

HOUSING AUTHORITY OF THE VILLAGE OF PECOS

VILLAGE OF PECOS, NEW MEXICO

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For the Year Ended June 30, 2009

With Independent Auditor's Reports Thereon

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
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**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
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**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
OFFICIAL ROSTER
June 30, 2009**

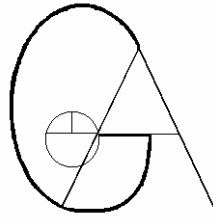
Mayor and Board of Trustees

Tony Jose Roybal	Mayor
Florencio Varela	Chairperson
Joe Modesto Benavides	Trustee
Herman Gallegos	Trustee
James Varela	Trustee

Administrative Staff

Ricardo Valenzuela	Executive Director
Rose M. A. Petry	Executive Secretary

FINANCIAL SECTION



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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Albuquerque, New Mexico 87108
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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
Mayor Tony Jose Roybal
And Board of Trustees
Housing Authority of the Village of Pecos
Village of Pecos, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

I have audited the accompanying financial statements of the business type activities and each major fund of the Housing Authority of the Village of Pecos, New Mexico (Housing Authority) (a Department of the Village of Pecos, New Mexico) as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparison statements for each major fund of the Housing Authority's proprietary type funds as presented as Supplementary Data. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

As discussed in Note 1, the financial statements of the Housing Authority are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Pecos, New Mexico that is attributable to the transactions of the Housing Authority. They do not purport to, and do not, present fairly the financial position of the Village of Pecos, New Mexico, as of June 30, 2009, and the respective changes in its financial position, and cash flows, where applicable, thereof and the budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT, continued

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and each major fund of the Pecos Housing Authority, Village of Pecos, New Mexico, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for each major fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly the budget comparisons of the Housing Authority for the year ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 27, 2010, on my consideration of the Housing Authority's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 6 through 9 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. I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The accompanying financial information listed as Other Supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such schedule and information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Albuquerque, New Mexico
May 27, 2010

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

This section of the Pecos Housing Authority annual financial report presents management's discussion and analysis of the Authority's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- Net assets of the Authority decreased from \$788,859 to \$783,727 as of June 30, 2009.
- Total revenues of the Authority's enterprise units increased by \$20,608 primarily due to increased activity in its Capital Fund grants which were significantly more active during this fiscal year.
- The Authority's net capital assets increased by \$9,323. Current year additions of \$58,192 were offset by current year depreciation of \$48,869 to arrive at the net capital asset increase of \$9,323.

Overview of the Financial Statements

The financial statements consist of three parts – management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Authority.

- The first two statements are Government-wide financial statements that provide information about the Authority's overall financial position and results of its operations. These statements, which are presented on an accrual basis, consist of the Statement of Net Assets and the Statement of Activities.
- The remaining statements are the Balance Sheet, Statement of Revenues, Expenses, and changes in Fund Net Assets and the Statement of Cash Flows.
- The basic financial statements also include a "Notes to Financial Statements" section which explains some of the information in the Authority-wide, and fund financial statements, and provides more detailed data.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2009**

The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of these statements. The prior year results referred to throughout this section for comparison purposes are as previously reported.

The Authority-wide statements report information about the Authority as a whole using accounting methods similar to those used by private sector companies. The statement of Net Assets includes all of the Authority’s assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. All of the Authority’s activities are business-type and are reported in proprietary funds.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority’s most significant funds and not the Authority as a whole. The Authority has one fund type.

Financial Analysis of the Authority as a Whole

Net Assets. The combined net assets of the Authority decreased by \$5,131 or a little less than 1% from the June 30, 2008 amount. The following table shows a summary of changes from prior year amounts.

	Fiscal Year 2009	Fiscal Year 2008	Increase (Decrease)	% Change
Cash and Investments	30,808	49,715	(18,907)	(38%)
Accounts Receivable	187	367	(180)	(49%)
Prepaid Expenses	21,971	13,000	8,971	69%
Total Current Assets	52,966	63,082	(10,116)	(16%)
Capital Assets (net)	746,892	737,569	9,323	1%
Accounts Payable	8,600	8,714	(114)	(1%)
Tenant Security Deposits	6,426	5,107	1,319	26%
Other Liabilities	1,104	1,333	(229)	(17%)
Total Current Liabilities	16,130	15,154	976	6%
Net Assets	783,728	788,859	(5,131)	(1%)

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Cash and investments decreased \$18,907 primarily due to a decrease in operating revenues of 13% and an increase of prepaid expenses of 69%. There was a 5% decrease in overall operating expenses.

Combined Statement of Revenues, Expenses and Changes in Net Assets

A condensed Statement of Revenues, Expenses, and changes in Fund Net Assets for the fiscal year ended June 30, 2009 is shown in the table below.

	Fiscal Year 2009	Fiscal Year 2008	Increase (Decrease)	% Change
Charges for Service	97,616	99,645	(2,029)	(2%)
Operating Grants	95,970	121,973	(26,003)	(21%)
Interest	340	709	(369)	(52%)
Operating Revenues	<u>193,926</u>	<u>222,327</u>	<u>(28,401)</u>	<u>(13%)</u>
Operating Expenses	<u>252,391</u>	<u>265,014</u>	<u>(12,623)</u>	<u>(5%)</u>
Operating Income (loss)	<u>(58,465)</u>	<u>(42,687)</u>	<u>15,778</u>	<u>36%</u>
Capital Grants	<u>53,334</u>	<u>4,325</u>	<u>49,009</u>	<u>1133%</u>
Changes in net Assets	<u>(5,131)</u>	<u>(38,362)</u>	<u>33,231</u>	<u>87%</u>

Charges for services decreased by 2% during the year ended June 30, 2009. Capital grants increase reflects a more active Capital Fund grant program during this cycle. The operating subsidies/grants decreased by \$26,003.

Overall expenses decreased by 5% compared to the prior year.

Budgetary Highlights

The Housing Authority's budget was revised during the fiscal year. The revision was required primarily due to increased maintenance costs incurred. Maintenance materials and maintenance contract costs were increased by \$5,000 and \$14,000 respectfully. During the fiscal year 2009 there was not a maintenance employee position and all maintenance issues were contracted out. The Housing Authority voted to hire a maintenance employee to bring down maintenance contract costs in the future.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Fund Balance Analysis

A decrease to fund balance occurred during the year ended June 30, 2009, \$5,131. Decreases in operating expenses did not offset the decrease of operating subsidy and operating funds from the CFP grants.

