

**STATE OF NEW MEXICO  
VILLAGE OF MAXWELL HOUSING AUTHORITY  
(A COMPONENT UNIT OF THE VILLAGE OF MAXWELL)**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2008**

# VILLAGE OF MAXWELL HOUSING AUTHORITY

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# VILLAGE OF MAXWELL HOUSING AUTHORITY

OFFICIAL ROSTER  
JUNE 30, 2008

## Board of Directors

<u>Name</u>	<u>Title</u>
<i>Eliza Galli</i>	<i>Chair</i>
<i>Frances Stevens</i>	<i>Vice Chair</i>
<i>Gail Bailey</i>	<i>Board Member</i>
<i>Joe Sanchez</i>	<i>Board Member</i>
<i>Gerald Ward</i>	<i>Board Member</i>

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of each major fund, and the aggregate remaining fund information of Village of Maxwell Housing Authority (a component unit of the Village of Maxwell), as of and for the year ended June 30, 2008, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparisons of the Housing Authority presented as supplementary information in the individual fund financial statements as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of Village of Maxwell Housing Authority's management. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Village of Maxwell Housing Authority, as of June 30, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly the budgetary comparisons of the major and non major funds in accordance with the budgetary basis described in Note. 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2008 on our consideration of the Village of Maxwell Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Board of Directors  
Village of Maxwell Housing Authority  
(A Component Unit of the Village of Maxwell)  
Maxwell, New Mexico  
Page Two

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

November 28, 2008

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

The following is an analysis for the Maxwell 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, 2008. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

### Financial Highlights

- The Maxwell Housing Authority's total assets decreased from \$291,530 to \$290,147 a decrease of \$1,383 or .47%.
- The net asset's balance decreased from \$282,005 to \$279,779 at June 30, 2008. This represents a decrease of \$2,226 or .79% from the previous year. The unrestricted net asset balance decreased from \$75,848 to \$74,448, a decrease of \$1,400 or 1.85%.
- Revenues increased from \$119,678 to \$125,540 an increase of \$5,862 or 4.90 % from the previous year.
- Total expenses increased by \$12,798, from \$114,968 to \$127,766 for the current year. This represents an increase of 11.13 %.

### 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, 2008. 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 Assets provides information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets 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 MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

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 21 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 years ended June 30, 2008 and June 30, 2007.

#### Statement of Net Assets-Condensed FYE June 30

<u>Category</u>	<u>FYE 2008</u>	<u>FYE 2007</u>	<u>Dollar Change</u>	<u>Change %</u>
Current Assets	\$81,671	\$81,863	(\$192)	(.24%)
Noncurrent Assets	3,145	3,510	(365)	(10.40%)
Capital Assets (Net of Depreciation)	205,331	206,157	(826)	(.40%)
<b>Total Assets</b>	<b>\$290,147</b>	<b>\$291,530</b>	<b>(\$1,383)</b>	<b>.47%</b>
Current Liabilities	\$3,830	\$6,015	(\$2,185)	(36.32%)
Long Term Liabilities	6,538	3,510	3,028	86.27%
<b>Total Liabilities</b>	<b>10,368</b>	<b>\$9,525</b>	<b>\$843</b>	<b>8.85%</b>
Unrestricted Net Assets	\$74,448	\$75,848	(\$1,400)	(1.84%)
Investment in Net Capital Assets	205,331	206,157	(826)	(.40%)
<b>Total Net Assets</b>	<b>\$279,779</b>	<b>\$282,005</b>	<b>(\$2,226)</b>	<b>(.79%)</b>

#### *Cash & Investments*

Unrestricted cash and investments totaled \$80,053, an increase of \$3,937 from the previous year.

#### *Current Assets*

Current assets decreased .235% from \$81,863 to \$81,671 due primarily to no current receivables from HUD.

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

### *Current Liabilities*

Current liabilities increased from \$6,015 to \$7,223 or 20.08%. This increase was a result of an increase in wages payable of \$2,731 due to the cut off of the pay period in relation to year-end.

### *Net Assets*

The total net asset balance decreased from \$282,005 to \$279,779 at June 30, 2008. Unrestricted net assets are the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net assets total \$74,448, a decrease of \$1,400 from the previous year.

