

HOUSING AUTHORITY OF THE VILLAGE OF PECOS

VILLAGE OF PECOS, NEW MEXICO

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For the Year Ended June 30, 2011

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, 2011**

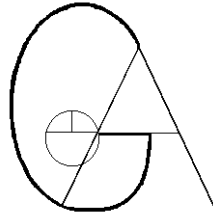
Mayor and Board of Trustees

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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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, 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, I express no such opinion. 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, 2011, 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, 2011, 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, 2011 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 November 21, 2011, 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 Pecos Housing Authority has not presented the *Management's Discussion and Analysis (M. D. & A.)* that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

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
November 21, 2011

**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, 2011**

	<u>Business Type Activities</u>
ASSETS	
Cash and cash equivalents	\$ 17,885
Due from grantor	16,774
Accounts receivable, net of allowance for doubtful accounts of \$ -0-	134
Inventory	19,631
Prepaid Insurance and other deferred charges	5,654
Temporary restricted Assets:	
Cash and cash equivalents	7,652
Capital assets not being depreciated:	
Land	14,400
Construction work in progress	13,000
Capital assets net of accumulated depreciation:	
Buildings and improvements	550,521
Leasehold improvements	119,161
Machinery and equipment	12,418
Total assets	<u>777,230</u>
LIABILITIES	
Accounts payable	31,576
Accrued salaries and benefits	2,515
Insurance Contract payable	4,192
Accrued compensated absences	782
Other liabilities	104
Security deposits	7,652
Total liabilities	<u>46,821</u>
NET ASSETS	
Net assets invested in capital assets	709,500
Unrestricted	20,909
Total net assets	<u>\$ 730,409</u>

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

EXHIBIT 1

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, 2011

Function/Programs	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
Business-type activities:				
Housing Services	\$ 254,236	111,669	110,325	(32,242)
	<u>254,236</u>	<u>111,669</u>	<u>110,325</u>	<u>(32,242)</u>
General revenues:				
Interest on investments				<u>6</u>
Change in net assets				(32,236)
Net assets at beginning of year				<u>762,645</u>
Net assets at end of year				<u>\$ 730,409</u>

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

EXHIBIT 2

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, 2011

	United State Department of Housing and Urban Development Programs		
	Low Rent Housing	Capital Funds Programs	Totals
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Current, unrestricted assets:			
Cash and cash equivalents	\$ 17,885		17,885
Due from grantor	16,774		16,774
Accounts receivable, net	134		134
Inventory	19,631		19,631
Prepaid Insurance and other deferred charges	5,654		5,654
Total unrestricted current assets	<u>60,078</u>		<u>60,078</u>
Current, restricted assets:			
Cash and cash equivalents:			
Tenant security deposits	7,652		7,652
Total current restricted assets	<u>7,652</u>		<u>7,652</u>
Total current assets	<u>67,730</u>		<u>67,730</u>
Capital assets:			
Capital assets not being depreciated:			
Land	14,400		14,400
Construction work in progress	13,000		13,000
Capital assets, net of accumulated depreciation:			
Site Improvements	119,161		119,161
Buildings and building improvements	550,521		550,521
Furniture, fixtures and equipment	12,418		12,418
Total assets and other debits	<u>\$ 777,230</u>		<u>777,230</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, 2011

	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	\$ 31,576		31,576
Accrued salaries and benefits	2,515		2,515
Accrued compensated absences	782		782
Insurance Contract payable	4,192		4,192
Other liabilities	104		104
Total current liabilities payable from unrestricted assets	<u>39,169</u>		<u>39,169</u>
Current liabilities, payable from restricted assets:			
Tenant security deposits payable	7,652		7,652
Total current liabilities payable from restricted assets	<u>7,652</u>		<u>7,652</u>
Total current liabilities	<u>46,821</u>		<u>46,821</u>
Total liabilities	<u>46,821</u>		<u>46,821</u>
Net Assets:			
Invested in capital assets	709,500		709,500
Unrestricted	20,909		20,909
Total net assets	<u>730,409</u>		<u>730,409</u>
Total liabilities and equity	<u>\$ 777,230</u>		<u>777,230</u>

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

EXHIBIT 3

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, 2011

	United States Department of Housing and Urban Development Programs		Totals
	Low Rent Housing	Capital Funds Programs	
Operating revenues:			
Charges for services	\$ 111,669		111,669
Operating grants	74,983	35,342	110,325
	<u>186,652</u>	<u>35,342</u>	<u>221,994</u>
Operating expenses:			
Administrative	63,371	3,092	66,463
Utilities	45,606		45,606
Ordinary maintenance	66,107		66,107
General	11,911		11,911
Extraordinary maintenance		11,939	11,939
Depreciation	52,210		52,210
Total operating expenses	<u>239,205</u>	<u>15,031</u>	<u>254,236</u>
Net operating income (loss)	<u>(52,553)</u>	<u>20,311</u>	<u>(32,242)</u>
Nonoperating income (expenses):			
Capital grants			
Interest income	6		6
Total nonoperating revenue (expenses)	<u>6</u>		<u>6</u>
Income (loss) before transfers	(52,547)	20,311	(32,236)
Transfers in	20,311		20,311
Transfers out		(20,311)	(20,311)
Change in net assets	(32,236)		(32,236)
Fund net assets, at beginning of year,	<u>762,645</u>		<u>762,645</u>
Fund net assets, at end of year	<u>\$ 730,409</u>		<u>730,409</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, 2011

