



KRIEGEL/GRAY/SHAW & CO., P.C.

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STATE OF NEW MEXICO

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A COMPONENT UNIT OF THE VILLAGE OF CIMARRON)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2013

VILLAGE OF CIMARRON HOUSING AUTHORITY

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VILLAGE OF CIMARRON HOUSING AUTHORITY

OFFICIAL ROSTER
JUNE 30, 2013

Board of Commissioners

| <u>Name</u> | <u>Title</u> |
|------------------------|-------------------------|
| <i>Michael Johnson</i> | <i>Chairperson</i> |
| <i>Marie George</i> | <i>Vice-Chairperson</i> |
| <i>Karen Levi</i> | <i>Commissioner</i> |
| <i>Joe Wojtowicz</i> | <i>Commissioner</i> |

Administrative Officials

| | |
|------------------------|---------------------------|
| <i>Teresita Gruver</i> | <i>Executive Director</i> |
|------------------------|---------------------------|



INDEPENDENT AUDITORS' REPORT

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Cimarron Housing Authority
(A Component Unit of the Village of Cimarron)
Cimarron, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Village of Cimarron Housing Authority (Authority), a component unit of the Village of Cimarron (Village), 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 as listed in the table of contents. We also have audited the budgetary comparisons presented 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 misstatements, 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 from 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 the 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 entity'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 entity'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 presentation of the financial statements.

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Cimarron Housing Authority
(A Component Unit of the Village of Cimarron)
Cimarron, New Mexico
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 as of June 30, 2013, and the respective changes in financial position and cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with budgetary basis required by the U.S. Department of Housing and Urban Development that is more fully described in Note 1 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America..

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in its financial position and cash flows of only that portion of the Village that is attributable to the Authority. They do not purport to, and do not present fairly the financial position of the Village as of June 30, 2013, and the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 8 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we 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.

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Cimarron Housing Authority
(A Component Unit of the Village of Cimarron)
Cimarron, New Mexico
Page Three

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 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.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 27, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The following is an analysis for the Cimarron Housing Authority's financial performance. It is to provide the reader with an overview to the Authority's financial activities for the fiscal year ended June 30, 2013. The information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements.

Financial Highlights

- The Cimarron Housing Authority's total assets decreased from \$539,167 to \$516,606, a decrease of \$22,561 or 4.2%.
- The net position balance decreased from \$508,663 to \$481,660 at June 30, 2013. This represents a decrease of \$27,003 or 5.3% from the previous year. The unrestricted net position balance decreased from \$68,912 to \$59,749, a decrease of \$9,163 or 13.3%.
- Revenues decreased from \$105,220 to \$90,980, a decrease of \$14,240 or 13.5% from the previous year.
- Total expenses decreased by \$16,919, from \$134,902 to \$117,983 for the current year. This represents a decrease of 12.5%.

Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2013. The basic statements provide readers with a broad overview of the Authority's finances. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Position provides information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Revenue, Expenses and Changes in Fund Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The agency has two individual programs. These include the Low Rent Housing Program and the Capital Fund Program.

- The Low Rent Housing Program consists of the 16 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. Tenants typically pay dwelling rent, which is based on a formula that equates to 30 percent of the tenant's adjusted gross income.
- The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended June 30, 2013 and June 30, 2012.

Statement of Net Position-Condensed FYE June 30

| <u>Category</u> | <u>FYE 2013</u> | <u>FYE 2012</u> | <u>Dollar Change</u> |
|--------------------------------------|------------------|------------------|----------------------|
| Current Assets | \$91,795 | \$96,671 | (\$4,876) |
| Noncurrent Assets | 2,900 | 2,745 | 155 |
| Capital Assets (Net of Depreciation) | 421,911 | 439,751 | (17,840) |
| <i>Total Assets</i> | <i>516,606</i> | <i>539,167</i> | <i>(22,561)</i> |
| Current Liabilities | 13,278 | 5,291 | 7,987 |
| Long Term Liabilities | 21,668 | 25,213 | (3,545) |
| <i>Total Liabilities</i> | <i>34,946</i> | <i>30,504</i> | <i>4,442</i> |
| Unrestricted Net Position | 59,749 | 68,912 | (9,163) |
| Net Investment in Capital Assets | 421,911 | 439,751 | (17,840) |
| <i>Total Net Position</i> | <i>\$481,660</i> | <i>\$508,663</i> | <i>(\$27,003)</i> |

Cash & Investments

Unrestricted cash and investments totaled \$88,188, a decrease of \$4,920 from the previous year.

Current Assets and Liabilities

Current assets decreased by \$4,876 due primarily to a decrease in cash resulting from the decrease in HUD Subsidies. Current liabilities increased as a result of unpaid payroll liabilities.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Net Position

The total net position balance decreased from \$508,663 to \$481,660 at June 30, 2013. Unrestricted net position is the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net position total of \$59,749 is a decrease of \$9,163 from the previous year.