### Statement of Revenues & Expenses FYE June 30

<u>Category</u>	<u>FYE 2008</u>	<u>FYE 2007</u>	<u>Dollar Change</u>	<u>Change %</u>
Rental Revenue	\$42,944	\$41,863	\$1,081	2.58%
HUD Operating Grants	39,074	37,508	1,566	4.17%
Capital Grants	38,858	35,217	3,641	10.34%
Interest Income	3,311	3,795	(484)	(12.75%)
Other Revenue	1,353	1,295	58	4.50%
<b>Total Revenue</b>	<b>125,540</b>	<b>119,678</b>	<b>5,862</b>	<b>4.9%</b>
Personnel	38,566	32,709	5,857	17.90%
Operating	59,330	54,102	5,228	9.66%
Depreciation	29,870	28,157	1,713	6.08%
<b>Total Expenses</b>	<b>127,766</b>	<b>114,968</b>	<b>12,798</b>	<b>11.13%</b>
<b>Excess of Revenue over Expenses</b>	<b>(\$2,226)</b>	<b>\$4,710</b>	<b>(\$6,936)</b>	<b>147.26%</b>

### *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 increased by \$5,862. Total expenses increased by \$12,798 from the previous year. Revenues increased from the previous year principally due to the increased activity noted in the CFP Program, the HUD Operating Grants, as well as an increase in rental revenue. Rental units rented and collected for the whole year more consistently. Expenses increased from the previous year principally due to increased personnel costs.

### *Budgets*

There were no budget adjustments during the year consistent with the HUD budgeting process. There were no significant variations from budget to actuals during the year.

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2008

### *Capital Assets*

As of June 30, 2008, the Maxwell Housing Authority's investment in capital assets was \$205,331. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>FYE 2008</u>	<u>FYE 2007</u>	<u>Dollar Change</u>	<u>Change %</u>
Land	\$5,000	\$5,000	\$0	0%
Construction in process	0	17,889	(17,889)	(100.00%)
Buildings	749,355	724,109	25,246	3.49%
Equipment	29,147	27,147	2,000	7.37%
Non-dwelling Structures	51,249	31,562	19,687	62.38%
Accumulated Depreciation	(629,420)	(599,550)	(29,870)	(4.98%)
<b>Total Net Fixed Assets</b>	<b>\$205,331</b>	<b>\$206,157</b>	<b>(\$826)</b>	<b>.4%</b>

The increase in buildings consisted of building improvements including the replacement of eight windows and three vehicle driveways. Equipment consisting of a Rototiller was purchased. The projects were being funded through the 2007 CFP Program.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2008.

### **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:

Maxwell Housing Authority  
Robert Portillos, Executive Director  
P.O. Box 188  
Maxwell, New Mexico 87728

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## PROPRIETARY FUNDS

### STATEMENTS OF NET ASSETS

JUNE 30, 2008

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$80,053	\$0	\$80,053
Prepaid insurance	63	0	63
Tenant receivable - net of allowance	0	0	0
Interest receivable	437	0	437
Inventory	1,051	0	1,051
Due from HUD	0	0	0
Due from other funds	0	67	67
<i>Total current assets</i>	81,604	67	81,671
<b>Noncurrent Assets:</b>			
Restricted cash	3,145	0	3,145
Net capital assets	157,983	47,348	205,331
<i>Total noncurrent assets</i>	161,128	47,348	208,476
<b>Total assets</b>	<b>\$242,732</b>	<b>\$47,415</b>	<b>\$290,147</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$815	\$0	\$815
Deferred revenue	0	67	67
Wages payable	2,731	0	2,731
Prepaid rent	150	0	150
Due to other funds	67	0	67
<i>Total current liabilities</i>	3,763	67	3,830
<b>Long-term Liabilities:</b>			
Accrued compensated absences	3,393	0	3,393
Tenant security deposits	3,145	0	3,145
<i>Total liabilities</i>	10,301	67	10,368
<b>Net Assets:</b>			
Invested in capital assets	157,983	47,348	205,331
Unrestricted	74,448	0	74,448
<i>Total net assets</i>	232,431	47,348	279,779
<b>Total liabilities and net assets</b>	<b>\$242,732</b>	<b>\$47,415</b>	<b>\$290,147</b>