	United States Department of Housing and Urban Development Programs		Totals
	Low Rent Housing	Capital Funds Programs	
Cash flows from operating activities:			
Cash received from HUD for operating purposes	\$ 74,983	18,568	93,551
Cash received from tenants and others for charges	112,696		112,696
Cash payments to and on behalf of employees	(73,567)		(73,567)
Cash payments to vendors for goods and services	(116,558)	1,743	(114,815)
Net cash flows from operating activities	<u>(2,446)</u>	<u>20,311</u>	<u>17,865</u>
Cash flows from noncapital financing activities:			
Interprogram net transfers	20,311	(20,311)	
Net cash flows from noncapital financing activities	<u>20,311</u>	<u>(20,311)</u>	
Cash flows from capital and related financing activities:			
HUD contributions for capital acquisitions			
Acquisition of capital assets	(13,000)		(13,000)
Net cash flows from capital and related financing activities	<u>(13,000)</u>		<u>(13,000)</u>
Cash flows from investing activities:			
Interest received	6		6
Net cash flows from investing activities	<u>6</u>		<u>6</u>
Net increase (decrease) in cash and cash equivalents	4,871		4,871
Cash and cash equivalents, at beginning of year	<u>20,666</u>		<u>20,666</u>
Cash and cash equivalents, end of year	<u>\$ 25,537</u>		<u>25,537</u>
Shown on Exhibit 3 as:			
Unrestricted cash and cash equivalents	\$ 17,885		17,885
Restricted cash and cash equivalents	<u>7,652</u>		<u>7,652</u>
	<u>\$ 25,537</u>		<u>25,537</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, 2011

	United States Department of Housing and Urban Development Programs		Totals
	Low Rent Housing	Capital Funds Programs	
<u>Reconciliation Of Operating Income (loss) To Net Cash Flows From Operating Activities</u>			
Net operating income (loss)	\$ (52,553)	20,311	(32,242)
Adjustment to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	52,210		52,210
Decrease in allowance for doubtful accounts	(200)		(200)
(Increase) decrease in assets:			
Account receivable	125		125
Prepaid expenses and other assets	49		49
Inventory	(8,533)		(8,533)
Increase (decrease) in liabilities:			
Accounts payable	5,704		5,704
Insurance contract payable	685		685
Accrued salaries and benefits	(1,489)		(1,489)
Accrued compensated absences	351		351
Tenant security deposits	1,101		1,101
Other current liabilities	104		104
Cash flows from operating activities	<u>\$ (2,446)</u>	<u>20,311</u>	<u>17,865</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, 2011

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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, 2011**

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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, 2011

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 as amended by GASB #39. There were no component units of Housing Authority of the Village of Pecos during the year ended June 30, 2011.

**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, 2011**

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. NM054-00000110D

Project No. NM054-00000111D

Capital Funds Program:

Project No. NM02P054501-09

Project No. NM02P054501-10

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, 2011**

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, 2011**

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, 2011 inventory costs amounting to \$ 19,631 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, 2011**

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	10 - 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, 2011 there was a liability for compensated liabilities in the amount of \$ 782

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, 2011**

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, 2011 there were no interfund receivables/payables in the proprietary fund financial statements.

A schedule of transfers during the year ended June 30, 2011 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
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

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, 2010.

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
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

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 Governmental 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)

**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, 2011**

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).

GASB Statement No. 59 *Financial Instruments Omnibus* issued June 2010 effective for financial statements prepared by state or local governments for periods beginning after June 15, 2010. The statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. (Not applicable at this time for the Housing Authority as it does not currently have any investments of the types discussed in the statement).

GASB Statement No. 60 *Accounting and Financial Reporting for Services Concession Arrangements* issued December 2010 effective for financial statements for periods beginning after December 15, 2011. This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public partnership that state and local governments are increasingly entering into. (Not applicable to the Housing Authority as it did not enter into any SCAs as defined in the Statement).

GASB Statement No. 61 *The Financial Reporting Entity* issued December 2010 effective for financial statements for periods beginning after June 15, 2012. This statement is designed to improve financial reporting for governmental entities by amending the requirements of statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs and address reporting entity issues. This statement improves the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). (Not applicable to the Housing Authority as the Housing Authority did not/does not have any component units as defined in the Statement).