Statement of Revenues & Expenses FYE June 30

| <u>Category</u> | <u>FYE 2013</u> | <u>FYE 2012</u> | <u>Dollar Change</u> |
|--|-------------------|-------------------|--------------------------|
| Rental Revenue | \$38,667 | \$32,028 | \$6,639 |
| HUD Operating Grants | 31,559 | 51,989 | (20,430) |
| Capital Grants | 19,088 | 20,006 | (918) |
| Interest Income | 185 | 141 | 44 |
| Other Revenue | 1,481 | 1,056 | 425 |
| <i>Total Revenue</i> | <u>90,980</u> | <u>105,220</u> | <u>(14,240)</u> |
| Personnel | 46,147 | 36,443 | 9,704 |
| Operating | 39,897 | 66,754 | (26,857) |
| Depreciation | 31,939 | 31,705 | 234 |
| <i>Total Expenses</i> | <u>117,983</u> | <u>134,902</u> | <u>(16,919)</u> |
| <i>Excess of Revenue over Expenses</i> | <u>(\$27,003)</u> | <u>(\$29,682)</u> | <u>\$2,679</u> |

Results of Operations

Operating revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenues decreased by \$14,240. Total expenses decreased by \$16,919 from the previous year. Revenues decreased from the previous year principally due to a decrease in HUD Operating Subsidy Grants. Expenses decreased from the previous year as a result of the decrease in costs in other operating expenses.

Budgets

The actual varied from budget due to a decrease in operating and maintenance costs. The budget was amended primarily for capital asset additions.

VILLAGE OF CIMARRON HOUSING AUTHORITY
(A Component Unit of the Village of Cimarron)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Capital Assets

As of June 30, 2013, the Cimarron Housing Authority's net investment in capital assets was \$421,911. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

| <u>Category</u> | <u>FYE 2013</u> | <u>FYE 2012</u> | <u>Dollar Change</u> |
|---------------------------------|------------------|------------------|----------------------|
| Land | \$18,600 | \$18,600 | \$0 |
| Construction in Process | 0 | 1,000 | (1,000) |
| Buildings | 668,754 | 668,754 | 0 |
| Equipment | 72,542 | 72,542 | 0 |
| Nondwelling Structures | 188,207 | 173,106 | 15,101 |
| Accumulated Depreciation | (526,192) | (494,251) | (31,941) |
| <i>Total Net Capital Assets</i> | <i>\$421,911</i> | <i>\$439,751</i> | <i>(\$17,840)</i> |

Current year depreciation expense is \$31,941.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2013.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Cimarron Housing Authority
Teresita Gruver, Executive Director
152 N. Washington Avenue
Cimarron, New Mexico 87714

BASIC FINANCIAL STATEMENTS

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

PROPRIETARY FUNDS

STATEMENTS OF POSITION

JUNE 30, 2013

| | Business-Type Activities | | |
|---|--------------------------|----------------------|-----------|
| | Low Rent | Nonmajor Fund CFP | Total |
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$68,188 | \$0 | \$68,188 |
| Investments | 20,000 | 0 | 20,000 |
| Prepaid insurance | 2,512 | 0 | 2,512 |
| Tenant receivable - net of allowance of \$420 | 692 | 0 | 692 |
| Interest receivable | 3 | 0 | 3 |
| Fraud receivable - net of allowance of \$1,597 | 400 | 0 | 400 |
| Inventory - maintenance materials - net of obsolete inventory | 0 | 0 | 0 |
| <i>Total current assets</i> | 91,795 | 0 | 91,795 |
| Noncurrent Assets: | | | |
| Restricted cash for security deposits | 2,900 | 0 | 2,900 |
| Net capital assets | 409,594 | 12,317 | 421,911 |
| <i>Total noncurrent assets</i> | 412,494 | 12,317 | 424,811 |
| <i>Total assets</i> | 504,289 | 12,317 | 516,606 |
| LIABILITIES AND NET POSITION | | | |
| Current Liabilities: | | | |
| Accounts payable | 884 | 0 | 884 |
| Accrued liabilities | 216 | 0 | 216 |
| Wages and payroll taxes payable | 5,774 | 0 | 5,774 |
| Tenants prepaid rent | 179 | 0 | 179 |
| Accrued compensated absences | 489 | 0 | 489 |
| Current portion of long-term liability | 3,000 | 0 | 3,000 |
| Other payroll related payables | 2,736 | 0 | 2,736 |
| <i>Total current liabilities</i> | 13,278 | 0 | 13,278 |
| Long-term Liabilities: | | | |
| Accrued compensated absences | 300 | 0 | 300 |
| Payable to Village of Cimarron | 18,468 | 0 | 18,468 |
| Tenant security deposits | 2,900 | 0 | 2,900 |
| <i>Total long-term liabilities</i> | 21,668 | 0 | 21,668 |
| <i>Total liabilities</i> | 34,946 | 0 | 34,946 |
| Net Position: | | | |
| Net investment in capital assets | 409,594 | 12,317 | 421,911 |
| Unrestricted | 59,749 | 0 | 59,749 |
| <i>Total net position</i> | \$469,343 | \$12,317 | \$481,660 |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