Capital Asset and Debt Administration

There was an overall net increase in net capital assets during the year ended June 30, 2009. Current year additions to capital assets were \$58,192 with depreciation of \$48,869 for an overall increase of \$9,323.

Economic Factors and Next Year's Budgets

Funding is determined at the federal level. HUD appropriated the 2009 budgets at 88.42%. HUD expects to appropriate the 2010 budgets at an 88% level of funding. In addition, the Housing Authority continues to receive Capital Fund Program Grants that are used to make improvements to the physical assets of the Housing Authority and improvements to management.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information would be addressed to the Executive Director, P.O. Box 904. Pecos, New Mexico 87552-0904.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Business Type Activities
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 24,382
Accounts receivable, net of allowance for doubtful accounts of \$ 200	187
Inventory	15,557
Prepaid Insurance	6,414
Temporary restricted Assets:	
Cash and cash equivalents	6,426
Capital assets not being depreciated:	
Land	14,400
Capital assets net of accumulated depreciation:	
Buildings and improvements	576,177
Leasehold improvements	139,257
Machinery and equipment	17,058
Total assets	<u>799,858</u>
 LIABILITIES	
Accounts payable	4,239
Accrued salaries and benefits	1,104
Insurance Contract payable	4,361
Security deposits	6,426
Noncurrent liabilities:	
Due within one year	
Due in more than one year	
Total liabilities	<u>16,130</u>
 NET ASSETS	
Net assets invested in capital assets	746,892
Unrestricted	36,836
Total net assets	<u>\$ 783,728</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
Business-type activities:					
Housing Services	\$ <u>252,391</u>	<u>97,616</u>	<u>95,970</u>	<u>53,334</u>	<u>(5,471)</u>
	<u>252,391</u>	<u>97,616</u>	<u>95,970</u>	<u>53,334</u>	<u>(5,471)</u>
General revenues:					
Interest on investments					<u>340</u>
Change in net assets					<u>(5,131)</u>
Net assets at beginning of year					<u>788,859</u>
Net assets at end of year					\$ <u><u>783,728</u></u>

SEE INDEPENDENT AUDITOR'S OPINIONS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
BALANCE SHEET
June 30, 2009

United State Department of
Housing and Urban Development
Programs

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>ASSETS</u>			
Current, unrestricted assets:			
Cash and cash equivalents	\$ 24,382		24,382
Accounts receivable, net	187		187
Inventory	15,557		15,557
Prepaid Insurance	6,414		6,414
Total unrestricted current assets	<u>46,540</u>		<u>46,540</u>
Current, restricted assets:			
Cash and cash equivalents:			
Tenant security deposits	6,426		6,426
Total current restricted assets	<u>6,426</u>		<u>6,426</u>
Total current assets	<u>52,966</u>		<u>52,966</u>
Capital assets:			
Land	14,400		14,400
Site Improvements	216,704		216,704
Buildings and building improvements	1,184,560		1,184,560
Furniture, fixtures and equipment	99,319		99,319
Total capital assets	<u>1,514,983</u>		<u>1,514,983</u>
Less accumulated depreciation	<u>(768,091)</u>		<u>(768,091)</u>
Net capital assets	<u>746,892</u>		<u>746,892</u>
Total assets and other debits	<u>\$ 799,858</u>		<u>799,858</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

EXHIBIT 3, continued

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
BALANCE SHEET, continued
June 30, 2009

United State Department of
Housing and Urban Development
Programs

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	\$ 4,239		4,239
Accrued salaries and benefits	1,104		1,104
Prepaid tenant rent			
Accrued compensated absences			
Insurance Contract payable	4,361		4,361
Total current liabilities payable from unrestricted assets	<u>9,704</u>		<u>9,704</u>
Current liabilities, payable from restricted assets:			
Tenant security deposits payable	6,426		6,426
Total current liabilities payable from restricted assets	<u>6,426</u>		<u>6,426</u>
Total current liabilities	<u>16,130</u>		<u>16,130</u>
Noncurrent liabilities:			
Accrued compensated absences, net of current portion			
Total liabilities	<u>16,130</u>		<u>16,130</u>
Net Assets:			
Invested in capital assets	746,892		746,892
Unrestricted	36,836		36,836
Total net assets	<u>783,728</u>		<u>783,728</u>
Total liabilities and equity	<u>\$ 799,858</u>		<u>799,858</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES AND
AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2009**

	United States Department of Housing and Urban Development Programs		
	Low Rent Housing	Capital Funds Programs	Totals
Operating revenues:			
Charges for services	\$ 97,616		97,616
Operating grants	85,317	10,653	95,970
	<u>182,933</u>	<u>10,653</u>	<u>193,586</u>
Operating expenses:			
Administrative	61,482	7,283	68,765
Utilities	39,804		39,804
Ordinary maintenance	84,189		84,189
General	8,163		8,163
Extraordinary maintenance		2,600	2,600
Depreciation	48,870		48,870
Total operating expenses	<u>242,508</u>	<u>9,883</u>	<u>252,391</u>
Net operating income (loss)	<u>(59,575)</u>	<u>770</u>	<u>(58,805)</u>
Nonoperating income (expenses):			
Capital grants		53,334	53,334
Interest income	340		340
Total nonoperating revenue (expenses)	<u>340</u>	<u>53,334</u>	<u>53,674</u>
Income (loss) before transfers	(59,235)	54,104	(5,131)
Transfers in	54,104		54,104
Transfers out		(54,104)	(54,104)
Change in net assets	(5,131)	0	(5,131)
Fund net assets, at beginning of year,	<u>788,859</u>		<u>788,859</u>
Fund net assets, at end of year	<u>\$ 783,728</u>	<u>0</u>	<u>783,728</u>

**SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements**

EXHIBIT 4

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009**

**United States Department of
Housing and Urban Development
Programs**

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
Cash flows from operating activities:			
Cash received from HUD for operating purposes	\$ 85,317	10,653	95,970
Cash received from tenants and others for charges	98,566		98,566
Cash payments to and on behalf of employees	(43,411)		(43,411)
Cash payments to vendors for goods and services	(160,738)	(9,883)	(170,621)
Net cash flows from operating activities	<u>(20,266)</u>	<u>770</u>	<u>(19,496)</u>
Cash flows from noncapital financing activities:			
Interprogram net transfers	<u>770</u>	<u>(770)</u>	
Net cash flows from noncapital financing activities	<u>770</u>	<u>(770)</u>	
Cash flows from capital and related financing activities:			
HUD contributions for capital acquisitions		53,334	53,334
Acquisition of capital assets	(4,858)	(53,334)	(58,192)
Net cash flows from capital and related financing activities	<u>(4,858)</u>		<u>(4,858)</u>
Cash flows from investing activities:			
Interest received	<u>340</u>		<u>340</u>
Net cash flows from investing activities	<u>340</u>		<u>340</u>
Net increase (decrease) in cash and cash equivalents	(24,014)		(24,014)
Cash and cash equivalents, at beginning of year	<u>54,822</u>		<u>54,822</u>
Cash and cash equivalents, end of year	<u>\$ 30,808</u>		<u>30,808</u>
Shown on Exhibit 3 as:			
Unrestricted cash and cash equivalents	\$ 24,382		24,382
Restricted cash and cash equivalents	<u>6,426</u>		<u>6,426</u>
	<u>\$ 30,808</u>		<u>30,808</u>
Noncash Capital and related financing activities:			
Transfer of capital assets	<u>\$ 53,334</u>	<u>(53,334)</u>	

**SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements**

EXHIBIT 5, continued

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS, continued
For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development Programs		
	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>Reconciliation Of Operating Income (loss) To Net Cash Flows From Operating Activities</u>			
Net operating income (loss)	\$ (59,575)	770	(58,805)
Adjustment to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	48,870		48,870
(Increase) decrease in assets:			
Account receivable	180		180
Bad debt expense			
Prepaid expenses	(6,414)		(6,414)
Inventory	(2,556)		(2,556)
Increase (decrease) in liabilities:			
Accounts payable	(4,476)		(4,476)
Insurance contract payable	4,361		4,361
Accrued salaries and benefits	30		30
Accrued compensated absences	(1,552)		(1,552)
Tenant security deposits	1,318		1,318
Tenant prepaid rent	(452)		(452)
Other current liabilities			
Cash flows from operating activities	<u>\$ (20,266)</u>	<u>770</u>	<u>(19,496)</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part Of These Financial Statements

EXHIBIT 5

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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NOTES TO FINANCIAL STATEMENTS
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STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. PROGRAM GOAL AND THE PHA

The primary goal of the Low Income Housing (LIH) program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Under this program, decent, safe and sanitary housing is made available to families having incomes lower than those serviced by most other housing subsidy programs. The LIH program is administered by Public Housing Agencies (PHA) which are organized and authorized in accordance with State Law to engage or assist in the development of operation of a LIH Program. The PHA is a local housing authority (LHA) governed by an elected (Village Council) board of directors who employ an administrative staff headed by an executive director.

The Housing Authority of the Village of Pecos, Village of Pecos, New Mexico was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD) in July 1970. The contract provided for low-rent housing units, the construction of which was financed by bonds guaranteed by the U.S. Government. The terms of the agreement provided that HUD shall provide annual contributions to cover the debt service on bonds used for the construction and subsidies for operations of the program. The Village of Pecos agreed to operate and maintain the Housing Authority in accordance with the requirements of HUD.

B. FINANCIAL REPORTING ENTITY

The Housing Authority of the Village of Pecos is a Department of the Village of Pecos, Pecos, New Mexico. The Department's basic financial statements include the accounts of all of its departmental operations. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. There were no component units of Housing Authority of the Village of Pecos during the year ended June 30, 2009.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

C. BASIS OF PRESENTATION

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The housing authority's funds are grouped into a single fund type (proprietary funds) and includes the following individual funds / projects:

Low Rent Housing Program:

PHA Code: NM054

Project No. NM054-001-08J/D

Capital Funds Program:

Project No. NM02P054501-07

D. BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The Housing Authority of the Village of Pecos does not have any governmental, internal service or fiduciary funds and is a single department of the Village of Pecos, New Mexico.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

D. BASIS OF ACCOUNTING, continued

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing.

Charges for services include rental and other charges to tenants. Operating grants and contributions and capital grants and contributions are amounts paid to the Housing Authority by HUD that are used for operations and capital activities.

E. FUND FINANCIAL STATEMENTS

Major individual proprietary funds are normally reported as separate columns in the fund financial statements. The Housing Authority of the Village of Pecos only had major funds, therefore each fund is presented in a separate column on the Statement of Revenues, Expenses and Changes in Fund Net Assets. The major enterprise funds are:

- Low Rent Housing Project (LRH)
- Capital Funds Program (CFP)

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. REVENUE RECOGNITION

The Low Rent Housing operating subsidy is recognized in the year approved by and received from, the U.S. Department of Housing and Urban Development. Reimbursements due from federally funded projects are accrued as revenue at the time the allowable expenditures are made, or when received in advance, deferred until expenditures are made.

Revenue from grants that are received for a restricted purpose are recognized when all of the requirements for expenditures have been met.

G. CASH AND CASH EQUIVALENTS

Amounts reflected as “cash and cash equivalents” on the Statement of Net Assets include amounts on hand and in demand deposits as well as short-term savings and investment accounts with maturity dates within three months of the date acquired by the Housing Authority.

H. INVENTORY

Inventory is reported in the Statement of Net Assets (department-wide statement) and balance sheet (fund financial statement) when purchased goods are not consumed during the current operating cycle and the consumable asset will benefit a future period. At June 30, 2009 inventory costs amounting to \$ 15,557 for propane delivered, but unused are reflected on the Statement of Net Assets.

I. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Infrastructure such as streets, traffic signals and signs are capitalized. The minimum capitalization threshold is any individual item with a total cost greater than \$ 5,000. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized.

The valuation bases for proprietary fund capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

I. CAPITAL ASSETS AND DEPRECIATION, continued

Donated capital assets are capitalized at estimated fair market value on the date donated.