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

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## PROPRIETARY FUNDS

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$42,944	\$0	\$42,944
Other revenue	1,353	0	1,353
<i>Total operating revenues</i>	44,297	0	44,297
<b>OPERATING EXPENSES:</b>			
Personnel	38,566	0	38,566
Operating	53,809	5,521	59,330
Depreciation	27,875	1,995	29,870
<i>Total operating expenses</i>	120,250	7,516	127,766
<i>Net operating income (loss)</i>	(75,953)	(7,516)	(83,469)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>			
HUD operating subsidy/capital grants	39,074	38,858	77,932
Interest	3,311	0	3,311
Gain/loss on asset	0	0	0
<i>Total non-operating revenue and (expenses)</i>	42,385	38,858	81,243
<i>Income (loss) before transfers</i>	(33,568)	31,342	(2,226)
Transfers in (out)	4,314	(4,314)	0
Capital transfers in (out)	26,869	(26,869)	0
	31,183	(31,183)	0
<i>Change in net assets</i>	(2,385)	159	(2,226)
Total net assets - beginning	234,816	47,189	282,005
<b><i>Total net assets, June 30, 2008</i></b>	<b>\$232,431</b>	<b>\$47,348</b>	<b>\$279,779</b>

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

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## PROPRIETARY FUNDS

### STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers (including other funds)	\$44,444	\$0	\$44,444
Cash paid to suppliers	(53,564)	(5,521)	(59,085)
Cash paid to employees	(37,608)	0	(37,608)
<i>Net cash provided (used) by operating activities</i>	<i>(46,728)</i>	<i>(5,521)</i>	<i>(52,249)</i>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Grants - subsidies	42,586	0	42,586
Transfers in (out)	4,314	(4,314)	0
Due to (from) other funds	58	(58)	0
<i>Net cash provided (used) by non capital financing</i>	<i>46,958</i>	<i>(4,372)</i>	<i>42,586</i>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital grant	0	38,916	38,916
Purchase of capital assets	(21)	(29,023)	(29,044)
Book value of assets deleted	0	0	0
Disposition of assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(21)</i>	<i>9,893</i>	<i>9,872</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	3,363	0	3,363
<i>Net increase (decrease) in pooled cash and investments</i>	<i>3,572</i>	<i>0</i>	<i>3,572</i>
Pooled cash and investments, beginning of year	79,626	0	79,626
<b><i>Pooled cash and investments, end of year</i></b>	<b><i>\$83,198</i></b>	<b><i>\$0</i></b>	<b><i>\$83,198</i></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (loss)	(\$75,953)	(\$7,516)	(\$83,469)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	27,875	1,995	29,870
Change in assets and liabilities:			
Accounts receivable	147	0	147
Inventory	539	0	539
Prepaid expenses	(63)	0	(63)
Tenants Prepaid rent	150	0	150
Accounts and contracts payable	(16)	0	(16)
Accrued payroll	958	0	958
Customer deposits	(365)	0	(365)
Deferred revenue	0	0	0
<i>Total adjustments</i>	<i>29,225</i>	<i>1,995</i>	<i>31,220</i>
<b><i>Net cash provided (used) by operating activities</i></b>	<b><i>(\$46,728)</i></b>	<b><i>(\$5,521)</i></b>	<b><i>(\$52,249)</i></b>

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

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

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

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

This funding is provided through various grant programs.

The financial statements of the Village of Maxwell Housing Authority (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 Village of Maxwell Housing Authority's most significant accounting policies are described below.

#### **Reporting Entity**

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

The Village of Maxwell 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 Village of Maxwell Housing Authority has no component units.

#### **Basis of Presentation**

For financial reporting purposes, the accounts of the Village of Maxwell 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 MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

### 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 Village of Maxwell Housing Authority are reported using the economic resources measurement focus and the accrual basis of accounting.

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.

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 MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

### 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, 2008 is \$3,392.

#### 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 MAXWELL HOUSING AUTHORITY**

(A Component Unit of the Village of Maxwell)

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2008

**NOTE 2. CASH**

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, 2008, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

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

**Cash on Deposit**

	Bank Balance	Carrying Amounts
<u>International Bank</u>		
Public Fund – regular checking	\$29,668	\$26,816
Public Fund – interest checking	3,510	3,145
Public Fund – regular checking	2,067	67
Certificate of deposit	21,722	21,722
Certificate of deposit	31,423	31,423
<i>Total cash on deposit</i>	88,390	83,173
Petty cash	0	25
<b><i>Total cash</i></b>	<b>\$88,390</b>	<b>\$83,198</b>

There were no uninsured bank deposits (not covered by F.D.I.C).