PROPRIETARY FUNDS

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Business-Type Activities | | |
|---|--------------------------|----------------------|------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| OPERATING REVENUES: | | | |
| Rental income | \$38,667 | \$0 | \$38,667 |
| HUD operating subsidy | 31,559 | 0 | 31,559 |
| Other revenue | 1,481 | 0 | 1,481 |
| <i>Total operating revenues</i> | 71,707 | 0 | 71,707 |
| OPERATING EXPENSES: | | | |
| Personnel | 45,147 | 1,000 | 46,147 |
| Operating | 34,136 | 5,759 | 39,895 |
| Depreciation | 31,253 | 688 | 31,941 |
| <i>Total operating expenses</i> | 110,536 | 7,447 | 117,983 |
| <i>Net operating income (loss)</i> | (38,829) | (7,447) | (46,276) |
| NON-OPERATING REVENUE AND (EXPENSES) | | | |
| HUD capital grants | 0 | 19,088 | 19,088 |
| Interest | 185 | 0 | 185 |
| <i>Total non-operating revenue and (expenses)</i> | 185 | 19,088 | 19,273 |
| <i>Income (loss) before transfers</i> | (38,644) | 11,641 | (27,003) |
| <i>Operating transfers in (out)</i> | 5,319 | (5,319) | 0 |
| <i>Change in net position</i> | (33,325) | 6,322 | (27,003) |
| <i>Total net position - beginning</i> | 502,668 | 5,995 | 508,663 |
| <i>Total net position, June 30, 2013</i> | \$469,343 | \$12,317 | \$481,660 |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Business-Type Activities | | |
|---|--------------------------|----------------------|------------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from customers (including other funds) | \$39,332 | \$0 | \$39,332 |
| HUD operating subsidy | 31,559 | 0 | 31,559 |
| Cash paid to suppliers | (37,253) | (5,977) | (43,230) |
| Cash paid to employees | (36,974) | (1,000) | (37,974) |
| <i>Net cash provided (used) by operating activities</i> | <i>(3,336)</i> | <i>(6,977)</i> | <i>(10,313)</i> |
| CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES | | | |
| Grants - subsidies | 0 | 12,296 | 12,296 |
| Operating transfers in (out) | 5,319 | (5,319) | 0 |
| <i>Net cash provided (used) by non capital financing activities</i> | <i>5,319</i> | <i>6,977</i> | <i>12,296</i> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital grant | 0 | 7,010 | 7,010 |
| Purchase of capital assets | (7,089) | (7,010) | (14,099) |
| <i>Net cash provided (used) by capital and related financing activities</i> | <i>(7,089)</i> | <i>0</i> | <i>(7,089)</i> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of certificate of deposit | (6,831) | 0 | (6,831) |
| Interest received | 166 | 0 | 166 |
| <i>Net cash provided (used) by investing activities</i> | <i>(6,665)</i> | <i>0</i> | <i>(6,665)</i> |
| <i>Net increase (decrease) in pooled cash and investments</i> | <i>(11,771)</i> | <i>0</i> | <i>(11,771)</i> |
| Pooled cash and investments, beginning of year | 79,959 | 0 | 79,959 |
| <i>Pooled cash and investments, end of year</i> | <i>\$68,188</i> | <i>\$0</i> | <i>\$68,188</i> |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

PROPRIETARY FUNDS

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Business-Type Activities | | |
|---|--------------------------|----------------------|-------------------|
| | Low Rent | Nonmajor Fund CFP | Total |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | (\$38,829) | (\$7,447) | (\$46,276) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation | 31,251 | 688 | 31,939 |
| Change in assets and liabilities: | | | |
| Accounts receivable | (263) | 0 | (263) |
| Prepaid expenses | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 |
| Tenants prepaid rent | 176 | 0 | 176 |
| Accounts and contracts payable | (3,844) | (218) | (4,062) |
| Accrued payroll | 7,384 | 0 | 7,384 |
| Customer deposits | 0 | 0 | 0 |
| Accrued employee leave | 789 | 0 | 789 |
| Total adjustments | 35,493 | 470 | 35,963 |
| Net cash provided (used) by operating activities | (\$3,336) | (\$6,977) | (\$10,313) |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the Village of Cimarron Housing Authority (Housing Authority) is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Village of Cimarron area.

This funding is provided through various grant programs.

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Housing Authority's most significant accounting policies are described below.

Reporting Entity

The Housing Authority is a component unit of the Village of Cimarron. The accompanying financial statements present only the Housing Authority's financial information.

The Housing Authority is a Village organization created by Village Ordinance to provide housing for qualified Village residents. The Village has the ability to appoint management; influence operations, and influence the disposition of funds.

The Housing Authority has no component units.

Basis of Presentation

For financial reporting purposes, the accounts of the Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and Interpretations, APB opinions, and ARB's of Committee on Accounting Procedure. FASB statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have also been applied.

The Proprietary Funds are as follows:

Low Income Housing Project – To account for the rental activities of the Village-owned low income housing project.

Public Housing Capital Fund Program – To account for HUD's new Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority-owned housing.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The financial statements of the Housing Authority are reported using the economic resources measurement focus and the accrual basis of accounting. All assets, all liabilities and deferred outflows and inflows of resources associated with the operations are included on the statement of net position.