There was no interest to capitalize on construction.

The Housing Authority does not develop "internal use" software. Rather, purchased software is depreciated over its expected useful life using the straight-line method.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Land / Site Improvements	15 - 20 yrs
Building and Building Improvements	15 - 40 yrs
Furniture, fixtures, and equipment	5 - 10 yrs

J. UNPAID COMPENSATED ABSENCES

Accrued compensated absences of the Proprietary funds are recorded on their Statement of Net Assets. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave and for sick pay for only those employees who will be paid for unused sick leave upon termination. As of June 30, 2009 there was no liability for compensated liabilities.

K. FASB PRONOUNCEMENTS - PROPRIETARY FUND ACCOUNTING

Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provided the Village the option of electing to apply FASB pronouncements issued after November 30, 1989. The Village has elected not to apply FASB pronouncements issued after November 30, 1989.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

L. OPERATING REVENUES AND EXPENSES

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

M. INTERFUND ACTIVITIES

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Interfund receivables/payables, if any, are eliminated from the Statement of Net Assets and interfund transfers are eliminated from the Statement of Activities.

At June 30, 2009 there were no interfund receivables/payables in the proprietary fund financial statements.

A schedule of transfers during the year ended June 30, 2009 is presented in Note 3.

N. EXPENDITURES OF RESTRICTED SOURCES

It is the Housing Authority's policy to expend restricted sources prior to unrestricted sources when both sources are available for expenditure.

O. MANAGEMENT ESTIMATES AND ASSUMPTIONS

The accompanying financial statements include estimates and assumptions by management that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

P. EQUITY CLASSIFICATIONS

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt:
This account represents the total of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets:
Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. There weren't any restricted net assets at June 30, 2009.
- c. Unrestricted net assets:
All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Q. OTHER POLICIES

GASB continues to issue Statements that may or may not have a bearing on the accounting and financial reporting of individual governments. The following recap of recently issued GASB Statements shows their applicability or non-applicability to Housing Authority of the Village of Pecos.

GASB Statement No. 50 *Pension Disclosures* effective for periods beginning after June 15, 2007 (FY '08). (Not applicable to Pecos Housing Authority as employees are not covered by a pension plan (Part-Time employees only).

GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* effective for periods beginning after June 15, 2009 (FY 10) (Applicable to Housing Authority beginning July 1, 2009 should the Housing Authority have, purchase or acquire any intangible assets)

GASB Statement No. 52 *Land and Other Real Estate Held as Investments by Endowments* effective for financial statements for periods beginning after June 15, 2008 (FY 09) (Not applicable to Housing Authority as Housing Authority does not have an endowment fund nor hold Real Estate as an investment).

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

Q. OTHER POLICIES, continued

GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* issued June 2008 effective for periods beginning after June 15, 2009 (FY 2010) (Not applicable to Housing Authority as Housing Authority did not enter into any derivative instruments as defined in the Statement).

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* issued February 2009 effective for periods beginning after June 2010 (FY2011) (Not applicable to Housing Authority as Housing Authority does not have Government Fund Type funds).

GASB Statement No. 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* issued March 2009 effective immediately (March 2009) (Applicable to Housing Authority as it establishes the hierarchy of Generally Accepted Accounting Principles for State and Local Governments in a GASB document). This pronouncement should not result in a change from current practice.

GASB Statement No. 56 *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* issued March 2009 effective immediately (March 2009) (Applicable to Housing Authority as it establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations that were previously in authoritative literature). This pronouncement should not result in a change from current practice.

GASB Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* issued December 2009 effective immediately as it relates to the alternative measurement method. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in Other Post Employee Benefit (OPEB) plan financial statements for periods beginning after June 15, 2010. (Not applicable to Housing Authority)

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HOUSING AUTHORITY OF THE VILLAGE OF PECOS
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

Q. OTHER POLICIES, continued

GASB Statement No. 58 *Accounting and Financial Reporting for Chapter 9 Bankruptcies* issued December 2009 effective for reporting periods beginning after June 15, 2009 (FY 2010) (Applicable to Housing Authority if the Housing Authority seeks protection from creditors under Chapter 9 of the U.S. bankruptcy Code at some future date).

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a federally funded Housing Authority, the Housing Authority of the Village of Pecos is subject to various federal and contractual regulations. An analysis of the Housing Authority's compliance with significant laws and regulations and demonstration of its stewardship over its resources follows:

A. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS

The Housing Authority of the Village of Pecos is authorized under its investment policy to deposit its money in banks, savings and loan associations, and/or credit unions where accounts are insured by an agency of the United States.

All monies not immediately necessary for the public uses of the Housing Authority may be invested in:

1. Fully collateralized certificates of deposit that are also FDIC insured.
2. Securities of the United States, its agencies or instrumentalities
3. Securities of the State of New Mexico, its agencies, instrumentalities, counties, municipalities, or other subdivisions
4. Securities, including student loans that are guaranteed by the United States or the State of New Mexico
5. Revenue bonds that are under written by a member of the National Association of Securities Dealers, (NASD) and rated BAA or better.

The maximum authorized maturity for these securities will be one year or less.

During the year ended June 30, 2009 the Housing Authority of the Village of Pecos had complied with its investment policy and all deposits were insured.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

B. REVENUE RESTRICTIONS

The Housing Authority has various restrictions placed over its revenue sources by the U.S. Housing and Urban Development Department. The primary restricted revenue sources include:

<u>Revenue Source:</u>	<u>Legal Restrictions of Use</u>
Low Rent Housing Program: LRH Operating subsidy and tenant rental income	Funds are available to achieve and maintain adequate operating and maintenance services and reserves.
Public Housing Capital Fund: Federal (HUD) grant	Funds available to public housing agencies to carry out capital and management improvement activities.

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

A. CASH AND INVESTMENTS

The Housing Authority's policies regarding deposits of cash are discussed in notes 1G and 2A. The Housing Authority attempts to limit its exposure to various risks inherent to its cash and investments as follows:

Interest rate risk – The Housing Authority attempts to maximize its rate of return while insuring that the investment vehicle is either fully insured or fully collateralized by investments of the Federal Government. During the year ended June 30, 2009 the Housing Authority had not made any investments and retained its accounts with a local bank in checking and savings accounts.