	International Bank
Amount held in bank	\$88,390
Less F.D.I.C.	88,390
<b><i>Amount uninsured</i></b>	<b>\$0</b>

100% Collateral requirement	\$0
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**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 \$13,801.

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

### 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, 2007	Additions	Transfers	Balance June 30, 2008
Non Depreciable Assets:				
Land	\$5,000	\$0	\$0	\$5,000
Construction in process	17,889	0	(17,889)	0
Depreciable Assets:				
Buildings	724,109	7,357	17,889	749,355
Non dwelling structures	31,562	19,687	0	51,249
Machinery and equipment	27,147	2,000	0	29,147
<i>Total</i>	805,707	29,044	0	834,751
Less Accumulated Depreciation:				
Buildings	(575,298)	(22,656)	0	(597,954)
Non dwelling structures	(4,208)	(2,104)	0	(6,312)
Machinery and equipment	(20,044)	(5,110)	0	(25,154)
<i>Total accumulated depreciation</i>	(599,550)	(29,870)	0	(629,420)
<b><i>Net capital assets</i></b>	<b>\$206,157</b>	<b>(\$826)</b>	<b>\$0</b>	<b>\$205,331</b>

Depreciation expense for the year was \$29,870.

### NOTE 5. NET ASSETS

The unrestricted net assets represent the amounts available for budgeting future operations (i.e., current).

#### Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

### NOTE 6. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The Village pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Village's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

### NOTE 7. 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.	<b>Net Working Capital:</b>	
	Proprietary Funds	\$77,841
		<hr/> <hr/>

### NOTE 8. PERA PENSION PLAN

The Housing Authority employees participate in a public employee retirement system through the Village of Maxwell. For further disclosures, see the Village of Maxwell's financial statements.

**VILLAGE OF MAXWELL HOUSING AUTHORITY**

(A Component Unit of the Village of Maxwell)

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2008

**NOTE 9. TRANSFERS AND DUE FROM/TO OTHER FUNDS**

Transfers between funds were as follows:

<b>Operating Transfers In:</b>	<u>Operating Transfers Out</u>		Totals
	Low Rent	CFP	
Low Rent	\$0	\$4,314	\$4,314
CFP	0	0	0
<b><i>Total</i></b>	<b>\$0</b>	<b>\$4,314</b>	<b>\$4,314</b>

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

<b>Capital Transfers In:</b>	<u>Capital Transfers Out</u>		Totals
	Low Rent	CFP	
Low Rent	\$0	\$26,869	\$26,869
CFP	0	0	0
<b><i>Total</i></b>	<b>\$0</b>	<b>\$26,869</b>	<b>\$26,869</b>

Capital transfers arose from the purchase or construction of capital assets in one fund, which were then transferred to another fund where they are being utilized.

<b>Due from Other Funds:</b>	<u>Due to other funds</u>		Totals
	Low Rent	CFP	
Low Rent	\$0	\$0	\$0
CFP	67	0	67
<b><i>Total</i></b>	<b>\$67</b>	<b>\$0</b>	<b>\$67</b>

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from/to other funds." All balances are expected to be paid within one year.

**NOTE 10. CHANGES IN ACCRUED COMPENSATED ABSENCES**

The following summarized the changes in accrued compensated absences during 2008:

	Balance	Additions	Deletions	Balance	Amount Due Within One Year
	June 30, 2007			June 30, 2008	
Accrued compensated absences	\$2,554	\$1,607	\$768	\$3,393	\$0

**SUPPLEMENTARY INFORMATION**

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

LOW RENT

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Rental income	\$43,210	\$43,210	\$43,241	\$31
Other	1,100	1,100	1,353	253
<i>Total revenues</i>	44,310	44,310	44,594	284
<b>OPERATING EXPENSES:</b>				
Tenant services	350	350	340	10
Personnel	30,890	30,890	31,866	(976)
Admin expenses	25,450	25,450	24,194	1,256
Operating and maintenance	28,800	28,800	30,257	(1,457)
Capital outlay	0	0	0	0
Utilities	4,570	4,570	3,945	625
<i>Total operating expenses</i>	90,060	90,060	90,602	(542)
<i>Operating income (loss)</i>	(45,750)	(45,750)	(46,008)	(258)
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	39,071	39,071	42,586	3,515
Interest	2,500	2,500	3,363	863
Transfers in	4,320	4,320	4,314	(6)
<i>Total non-operating revenue (expenses)</i>	45,891	45,891	50,263	4,372
<i>Net income</i>	\$141	\$141	\$4,255	\$4,114