Proprietary fund types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Budgets and Budgetary Accounting

The Housing Authority adopts budgets for Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budgetary Compliance – Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments – Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis – State law prescribes that the Village's budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended.

Income Taxes

As a local government entity, the Village is not subject to federal or state income taxes.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Village allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

The accrual for compensated absences made as of June 30, 2013 is \$789.

Cash and Cash Equivalents

For the purpose of the statement of cash flows the proprietary fund considers all highly liquid investments to be cash equivalents.

Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

Capital Assets

Purchase or constructed capital assets are reported at cost or estimated historical cost. The Housing Authority defines capital assets as assets with lives of greater than one-year and a cost or donated value of \$5,000 or greater.

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Buildings | 40 |
| Non Dwelling Structures | 15 |
| Machinery and Equipment | 5 -7 |

Software is capitalized in the machinery and equipment category.

Inventory

Inventory is valued at cost, which approximates market using the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position is displayed in three components:

Net Investment in Capital Assets – 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 Position – Net position are reported as restricted when constraints placed on net position 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 – Net position that does not meet the definition of “restricted” and “Net investment in capital assets.”

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 2. CASH AND INVESTMENTS

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2013, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

Restricted cash is cash from tenants held as security deposits.

All financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

Cash on Deposit

| | <u>Bank Balance</u> | <u>Carrying Amounts</u> |
|-----------------------------------|-------------------------|-----------------------------|
| <u>International Bank</u> | | |
| Public Fund – Regular Checking | \$71,361 | \$68,082 |
| Public Fund – Savings | 261 | 261 |
| Public Fund – Tenant Sec Deposits | 2,745 | 2,745 |
| Public Fund – CFP Checking | 0 | 0 |
| Certificate of Deposit | 20,000 | 20,000 |
| <i>Total cash on deposit</i> | 94,367 | 91,088 |
| Less amounts shown as investments | 20,000 | 20,000 |
| <i>Total cash</i> | \$74,367 | \$71,088 |

Investments

| | <u>WAM</u> | <u>Cost</u> | <u>Market Value</u> |
|---------------------------------|-----------------|-----------------|---------------------|
| Certificates of deposit | | \$20,000 | \$20,000 |
| <i>Total investments</i> | 360 days | \$20,000 | \$20,000 |

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it.

There were no uninsured bank deposits.

| | <u>International Bank</u> |
|--------------------------------|-------------------------------|
| Amount held in bank | \$94,367 |
| Less F.D.I.C. | (94,367) |
| <i>Amount uninsured</i> | \$0 |
| | |
| 100% Collateral requirement | \$0 |

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE

Accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$2,017.

NOTE 4. CHANGES IN CAPITAL ASSETS

Capital Assets are stated at historical cost. The following is a summary of changes in Capital Assets for the fiscal year in the proprietary funds:

| | Balance June 30, 2012 | Additions | Transfers | Balance June 30, 2013 |
|---------------------------------------|--------------------------|------------|-----------|--------------------------|
| Non Depreciable Assets: | | | | |
| Land | \$18,600 | \$0 | \$0 | \$18,600 |
| Construction in progress | 1,000 | 0 | (1,000) | 0 |
| Depreciable Assets: | | | | |
| Buildings | 668,754 | 0 | 0 | 668,754 |
| Non dwelling structures | 173,106 | 14,101 | 1,000 | 188,207 |
| Machinery and equipment | 72,542 | 0 | 0 | 72,542 |
| <i>Total</i> | 934,002 | 14,101 | 0 | 948,103 |
| Less Accumulated Depreciation: | | | | |
| Buildings | (324,569) | (21,601) | 0 | (346,170) |
| Non dwelling structures | (99,767) | (7,713) | 0 | (107,480) |
| Machinery and equipment | (69,915) | (2,627) | 0 | (72,542) |
| <i>Total accumulated depreciation</i> | (494,251) | (31,941) | 0 | (526,192) |
| <i>Net capital assets</i> | \$439,751 | (\$17,840) | \$0 | \$421,911 |

Depreciation expense for the year was \$31,941.

NOTE 5. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

| | | |
|----|---|----------|
| A. | Net Working Capital: Proprietary Funds | \$78,517 |
|----|---|----------|

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

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

Funding Policy. Plan members are required to contribute 9.15% of their gross salary. The Authority is required to contribute 9.15% of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's required contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$2,218, \$1,726, and \$3,296, respectively. See finding 2013-02 Timely Filing and Payment of PERA.

