
312	Accounts Payable <= 90 Days	\$ 22,847	\$ -	\$ 22,847
321	Accrued Wage/Payroll Taxes Payable	30,742	-	30,742
322	Accrued Compensated Absences - Current Portion	6,460	-	6,460
341	Tenant Security Deposits	33,966	-	33,966
310	Total Current Liabilities	94,015	-	94,015
354	Accrued Compensated Absences - Non Current	3,100	-	3,100
350	Total Non-Current Liabilities	3,100	-	3,100
300	Total Liabilities	97,115	-	97,115
508.1	Net investment in capital assets	2,604,703	-	2,604,703
512.1	Unrestricted Net Position	646,373	-	646,373
513	Total Equity/Net Position	3,251,076	-	3,251,076
600	Total Liabilities and Equity/Net Position	\$ 3,348,191	\$ -	\$ 3,348,191

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Financial Data Schedule  
June 30, 2013

Schedule III  
Page 3 of 4

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
70300	Net Tenant Rental Revenue	\$ 446,444	\$ -	\$ 446,444
70400	Tenant Revenue - Other	23,956	-	23,956
70500	Total Tenant Revenue	470,400	-	470,400
70600	HUD PHA Operating Grants	81,676	57,949	139,625
70610	Capital Grants	-	133,300	133,300
71100	Investment Income - Unrestricted	1,145	-	1,145
71500	Other Revenue	3,813	-	3,813
70000	Total Revenue	557,034	191,249	748,283
91100	Administrative Salaries	111,854	-	111,854
91200	Auditing Fees	10,299	-	10,299
91500	Employee Benefit Contributions - Administrative	28,448	-	28,448
91600	Office Expenses	34,802	-	34,802
91800	Travel	4,091	-	4,091
91900	Other	14,185	-	14,185
91000	Total Operating - Administrative	203,679	-	203,679
93100	Water	66,857	-	66,857
93200	Electricity	35,821	-	35,821
93300	Gas	28,750	-	28,750
93600	Sewer	14,268	-	14,268
93000	Total Utilities	145,696	-	145,696
94100	Ordinary Maintenance & Operation - Labor	105,485	-	105,485
94200	Ordinary Maintenance & Operation - Materials & Other	40,845	-	40,845
94300	Ordinary Maintenance & Operation Contracts	26,456	-	26,456
94500	Employee Benefit Contributions - Ordinary Maintenance	51,506	-	51,506
94000	Total Maintenance	224,292	-	224,292
96110	Property Insurance	34,145	-	34,145
96120	Liability Insurance	7,872	-	7,872
96130	Workmen's Compensation	1,709	-	1,709
96140	All Other Insurance	2,517	-	2,517
96100	Total Insurance Premiums	46,243	-	46,243
96400	Bad Debt - Tenant Rents	2,824	-	2,824
96000	Total Other General	2,824	-	2,824

See independent auditors' report

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Financial Data Schedule  
June 30, 2013

Schedule III  
Page 4 of 4

Line Item Number	Description	Low Rent Public Housing Program 14.850	Public Housing Capital Fund Program 14.872	Total
96900	Total Operating Expenses	622,734	-	622,734
97400	Depreciation Expense	237,595	-	237,595
90000	Total Expenses	\$ 860,329	\$ -	\$ 860,329
10010	Operating Transfers In	\$ 57,949	\$ -	\$ 57,949
10020	Operating Transfers Out	-	(57,949)	(57,949)
10100	Total Other Financing Sources (Uses)	57,949	(57,949)	-
10000	Excess (Deficiency) of Operating Revenue Over (Under) Total Expenses	(245,346)	133,300	(112,046)
11030	Beginning Net Position	3,363,122	-	3,363,122
11040-070	Equity Transfers - In (Out) from (to) CFP Grants	133,300	-	133,300
11040-080	Equity Transfers - In (Out) from (to) Low Rent	-	(133,300)	(133,300)
11040	Equity Transfers	133,300	(133,300)	-
	Ending Net Position	\$ 3,251,076	\$ -	\$ 3,251,076
11190	Unit Months Available	1,656	-	1,656
11210	Number of Unit Months Leased	1,533	-	1,533
11270	Excess Cash	\$ 553,327	\$ -	\$ 553,327
11650	Leasehold Improvement and Equipment Purchases	\$ 31,629	\$ 133,300	\$ 164,929

See independent auditors' report

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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***

**INDEPENDENT AUDITORS' REPORT**

Hector H. Balderas  
New Mexico State Auditor  
City of Artesia Public Housing Authority  
Chairman and Board Members  
Artesia, New Mexico

We have audited, in accordance with the 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, the financial statements of the business-type activities of the City of Artesia Public Housing Authority (the "Authority"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and related budgetary comparisons of the Authority presented as supplementary information, and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP  
Albuquerque, NM  
November 25, 2013

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Schedule of Findings and Responses  
For the Year Ended June 30, 2013

**SECTION I – SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors' report issued   | Unmodified |
| 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 financial statements?                           | No         |

**SECTION II–Current Year Audit Findings**

None

**SECTION III – Prior Year Audit Findings**

**Financial Statement Findings**

- |   |          |
|---|----------|
| CU FS-2011-03 Internal Control Deviations-Disbursements | Resolved |
| CU FS-2012-01 Accounts Receivable Reconciliation        | Resolved |

**STATE OF NEW MEXICO**  
City of Artesia Public Housing Authority  
Other Disclosures  
June 30, 2013

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of the Artesia 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.

**B. EXIT CONFERENCE**

The contents of this report were discussed on November 25, 2013. The following individuals were in attendance.

**City of Artesia Public Housing Authority Officials**

Louisa Madrid, Executive Director  
Veral d'Entremont Vice-Chair Commissioner

**Accounting and Consulting Group, LLP**

Morgan Browning, CPA, CGFM, Audit Manager  
Cindy Bryan, Audit Partner