Credit risk – State law limits the types of investments allowed by the Housing Authority (See Note 2A). As stated above, the Housing Authority complied with the restrictions imposed by the State of New Mexico in an effort to limit its credit risk.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

A. CASH AND INVESTMENTS, continued

Concentration of credit risk – During the year ended June 30, 2009 the Housing Authority limited its concentration of credit risk by depositing its funds in a local bank where its accounts were fully insured.

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it. In order to limit this exposure, the Housing Authority deposits its funds in a local bank and monitors the bank’s collateralization of its deposits. At June 30, 2009, none of the Housing Authority’s deposits of \$ 85,317 were subject to custodial credit risk because they were fully insured.

Custodial credit risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority did not have any custodial credit risk – Investments.

B. RESTRICTED ASSETS

The amounts reported as restricted cash and cash equivalents are amounts held for customer rent and pet deposits.

C. ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of unpaid tenant charges for rent and related charges and is net of an allowance for doubtful accounts of \$ 200.

D. TRANSFERS

During the year ended June 30, 2009 the Capital Funds Project (CFP) transferred \$770 to the Low Rent Housing Project (LRH) for operating costs. In addition, capital assets with a cost of \$53,334 were also transferred to LRH from CFP.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Low Rent Housing:				
Assets not being depreciated				
Land	\$ <u>14,400</u>	<u> </u>	<u> </u>	<u>14,400</u>
Assets being depreciated				
Land/Site Improvements	167,858	48,846		216,704
Building and building improvements	1,178,857	5,703		1,184,560
Machinery and equipment	<u>95,675</u>	<u>3,644</u>		<u>99,319</u>
Sub-total	<u>1,456,790</u>	<u>58,192</u>		<u>1,514,983</u>
Less accumulated depreciation:				
Land/Site Improvements	67,859	9,588		77,447
Building and building improvements	576,312	32,071		608,383
Machinery and equipment	<u>75,050</u>	<u>7,210</u>		<u>82,261</u>
Sub-total	<u>719,221</u>	<u>(48,869)</u>		<u>(768,091)</u>
Net capital assets	\$ <u>737,569</u>	<u>(9,323)</u>	<u> </u>	<u>746,892</u>
Capital Funds Program:				
Machinery and equipment	\$ <u> </u>	<u>0.00</u>	<u>0.00</u>	<u> </u>
Net capital assets	\$ <u> </u>	<u>0.00</u>	<u>0.00</u>	<u> </u>

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

4. OTHER NOTES

A. ANNUAL AND SICK LEAVE

Housing Authority staff are entitled to annual leave and sick leave in accordance with the following schedule per pay period:

	<u>Annual Leave</u>	<u>Sick Leave</u>
Executive Director	1.92 hours	1.92 hours
Executive Secretary	1.54 hours	1.54 hours

B. ECONOMIC DEPENDENCY

All revenues of the Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Authority's continued compliance with grant provisions and the continuance of the grant programs by the United States Department of Housing and Urban Development.

C. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of property, injury to staff or others, errors and omissions and natural disasters. The housing authority insures itself against these losses through commercial insurance carriers.

The New Mexico Tort Claims Act limits the housing authority's risk for torts.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

4. OTHER NOTES, continued

D. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

E. DISCLOSURE OF RELATED PARTY TRANSACTION

Pecos Housing Authority, with Mayor approval, purchased a 1995 Chevy 4X4 on April 4, 2009 from Valenzuela's Inc. This purchase was in the amount of \$2,600 which is below Blue Book Value and the allotted amount given to acquire a vehicle to be used by maintenance for operations. The party, in which the truck was purchased, is a family member, of the Executive Director. This vehicle was purchased and paid in full; there is no further pending contract with seller.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS/ENTERPRISE FUNDS
LOW RENT HOUSING
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Final	Budget	
Revenues:					
Intergovernmental - Federal	\$ 89,000	86,000	85,317	(3,000)	(683)
Charges for services	97,010	95,810	97,616	(1,200)	1,806
Interest	700	700	340		(360)
	<u>186,710</u>	<u>182,510</u>	<u>183,273</u>	<u>(4,200)</u>	<u>763</u>
Expenses:					
Current:					
Housing expenses:					
Administration	65,000	71,900	61,482	(6,900)	10,418
Utilities	44,880	48,760	39,804	(3,880)	8,956
Maintenance	65,000	84,000	84,189	(19,000)	(189)
General	19,810	17,230	8,163	2,580	9,067
	<u>194,690</u>	<u>221,890</u>	<u>193,638</u>	<u>(27,200)</u>	<u>28,252</u>
Revenues over (under) expenses	(7,980)	(39,380)	(10,365)	(31,400)	29,015
Other financing sources (uses):					
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>770</u>		<u>(9,230)</u>
	<u>\$ 2,020</u>	<u>(29,380)</u>	<u>(9,595)</u>	<u>(31,400)</u>	<u>19,785</u>

Budgetary Notation: Cash appropriated from
prior year for current year expenditure \$ (29,380)

Reconciliation to GAAP Basis Statement:

Non-budgeted income/expense:

Capital assets transferred in	53,334
Depreciation	<u>(48,870)</u>
Change in net assets	<u>\$ (5,131)</u>

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATEMENT 1

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
PROPRIETARY FUNDS/ENTERPRISE FUNDS
CAPITAL FUNDS PROGRAMS
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Final	Budget	
Revenues:					
Operating grants	\$ 7,556	7,556	10,653		3,097
Capital grants	56,430	56,430	53,334		(3,096)
	<u>63,986</u>	<u>63,986</u>	<u>63,987</u>		<u>1</u>
Expenses:					
Current:					
Housing expenses:					
Administration	7,282	7,282	7,283		(1)
Extraordinary maintenance			2,600		(2,600)
Non-current:					
Capital Outlay	56,430	56,430			56,430
	<u>63,712</u>	<u>63,712</u>	<u>9,883</u>		<u>53,829</u>
Revenues over (under) expenses	274	274	54,104		53,830
Other financing sources (uses):					
Transfers out	(274)	(274)	(770)		(496)
	<u>\$</u>	<u></u>	<u>53,334</u>	<u></u>	<u>53,334</u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Capital assets transferred (out)			(53,334)		
Change in net assets			\$		