NOTE 7. TRANSFERS AND DUE FROM/TO OTHER FUNDS

Transfers between funds were as follows:

| | Operating Transfers Out | | Totals |
|-------------------------|-------------------------|----------------|----------------|
| | Low Rent | CFP | |
| Operating Transfers In: | | | |
| Low Rent | \$0 | \$5,319 | \$5,319 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$5,319 | \$5,319 |

Transfers are used to move the portion of CFP funding allotted for operating expenditures to the Low Rent Fund.

| | Capital Transfers Out | | Totals |
|-----------------------|-----------------------|------------|------------|
| | Low Rent | CFP | |
| Capital Transfers In: | | | |
| Low Rent | \$0 | \$0 | \$0 |
| CFP | 0 | 0 | 0 |
| Total | \$0 | \$0 | \$0 |

Transfers are used to move capital assets purchased in the CFP fund to the Low Rent Fund.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8. CHANGES IN ACCRUED COMPENSATED ABSENCES

The following summarizes the changes in accrued compensated absences during 2013:

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 | Amount Due Within One Year |
|------------------------------|--------------------------|-----------|-----------|--------------------------|----------------------------------|
| Accrued compensated absences | \$0 | \$2,053 | \$1,264 | \$789 | \$489 |

NOTE 9. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, and natural disasters for which the Housing Authority carries commercial insurance. Premiums paid for the year were \$7,848.

NOTE 10. COMMITMENTS AND CONTINGENCIES

During fiscal year 2011, The Village of Cimarron presented an invoice to the Housing Authority requesting reimbursement of \$62,437 in legal fees in connection to the Gruver Settlement. The Board agreed to reimburse the Village for \$32,000 of this amount, in a minimum annual payment of \$3,000 without interest, until paid in full. The balance due to the Village at June 30, 2013 is \$21,468.

SUPPLEMENTARY INFORMATION

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

LOW RENT

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (HUD BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Rental income | \$34,180 | \$38,610 | \$37,851 | (\$759) |
| HUD grants and subsidy | 31,135 | 31,559 | 31,559 | 0 |
| Other | 200 | 1,350 | 1,481 | 131 |
| <i>Total revenues</i> | <u>65,515</u> | <u>71,519</u> | <u>70,891</u> | <u>(628)</u> |
| OPERATING EXPENSES: | | | | |
| Personnel | 42,690 | 46,830 | 36,974 | 9,856 |
| Admin expense | 16,900 | 14,600 | 13,698 | 902 |
| Operating and maintenance | 18,400 | 20,470 | 20,971 | (501) |
| Tenant services | 600 | 100 | 60 | 40 |
| Capital outlay | 0 | 7,090 | 7,089 | 1 |
| Utilities | 2,770 | 2,850 | 2,524 | 326 |
| <i>Total operating expenses</i> | <u>81,360</u> | <u>91,940</u> | <u>81,316</u> | <u>10,624</u> |
| <i>Operating income (loss)</i> | (15,845) | (20,421) | (10,425) | 9,996 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| Interest | 470 | 170 | 166 | (4) |
| Transfers in | 3,000 | 3,000 | 5,319 | 2,319 |
| <i>Total non-operating revenue (expenses)</i> | <u>3,470</u> | <u>3,170</u> | <u>5,485</u> | <u>2,315</u> |
| <i>Net income</i> | (12,375) | (17,251) | <u>(\$4,940)</u> | <u>\$12,311</u> |
| Budgeted cash carryover | 12,375 | 17,251 | | |
| | <u>\$0</u> | <u>\$0</u> | | |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2013, is presented below:

| | |
|--|-------------------|
| Net income (budgetary basis) | (\$4,940) |
| Adjustments for capital purchases and revenue accruals | 7,195 |
| Adjustments for expenditure accruals and depreciation | (35,580) |
| Change in net position (GAAP basis) | (\$33,325) |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

CFP FUND - 2011

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (HUD BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Personnel | 0 | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Audit cost | 0 | 0 | 0 | 0 |
| Capital outlay | 1,688 | 1,688 | 0 | 1,688 |
| Fees and costs | 0 | 0 | 0 | 0 |
| Management improvements | 0 | 0 | 0 | 0 |
| Operations | 0 | 0 | 0 | 0 |
| <i>Total operating expenses</i> | 1,688 | 1,688 | 0 | 1,688 |
| <i>Operating income (loss)</i> | (1,688) | (1,688) | 0 | 1,688 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 1,688 | 1,688 | 0 | (1,688) |
| Transfers (out) | 0 | 0 | 0 | 0 |
| <i>Total non-operating revenue (expenses)</i> | 1,688 | 1,688 | 0 | (1,688) |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2013, is presented below:

| | |
|--|--------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, expenditure accruals, and capital transfers | 416 |
| Change in net position (GAAP basis) | \$416 |

The Notes to Financial Statements are an integral part of these statements.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