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, 2008, is presented below:

Net income (budgetary basis)	\$4,255
Adjustments for revenue accruals, transfers, earnings on investments	23,008
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(29,648)
<b>Change in net assets (GAAP basis)</b>	<b>(2,385)</b>

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

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2006

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$2,355	\$2,355	\$2,355	\$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>	2,355	2,355	2,355	0
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	1,962	1,962	1,962	0
Management improvements	0	0	0	0
Administration	393	393	393	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	2,355	2,355	2,355	0
<i>Operating income (loss)</i>	0	0	0	0
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	0
<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, 2008, is presented below:

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	1,798
Change in net assets (GAAP basis)	\$1,798

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

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)

CFP FUND - 2007

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$36,570	\$36,570	\$36,570	\$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>	36,570	36,570	36,570	0
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	1,000	1,000	1,000	0
Capital outlay	26,256	26,256	26,189	67
Management improvements	2,000	2,000	2,000	0
Administration	1,000	1,000	1,000	0
Fees and costs	2,000	2,000	2,000	0
<i>Total operating expenses</i>	32,256	32,256	32,189	67
<i>Operating income (loss)</i>	4,314	4,314	4,381	67
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	0	0	0	0
Interest	0	0	0	0
Transfers (out)	(4,314)	(4,314)	(4,314)	0
<i>Total non-operating revenue (expenses)</i>	(4,314)	(4,314)	(4,314)	0
<i>Net income</i>	\$0	\$0	\$67	\$67

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, 2008, is presented below:

Net income (budgetary basis)	\$67
Adjustments for revenue accruals, transfers, earnings on investments	(67)
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(1,639)
<u>Change in net assets (GAAP basis)</u>	<u>(\$1,639)</u>

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

**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***

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

We have audited the financial statements of each major fund and the aggregate remaining fund information of Village of Maxwell Housing Authority (a component unit of the Village of Maxwell), as of and for the year ended June 30, 2008, which collectively comprise the Village of Maxwell Housing Authority's basic financial statements and have issued our report thereon dated November 28, 2008. We also audited the budgetary comparisons presented as supplementary information. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Maxwell Housing Authority's internal control over financial reporting as a basis for designating our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Maxwell Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Maxwell Housing Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Maxwell Housing Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Village of Maxwell Housing Authority's financial statements that is more than inconsequential will not be prevented or detected by the Village of Maxwell Housing Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Maxwell Housing Authority's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Maxwell Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2008-01.

The Village of Maxwell Housing Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Housing Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Village of Maxwell, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

November 28, 2008

# VILLAGE OF MAXWELL HOUSING AUTHORITY

(A Component Unit of the Village of Maxwell)  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

## CURRENT YEAR SIGNIFICANT DEFICIENCIES:

### 2008-01 Expenditures exceeded budget

**Statement of Condition** – The expenditures in the low rent program exceeded the budget by \$542.

**Criteria** – The budget provisions as stated in 6-3-1 to 6-3-25 NMSA 1978 require that expenditures at the fund level cannot exceed budgeted expenditures.

**Cause** – The Housing authority, although a part of the Village, budgets in accordance with HUD requirements which uses a budget only as a guideline.

**Effect** – Non-compliance with New Mexico budgeting statutes.

**Recommendation** – The Housing authority should adopt budgets and monitor and amend those budgets in accordance with New Mexico State Statutes.

**Management Response** – The Housing Authority will take more care in the future to review and monitor budget to actual status and amend the budget as necessary.

## CURRENT STATUS ON PRIOR YEAR FINDINGS:

None.

# **VILLAGE OF MAXWELL HOUSING AUTHORITY**

(A Component Unit of the Village of Maxwell)

## **EXIT CONFERENCE**

**JUNE 30, 2008**

### **EXIT CONFERENCE:**

The exit conference was held November 24, 2008 and was attended by the following:

#### **From the Village of Maxwell Housing Authority:**

Frances Stevens, Vice Chair  
Gerald Ward, Commissioner  
Robert Portillos, Executive Director  
Melissa Sanchez, Assistant Director

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

Ken Shaw, CPA, Shareholder  
Vanessa Williams, Staff Auditor

### **FINANCIAL STATEMENTS PREPARATION**

The financial statements were prepared by Kriegel/Gray/Shaw & Co., P.C.