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATEMENT 2

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS)
PECOS, NEW MEXICO
SCHEDULE OF BANK DEPOSITORIES
JUNE 30, 2009

<u>Bank Name</u>	<u>Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Other Adjustments</u>	<u>Book Balance</u>
Bank of Las Vegas:							
	Pecos Housing Authority	1	\$ 12,435		(957)		11,477
	Pecos Housing Authority	1	1				1
	Pecos Housing Authority	1	6,426				6,426
	Pecos Housing Authority	2	12,854				12,854
	Total with financial institutions		\$ <u>31,716</u>		<u>(957)</u>		30,758
	Cash on hand						<u>50</u>
	Grand total cash and cash equivalents					\$	<u><u>30,808</u></u>

Shown on Statement of Net Assets as:							
	Cash and cash equivalents					\$	24,382
	Temporary restricted assets						<u>6,426</u>
	Cash and cash equivalents					\$	<u><u>30,808</u></u>

Account Types:

- 1 Demand Deposits
- 2 Money Market Account

SEE INDEPENDENT AUDITOR'S REPORTS
The Accompanying Notes Are An Integral Part of These Financial Statements

SCHEDULE 1

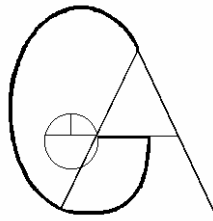
STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
FINANCIAL DATA SCHEDULE
June 30, 2009

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
ASSETS:				
111	Cash - Unrestricted	24,382		24,382
114	Cash - Tenant Security Deposits	6,426		6,426
100	Total Cash	<u>30,808</u>		<u>30,808</u>
126	Accounts Receivable - Tenants - Dwelling Rents	387		387
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(200)		(200)
120	Total Receivables, net of allowances for doubtful accounts	<u>187</u>		<u>187</u>
131	Investments - Unrestricted			
142	Prepaid Expenses and Other Assets	21,971		21,971
150	Total Current Assets	<u>52,966</u>		<u>52,966</u>
161	Land	14,400		14,400
162	Buildings	1,184,560		1,184,560
163	Furniture, Equipment & Machinery - Dwelling	52,562		52,562
164	Furniture, Equipment & Machinery - Administration	46,757		46,757
165	Leasehold Improvements	216,704		216,704
166	Accumulated Depreciation	(768,091)		(768,091)
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>746,892</u>		<u>746,892</u>
180	Total Non-Current Assets	<u>746,892</u>		<u>746,892</u>
190	Total Assets	<u>799,858</u>		<u>799,858</u>
LIABILITIES:				
312	Accounts payable < 90 days	4,239		4,239
321	Accrued wage/payroll taxes payable	1,104		1,104
341	Tenant Security Deposits	6,426		6,426
345	Other Current Liabilities	4,361		4,361
310	Total Current Liabilities	<u>16,130</u>		<u>16,130</u>
354	Accrued Compensated Absences - Noncurrent			
350	Total Noncurrent Liabilities			
300	Total Liabilities	<u>16,130</u>		<u>16,130</u>
508	Total Contributed Capital			
508.1	Invested in Capital Assets, Net of Related Debt	746,892		746,892
511	Total Reserved Fund Balance			
511.1	Restricted Net Assets			
512.1	Unrestricted Net Assets	36,836		36,836
513	Total Equity/Net Assets	<u>783,728</u>		<u>783,728</u>
600	Total Liabilities and Equity/Net Assets	<u>799,858</u>		<u>799,858</u>

STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
FINANCIAL DATA SCHEDULE
June 30, 2009

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
REVENUE:				
703	Net Tenant Rental Revenue	97,616		97,616
705	Total Tenant Revenue	97,616		97,616
706	HUD PHA Operating Grants	85,317	10,653	95,970
706.1	Capital Grants		53,334	53,334
711	Investment Income - Unrestricted	340		340
700	Total Revenue	183,273	63,987	247,260
EXPENSES:				
911	Administrative Salaries	36,297	7,283	43,580
912	Auditing Fees	377		377
915	Employee Benefit Contributions - Administrative	3,182		3,182
916	Office Expense	19,216		19,216
931	Water	9,108		9,108
932	Electricity	4,365		4,365
933	Gas	19,678		19,678
938	Other Utilities Expense	6,653		6,653
942	Ordinary Maintenance and Operations - Materials and Other	29,852		29,852
943	Ordinary Maintenance and Operations - Contract Costs	54,337		54,337
961	Insurance Premiums	6,747		6,747
962	Other General Expenses	1,319		1,319
962.1	Compensated Absences	2,410		2,410
964	Bad Debt - Tenant Rents	97		97
969	Total Operating Expenses	193,638	7,283	200,921
970	Excess Operating Revenue over Operating Expenses	(10,365)	56,704	46,339
971	Extraordinary Maintenance		2,600	2,600
974	Depreciation Expenses	48,870		48,870
900	Total Expenses	242,508	9,883	252,391
OTHER FINANCING SOURCES (USES):				
1001	Operating Transfers In	54,104		54,104
1002	Operating Transfers Out		(54,104)	(54,104)
1010	Total Other Financing Sources (Uses)	54,104	(54,104)	
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(5,131)		(5,131)
1102	Debt Principal Payments - Enterprise Funds			
1103	Beginning Equity	788,859		788,859
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors			
1120	Unit Months Available	372		
1121	Number of Unit Months Leased	360		

COMPLIANCE SECTION



Gary E. Gaylord, C.P.A.

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**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
Tony Jose Roybal, Mayor
And Board of Trustees
Housing Authority of the Village of Pecos
Village of Pecos, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

I have audited the financial statements of the business type activities, each major fund, and the budgetary comparisons for each major fund presented as supplemental information of the Housing Authority of the Village of Pecos, New Mexico (Housing Authority) (a Department of the Village of Pecos, New Mexico) as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents and have issued my report thereon dated May 27, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

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 entity'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 the Housing

**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, continued**

Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

01-04	Late Audit Report
09-02	Payment for Vacation and Sick Leave
09-03	Propane Deliveries and Consumption Schedules

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 Housing Authority's internal control.