CFP FUND - 2012

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (HUD BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Original Approved Budget | Revised Budget | Actual on Budgetary Basis | Variance Favorable (Unfavorable) |
|---|--------------------------------|-------------------|---------------------------------|--|
| REVENUES: | | | | |
| Intergovernmental | \$0 | \$0 | \$0 | \$0 |
| Rental income | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 |
| Gain/loss on sale of asset | 0 | 0 | 0 | 0 |
| <i>Total revenues</i> | 0 | 0 | 0 | 0 |
| OPERATING EXPENSES: | | | | |
| Personnel | 1,000 | 1,000 | 1,000 | 0 |
| Administration | 0 | 0 | 0 | 0 |
| Audit cost | 1,500 | 1,500 | 1,500 | 0 |
| Capital outlay | 10,210 | 10,210 | 7,010 | 3,200 |
| Fees and costs | 3,000 | 3,000 | 0 | 3,000 |
| Management improvements | 1,500 | 1,500 | 1,181 | 319 |
| Operations | 2,000 | 2,000 | 3,078 | (1,078) |
| <i>Total operating expenses</i> | 19,210 | 19,210 | 13,769 | 5,441 |
| <i>Operating income (loss)</i> | (19,210) | (19,210) | (13,769) | 5,441 |
| NON-OPERATING REVENUE (EXPENSES): | | | | |
| HUD grants and subsidy | 19,210 | 19,210 | 19,088 | (122) |
| Transfers (out) | 0 | 0 | (5,319) | (5,319) |
| <i>Total non-operating revenue (expenses)</i> | 19,210 | 19,210 | 13,769 | (5,441) |
| <i>Net income</i> | \$0 | \$0 | \$0 | \$0 |

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2013, is presented below:

| | |
|--|------------------|
| Net income (budgetary basis) | \$0 |
| Adjustments for revenue accruals, transfers, earnings on investments | 0 |
| Adjustments for expenditures for payables, inventory, expenditure accruals, and capital transfers | (6,738) |
| Change in net position (GAAP basis) | (\$6,738) |

The Notes to Financial Statements are an integral part of these statements.

OTHER SUPPLEMENTARY INFORMATION

| Village of Cimarron Housing Authority (NM048) | | | | |
|---|--|----------------|----------------|----------------|
| Cimarron, NM | | | | |
| Financial Data Schedule | | | | |
| 6/30/2013 | | | | |
| Line | | Low Rent | Public Housing | |
| Item # | Account Description | Housing | Capital Fund | Total |
| | | | Program | |
| 111 | Cash - Unrestricted | 68,188 | - | 68,188 |
| 114 | Cash - Tenant Security Deposits | 2,900 | - | 2,900 |
| 100 | Total Cash | 71,088 | - | 71,088 |
| 126 | Accounts Receivable - Tenants | 1,112 | - | 1,112 |
| 126.1 | Allowance for Doubtful Accts - Tenants | (420) | - | (420) |
| 128 | Fraud Recovery | 1,997 | - | 1,997 |
| 128.1 | Allowance for Doubtful Accts - Fraud | (1,597) | - | (1,597) |
| 129 | Accrued Interest Receivable | 3 | - | 3 |
| 120 | Total Receivables, Net of Allowance for Doubtful Accts | 1,095 | - | 1,095 |
| 131 | Investments - Unrestricted | 20,000 | - | 20,000 |
| 142 | Prepaid Expenses and Other Assets | 2,512 | - | 2,512 |
| 150 | Total Current Assets | 94,695 | - | 94,695 |
| 161 | Land | 18,600 | - | 18,600 |
| 162 | Buildings | 843,713 | 13,248 | 856,961 |
| 163 | Furniture, Equipment & Machinery - Dwellings | 35,791 | - | 35,791 |
| 164 | Furniture, Equipment & Machinery - Administration | 36,751 | - | 36,751 |
| 166 | Accumulated Depreciation | (525,261) | (931) | (526,192) |
| 160 | Total Capital Assets, Net of Accumulated Depreciation | 409,594 | 12,317 | 421,911 |
| 180 | Total Non-Current Assets | 409,594 | 12,317 | 421,911 |
| 190 | Total Assets | 504,289 | 12,317 | 516,606 |
| 312 | Accounts Payable <= 90 Days | 1,100 | - | 1,100 |
| 321 | Accrued Wages / Payroll Taxes Payable | 5,774 | - | 5,774 |
| 322 | Accrued Compensated Absences - Current Portion | 489 | - | 489 |
| 341 | Tenant Security Deposits | 2,900 | - | 2,900 |
| 342 | Deferred Revenue | 179 | - | 179 |
| 346 | Accrued Liabilities - Other | 5,736 | - | 5,736 |
| 310 | Total Current Liabilities | 16,178 | - | 16,178 |
| 353 | Non-current liabilities - other | 18,468 | - | 18,468 |
| 354 | Accrued Compensated Absences - Non Current | 300 | - | 300 |
| 350 | Total Noncurrent Liabilities | 18,768 | - | 18,768 |
| 300 | Total Liabilities | 34,946 | - | 34,946 |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 409,594 | 12,317 | 421,911 |
| 512.1 | Unrestricted Net Assets | 59,749 | - | 59,749 |
| 513 | Total Equity/Net Assets | 469,343 | 12,317 | 481,660 |
| 600 | Total Liabilities and Equity/Net Assets | 504,289 | 12,317 | 516,606 |
| 70300 | Net Tenant Rental Revenue | 38,667 | - | 38,667 |
| 70400 | Tenant Revenue - Other | 70 | - | 70 |
| 70500 | Total Tenant Revenue | 38,737 | - | 38,737 |
| 70800 | HUD PHA Operating Grants | 31,559 | - | 31,559 |
| 70810 | Capital Grants | - | 19,088 | 19,088 |
| 70700 | Total Fee Revenue | 31,559 | 19,088 | 50,647 |
| 71100 | Investment Income - Unrestricted | 185 | - | 185 |
| 71500 | Other Revenue | 1,411 | - | 1,411 |
| 70000 | Total Revenue | 71,892 | 19,088 | 90,980 |
| 91100 | Administrative Salaries | 29,930 | 1,000 | 30,930 |
| 91200 | Auditing Fees | 4,054 | 1,500 | 5,554 |
| 91400 | Advertising & Marketing | 280 | - | 280 |
| 91500 | Employee Benefit Contributions - Administrative | 4,513 | - | 4,513 |
| 91600 | Office Expenses | 3,825 | 1,181 | 5,006 |
| 91800 | Travel | 1,120 | - | 1,120 |
| 91900 | Other | 4,500 | - | 4,500 |
| 91000 | Total Operating - Administrative | 48,222 | 3,681 | 51,903 |

| Village of Cimarron Housing Authority (NM048) | | | | |
|---|---|------------|----------------|------------|
| Cimarron, NM | | | | |
| Financial Data Schedule | | | | |
| 6/30/2013 | | | | |
| Line | | Low Rent | Public Housing | |
| Item # | Account Description | Housing | Capital Fund | Total |
| 92400 | Tenant Services - Other | 59 | - | 59 |
| 92500 | Total Tenant Services | 59 | - | 59 |
| 93100 | Water | 454 | - | 454 |
| 93200 | Electricity | 1,401 | - | 1,401 |
| 93300 | Gas | 483 | - | 483 |
| 93800 | Other Utilities | 76 | - | 76 |
| 93000 | Total Utilities | 2,414 | - | 2,414 |
| 94100 | Ordinary Maintenance and Operations - Labor | 7,404 | - | 7,404 |
| 94200 | Ordinary Maintenance and Operations - Materials & Other | 4,753 | 3,078 | 7,831 |
| 94300 | Ordinary Maint and Operations - Contract Costs | 4,555 | - | 4,555 |
| 94500 | Employee Benefit Contributions - Ordinary Maintenance | 1,247 | - | 1,247 |
| 94000 | Total Maintenance | 17,959 | 3,078 | 21,037 |
| 96110 | Property Insurance | 2,934 | - | 2,934 |
| 96120 | Liability Insurance | 657 | - | 657 |
| 96130 | Workmen's Compensation | 1,420 | - | 1,420 |
| 96140 | All Other Insurance | 2,838 | - | 2,838 |
| 96100 | Total Insurance Premiums | 7,849 | - | 7,849 |
| 96210 | Compensated Absences | 2,053 | - | 2,053 |
| 96400 | Bad debt - Tenant Rents | 729 | - | 729 |
| 96000 | Total Other General Expenses | 2,782 | - | 2,782 |
| 96900 | Total Operating Expenses | 79,285 | 6,759 | 86,044 |
| 97000 | Excess Operating Revenue over Operating Expenses | (7,393) | 12,329 | 4,936 |
| 97400 | Depreciation Expense | 31,251 | 688 | 31,939 |
| 90000 | Total Expenses | 110,536 | 7,447 | 117,983 |
| 10010 | Operating Transfers In | 5,319 | - | 5,319 |
| 10020 | Operating Transfers Out | - | (5,319) | (5,319) |
| 10100 | Total Other Financing Sources (Uses) | 5,319 | (5,319) | - |
| 10000 | Excess (Deficiency) of Total Rev Over (Under) Total Exp | (33,325) | 6,322 | (27,003) |
| 11030 | Beginning Equity | \$ 502,668 | \$ 5,995 | \$ 508,663 |
| 11050 | Changes in Compensated Absence Balance | \$ 789 | \$ - | \$ 789 |
| 11190 | Unit Months Available | 192 | - | 192 |
| 11210 | Number of Unit Months Leased | 191 | - | 191 |



**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 Auditor's Report

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Cimarron Housing Authority
(A Component Unit of the Village of Cimarron)
Cimarron, 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 Village of Cimarron Housing Authority, a component unit of the Village of Cimarron 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 the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 27, 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 (internal control) 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.

Mr. Hector H. Balderas, State Auditor and
To the Board of Directors
Village of Cimarron Housing Authority
(A Component Unit of the Village of Cimarron)
Cimarron, New Mexico
Page Two

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. 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2013-01, 2013-02, 2013-03 and 2006-03.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2013-01, 2013-02, and 2013-03.

The Authority's Responses to Findings

The Authority's responses to the finding identified in our audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kriegel/Gray/Shaw & Co., P.C.

Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 27, 2013

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2013-01 Timely Filing and Payment of Payroll Taxes – Significant Deficiency and Non Compliance

Statement of Condition – The quarterly 941 (Employers Quarterly Federal Tax Return), CRS-1 (for New Mexico income tax withholdings), and ES903a (New Mexico Employers Quarterly Wage and Contribution Report) for the first quarter (March 31, 2013 quarter ending) were not submitted by the established deadlines in April, 2013. Additionally, payment for first quarter taxes were not submitted timely.