My 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 and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Village of Pecos, New Mexico's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Schedule of Findings and Responses* as items:

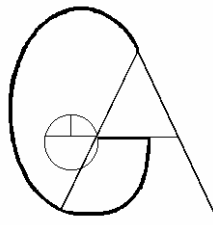
01-04	Late Audit report
09-01	Late Filing with REAC
09-02	Payment for Vacation and Sick Leave
09-03	Propane Deliveries and Consumption Schedules

The Housing Authority's responses to the findings identified in my audit are described in the accompanying *Schedule of Findings and Responses*. I did not audit the Housing Authority's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Office of the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration – Local Government Division, Mayor, Board of Trustees, management, others within the organization, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties



May 27, 2010



Gary E. Gaylord, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

Hector H. Balderas, State Auditor
Tony Jose Roybal, Mayor
And Board of Trustees
Housing Authority of the Village of Pecos
Village of Pecos, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

My report on the audit of the basic financial statements of the Housing Authority of the Village of Pecos, Village of Pecos, New Mexico, (Housing Authority) (a Department of the Village of Pecos, New Mexico), for the year ended June 30, 2009 appears on pages 4 and 5. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Financial Data Schedule (FDS) submitted electronically to United States Department of Housing and Urban Development Real Estate Assessment Center (HUD/REAC) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The FDS has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, presents fairly, in all material respects, the financial position of the Housing Authority of the Village of Pecos as of June 30, 2009, and the results of its operations for the year then ended in conformity with the accounting practices prescribed or permitted by HUD/REAC.

May 27, 2010

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ending June 30, 2009**

PRIOR YEAR FINDINGS

STATUS

01-04	Late Audit report	Repeated
08-01	Over Expenditure of Budget	Resolved

CURRENT YEAR FINDINGS

01-04	Late Audit report
09-01	Late Filing with REAC
09-02	Payment for Vacation and Sick Leave
09-03	Propane Deliveries and Consumption Schedules

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

01-04 Late Audit Report

Condition:

The New Mexico State Auditor required the audit to be completed and submitted to his office by December 1, 2009. The report is past due. The report was submitted to the Office of the State Auditor for review on May 28, 2010.

Criteria:

The State Auditor Rule 2.2.2.9 A. (1) (d) establishes the due date of December 1 for audit reports for Municipalities, Special Districts, and Local Work Force Investment Boards. Since the Housing Authority of the Village of Pecos is a department of the Village of Pecos the due date for the audit report of the Housing Authority is also December 1.

Effect:

State Auditor Rule 2.2.2.9 A. (1) (d) deadline has not been met. As a result, the Village of Pecos' audit report could not have been submitted in a timely manner had the auditors' of the Village been ready to submit their report.

Cause:

The Housing Authority was unable to obtain an auditor in a timely manner due to date of request. The auditor chosen did not receive the signed contract from the Office of the State Auditor until after it was approved on February 19, 2009. After the audit field work was completed on February 28, 2009 additional time was required by the auditor to address certain problems noted during the audit. The auditors met with personnel at the HUD office in Albuquerque and with State Auditor personnel in Santa Fe. Delays were also experienced while drafting the report and scheduling an exit conference and for the fee accountant to approve the audit adjustments and prepare the MD&A.

Recommendation:

Contracting for audit services should be made one of the top priorities of management.

Agency Response:

So as to prevent these issues from the future effective FY-09 all RFP request have been extended to no less than a two year contract at each interval –

Our major concern is that there are not enough qualified Auditors available with in the State Auditors Web Site.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-01 Late Filing with REAC

Condition:

The FDS submission to HUD/REAC was not made in a timely manner, as required by 24 CFR part 5, Subpart H (Uniform Financial Reporting Standards).

Criteria:

Audited financial statements are required to be submitted electronically through the internet, or in such other electronic format designated by HUD, or in such non-electronic format as HUD may allow, to HUD/REAC no later than 9 (nine) months after the PHA's fiscal year end.

Effect:

The Housing Authority may be designated as a troubled housing authority by HUD.

Cause:

All parties involved in the audit contracting process acted untimely and were busy with other commitments.

Recommendation:

Contracting for audit services and the required filing with HUD/REAC should be made one of the top priorities of management.

Agency Response:

- All filing for REAC will be conducted in a timely manner effective immediately – Due to a two or three year contract thus eliminating the need to invest the time to solicit for a RFP -
- Effective FY-09 all RFP have been extended to no less than a two year contract at each interval –
- We send our RFP to every office listed within the State Auditors Web site. And even then our RFP's generate very little interest with in the State of New Mexico

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-02 Payment for Vacation and Sick Leave

Condition:

Problems were noted in regard to the handling of compensated absences, sick leave and annual leave. Housing Authority employees requested, and were granted, payments for annual and sick leave in advance of these amounts being earned. Because advance payments were allowed, negative balances of 24.98 annual leave for the Executive Director; 13.96 annual leave and 7.80 sick leave for the Executive Secretary, were reflected in the payroll records of the Housing Authority at June 30, 2009. Overtime hours (hours worked in excess of 20 hours per week - - the normal work week for employees) were paid at 1 ½ times normal hourly rates.

Criteria:

Fair Labor Standards Act (FLSA) requires employees and commissioned employees to abide by each Entity's Personnel Handbook for usage of annual and sick leave.

Housing Authority's Personnel Policies (para.13) state "Overtime is to be compensated for hours worked in excess of the standard work week by equivalent paid time off during regular working hours in the three (3) calendar months following the overtime work".

Housing Authority Personnel Policies (para.29) state "Emergency leave with pay may be granted for periods of time in case of serious illness in the immediate family...includes a spouse, son, daughter, mother, father, brother, sister, parent-in-law or other blood relatives living under the same roof...A maximum of three (3) days emergency leave may be granted in case of death..."

Housing Authority Personnel Policies (para.30) states "Sick leave may be granted only for absence from duty...In case of extended illness in excess of the accumulated sick leave, annual leave may be applied to sick leave. Sick leave in excess of three (3) days must be supported by a certificate from licensed physician".

Effect:

The Housing Authority did not follow their Personnel Policies.