Criteria – Filings to the Internal Revenue Service and State of New Mexico Department of Workforce Solutions for employment taxes must be submitted by the last day of the month following the end of the quarter. Filing and payments to the New Mexico Taxation and Revenue Department are due by pre-established deadlines in the month following the end of a quarter.

Cause – Lack of knowledge of CHA management.

Effect – The Housing Authority is not in compliance with IRS and State of New Mexico tax filings and payments. CHA is subject to penalties and interest.

Recommendation – Management should ensure that all delinquent tax payments are brought current and that all future filings and payments are made in a timely manner.

Management's Response – Cimarron Housing Authority management acknowledges the untimely filing and payment of payroll taxes for the quarter ending March 31, 2013 and has remedied the problem for the quarter ending June 30, 2013. Additionally, the Village of Cimarron has taken over the payroll responsibility in fiscal year 2014.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2013-02 Timely Filing and Payment of PERA – Significant Deficiency and Non Compliance

Statement of Condition – On January 1, 2013, the Housing Authority took over payroll processing on Housing Authority employees from the Village of Cimarron. At that time, the CHA Board adopted resolution 2013-01 affiliating themselves with the New Mexico Public Employees Retirement Association. The CHA has withheld 9.15% of each qualifying employee's covered wages. The required filings and submissions have not been made. Additionally, the CHA did not record the required 9.15% employer match on the general ledger.

Criteria – Affiliated public employers shall transmit to PERA both the member and employer contributions for every member in its employ for each pay period on or before the fifth working day following the payday applicable to the pay period. The contributions shall be accompanied by a transmittal report in a format designated by PERA.

Cause – Lack of knowledge of CHA management.

Effect – CHA is not in compliance with 2.80.500.8 NMAC. As such, CHA is subject to a penalty of \$50 per day for any employee and employer contribution transmittal report that is untimely. Additionally, CHA is subject to an interest assessment on the unpaid contributions.

Recommendation – Management should ensure that all delinquent filings and contributions are submitted and that all future filings and contributions are made in a timely manner.

Management's Response – Cimarron Housing Authority management acknowledges the untimely filing and payment of PERA for the six months ending June 30, 2013. The Village of Cimarron has taken over the payroll responsibility in fiscal year 2014 and will ensure that timely filings and payments are made.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CURRENT YEAR SIGNIFICANT DEFICIENCIES (CONTINUED):

2013-03 Mileage Reimbursement Incorrectly Calculated – Significant Deficiency and Non Compliance

Statement of Condition – Employee and Board Member were reimbursed mileage in excess of maximum amounts described in the New Mexico Mileage and Per Diem Act. Two disbursements were identified as related to mileage reimbursements. Of these two disbursements, both were identified with incorrect reimbursements rates resulting in a total overpayment of \$87.41.

Criteria – Reimbursement of travel expenses to employees and Board members of all state agencies and local public bodies must comply with the New Mexico Mileage and Per Diem Act (2.42.2 NMAC).

Cause – The client has developed a travel reimbursement form for employees and Board members to complete when traveling on behalf of the Housing Authority. The section for mileage reimbursement calculation includes a rate that is incorrect.

Effect – Employees and Board members have followed the form and were reimbursed for mileage in excess of the maximum amount per the Mileage and Per Diem Act.

Recommendation – Management should review the New Mexico Mileage and Per Diem Act and modify forms to ensure compliance.

Management's Response – Cimarron Housing Authority management concurs with the recommendation and will modify forms to comply with State statute.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2006-03 Lack of Complete Capital Assets Schedule – Significant Deficiency

Repeated with modifications.

Statement of Condition – Client does not maintain a complete detailed listing of capital asset schedules for assets purchased prior to July 1, 2005.

Criteria – Good internal controls require that subsidiary ledgers be maintained to support general ledger entries. New Mexico State Auditor Rule 2.2.2.10 NMAC requires a schedule of capital assets to be maintained.

Cause – Inconsistency of management personnel and fee accountant changes.

Effect – Although a summary depreciation schedule by asset type is maintained, there is no complete schedule to support capital asset balances recorded in the financial statements prior to July 1, 2005. Noncompliance with New Mexico State Auditor Rule 2.2.2.10 NMAC.

Recommendation – Detailed subsidiary ledgers should be kept to support general ledger entries.

Management's Response – The Cimarron Housing Authority (CHA) has purchased computer software to keep a current listing of its capital assets. The full detail of fixed assets purchased prior to July 1, 2005 cannot be located in client records. Management of Cimarron Housing Authority has obtained documents detailing a portion of the capital assets and will continue to explore resources to reconstruct the details of these fixed assets.

VILLAGE OF CIMARRON HOUSING AUTHORITY

(A Component Unit of the Village of Cimarron)

EXIT CONFERENCE

JUNE 30, 2013

EXIT CONFERENCE:

The exit conference was held December 2, 2013 and was attended by the following:

From the Village of Cimarron Housing Authority:

Theresita Gruver, Executive Director

From the Village of Cimarron:

Judy LeDoux, Mayor

Eddie Carter, Mayor Pro Tem

From Kriegel/Gray/Shaw & Co., P.C.:

Ken Shaw, CPA/Shareholder

Kristi Granados, CPA/Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Village of Cimarron Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.