Cause:

Misunderstanding of the Personnel Policies.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-02 Payment for Vacation and Sick Leave, continued

Recommendation:

The Housing Authority needs to follow and adhere to Personnel Policies. The Personnel Policies may need to be reviewed and changed to reflect what is allowed under current practice permitted by the Board.

Agency Response:

Reference the PERSONNEL POLICIES signed Sept. 27, 1993

No. 1) The Personnel Policies of the Housing Authority of the Village of Pecos that we are and have been using since we started here in 2001 were signed on September 27, 1993 – The Rules and regulations with in this Policy have never been questioned or brought up in the past five Audits leading us to believe we were in compliance -

No. 2) As for my response and procedures utilized by the Executive Director and the Executive Secretary: PERSONNEL POLICIES - Ref;1) The Executive Director shall interpret and enforce these rules and SHALL from time to time recommend to the governing body such revision as deemed necessary

No. 3 (Sec. 13) OVERTIME COMPENSATION: All regular and part time employees shall be compensated for hours worked in excess of the standard work week by equivalent paid time off during regular working hours in the three (3) calendar months following the overtime work. The Department Head shall keep an accurate record of overtime worked and shall approve the use of compensation time off at times least disruptive to the efficient operation of the department. It shall be the joint responsibility of the Department Head and the employee to arrange that such earned time off is taken –

Due to the heightened level of responsibilities in our operation in comparison to 1993 I can not imagine being scheduled for leave week after week. The normal work week of 20 hours generates far to many additional hours under normal circumstances –

To simply accumulate these hours and have the Secretary and or the Executive Director take time off as time allows would have this Administration Office closed far to long and cause very unscheduled hardship on the Pecos Housing Authority Operation and the needs of the tenants.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-02 Payment for Vacation and Sick Leave, continued

Agency Response, continued:

The Department head has maintained meticulous records of time used or accumulated and most importantly transparently worked closely with the Mayor and the Chairperson through written agreements / contracts and with signature of approval for all excess Annual or Sick Leave used –

Ref: Section 1, The Executive Director shall interpret and enforce these Rules and Policies and shall from time to time recommend to the governing body such revisions as deemed necessary.

In addition as supportive evidence for our action being in good faith I refer to Section 28: PAID and unpaid hours of leave of absence: an employee may request either a paid or unpaid absence from duty for any variety of reasons described in the subsequent sections. To be counted as leaves rather than AWOL, the absence must be approved by the Department Head and in some cases by the governing body as well. Unapproved absences are cause for discipline.

Any changes such as a request for Emergency Leave was extremely transparent as in the format was brought to the attention, approved and signed by the Chairperson and the Mayor of the Village of Pecos, New Mexico. Every hour of leave is recorded and approved and on file and not one hour between the two employees was ever left unpaid –

No. 4) The duties and responsibilities of the Executive Secretary and the Executive Director has risen far beyond the responsibilities of 1993 –

In the area of accumulating time off in lieu of over time would leave this office in turmoil more often than not to the point of unacceptable performance for the administration responsibilities.

No. 5) I have been in the process of changing the Personnel Policies but have not completed it to date. I hope to have a NEW Personnel Policy for the Board to review and approve by the beginning of the new FY- effective July 01, 2010.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-03 Propane Deliveries and Consumption Schedules

Condition:

The Housing Authority maintains records that track the purchases and consumption of propane. Because purchases of propane are measured in liquid gallons and consumption is measured in gaseous 100 cubic feet (ccf) and because the conversion of liquid gallons to ccf can be affected significantly by various other factors, auditors were unable to determine that the propane purchase was consumed properly. The Auditor met with HUD and The State Auditors Offices for review of propane schedules in question, with no resolution.

Criteria:

Propane purchased by the Housing Authority is to be used to satisfy a legitimate Housing Authority need.

Effect:

The possibility exists that propane purchases were greater than the amounts needed by the Housing Authority.

Cause:

Currently the cause is inconclusive, due to not being able to determine if propane is being delivered properly and/or if the consumption figures can be converted properly to match the delivery measurements.

Recommendation:

If possible, someone with expertise in propane delivery and consumption calculation should investigate this further.

Agency Response:

Once again this issue had never been brought up in this manner since 2001 –

We are currently working with all resources so as to insure that we are reading our meters correctly and using any factor necessary to insure that the tenants are be charged correctly –

Any finding will be implemented immediately with Policy from the Board for future reference.

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-03 Propane Deliveries and Consumption Schedules, continued

Agency Response, continued:

Internal findings per our research -

The propane is delivered in Gallons of liquid and or a GAS vapor –

As an example of our finding we proved that in a two week period during the very warm season our Main tank serviced 32 homes for two weeks and yet according to the Master Gauge we had used not one gallon -

The Housing Authority uses individual Gas Meters converted for Propane –

These meters for each unit are read per the reading on the gauge or dial and simply minus from the previous reading to establish what the tenant may have used or owe –

We have learned that these figures or readings from a Propane Gas Meter are not the same in any way as the propane volume going into a tank –

i.e. a Gallon of propane from a Unit meter is actually a Cubic Foot of Gas and not a gallon. This Cu. Ft. of Propane needs to be divided by 44 to establish a Gallon reading.

With this minimal knowledge anyone can see that we have some work to do to insure that what we receive from a transporter and what we read from tenants meters must be calculated correctly.

I am saddened that this issue was not brought to my attention was not brought up by the Auditor as early as 2001 – I can only imagine how much propane we could have saved by charging the tenants correctly -

**STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
EXIT CONFERENCE
For the Year Ended June 30, 2009**

Preparation of Financial Statements:

The Housing Authority of the Village of Pecos is responsible for the form and content of the accompanying financial statements which have been prepared by Gary E. Gaylord, Ltd.

Exit Conference

On May 27, 2010, an exit conference was held at the offices of the Village of Pecos. In attendance were the following:

Representing the Housing Authority of the Village of Pecos:

Florencio Varela	Chairperson
Ricardo Valenzuela	Executive Director
Rose M. A. Petry	Executive Secretary

Representing Gary E. Gaylord, Ltd:

Gary E. Gaylord, CPA	Auditor-in-Charge
Sunraina S. Carrillo	Assistant Auditor