**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, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

Q. OTHER POLICIES, continued

GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* issued December 2010 effective for periods beginning after December 15, 2011. This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. This statement will apply to the Housing Authority during 2012.

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* issued June 2011 effective for periods after December 15, 2011. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4 *Elements of Financial Statements*, had previously defined those elements as consumption of net assets by the government that is applicable to a future period. This statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. This statement will apply to NNMN during 2012 if the Housing Authority enters into a deferred resource arrangement.

GASB Statement No. 64 *Derivative Instruments: Application of Hedge Accounting Termination Provisions-and amendment of GASB Statement No. 53* issued June 2011 effective for periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or swap counterparty's credit support provider. (Not applicable to the Housing Authority as Housing Authority did not/will not enter into any derivative instruments nor hedging as defined in the Statement).

**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, 2011**

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, 2011 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, 2011**

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, 2011 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
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2011**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

A. CASH AND INVESTMENTS, continued

Concentration of credit risk – During the year ended June 30, 2011 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, 2011, none of the Housing Authority's deposits of \$ 25,786 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 was considered collectible. At June 30, 2011 there was no allowance for doubtful accounts.

D. TRANSFERS

During the year ended June 30, 2011 the Capital Funds Project (CFP) transferred \$20,311 to Low Rent Housing (LRH). The transfer was eliminated in the Statement of Activities.

**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, 2011**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, was as follows:

	<u>Balance at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2011</u>
Low Rent Housing:				
Assets not being depreciated				
Land	\$ 14,400			14,400
Construction work in progress	<u> </u>	<u>13,000</u>	<u> </u>	<u>13,000</u>
	<u>14,400</u>	<u>13,000</u>	<u> </u>	<u>27,400</u>
Assets being depreciated				
Land/Site Improvements	222,407			222,407
Building and building improvements	1,230,904			1,230,904
Machinery and equipment	<u>99,319</u>	<u> </u>	<u> </u>	<u>99,319</u>
Sub-total	<u>1,552,630</u>	<u> </u>	<u> </u>	<u>1,552,630</u>
Less accumulated depreciation:				
Land/Site Improvements	90,442	12,804		103,246
Building and building improvements	643,297	37,086		680,383
Machinery and equipment	<u>84,581</u>	<u>2,320</u>	<u> </u>	<u>86,901</u>
Sub-total	<u>818,320</u>	<u>52,210</u>	<u> </u>	<u>870,530</u>
Net capital assets	\$ <u>748,710</u>	<u>(39,210)</u>	<u> </u>	<u>709,500</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, 2011**

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.

D. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of this report.

**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, 2011**

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.

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, 2011

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original	Final		Positive (Negative)	
	Budget	Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
Intergovernmental - Federal	\$ 85,740	85,740	74,983		(10,757)
Charges for services	111,145	111,145	111,669		524
Interest		600	6	600	(594)
	<u>196,885</u>	<u>197,485</u>	<u>186,658</u>	<u>600</u>	<u>(10,827)</u>
Expenses:					
Current:					
Housing expenses:					
Administration	67,800	67,800	63,371		4,429
Utilities	43,000	43,000	45,606		(2,606)
Maintenance	65,400	65,400	66,107		(707)
General	12,600	12,600	11,911		689
	<u>188,800</u>	<u>188,800</u>	<u>186,995</u>		<u>1,805</u>
Revenues over (under) expenses	8,085	8,685	(337)	600	(9,022)
Other financing sources (uses):					
Transfers in			20,311		20,311
	<u>\$ 8,085</u>	<u>8,685</u>	19,974	<u>600</u>	<u>11,289</u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Depreciation			(52,210)		
Change in net assets			\$ (32,236)		

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, 2011

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original	Final		Positive (Negative)	
	Budget	Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
Operating grants	\$ 30,125	42,003	35,342	11,878	(6,661)
Capital grants	77,920	66,042		(11,878)	(66,042)
	<u>108,045</u>	<u>108,045</u>	<u>35,342</u>		<u>(72,703)</u>
Expenses:					
Housing expenses:					
Current:					
Administration	19,364	6,462	3,092	12,902	3,370
Extraordinary maintenance			11,939		(11,939)
Noncurrent:					
Capital outlay	77,920	66,042		11,878	66,042
	<u>97,284</u>	<u>72,504</u>	<u>15,031</u>	<u>24,780</u>	<u>57,473</u>
Revenues over (under) expenses	10,761	35,541	20,311	24,780	(15,230)
Other financing sources (uses):					
Transfers out	<u>(10,761)</u>	<u>(35,541)</u>	<u>(20,311)</u>	<u>(24,780)</u>	<u>15,230</u>
	<u>\$</u>	<u></u>		<u></u>	<u></u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Capital assets transferred out			<u>(4,325)</u>		
Change in net assets			\$ <u>(4,325)</u>		

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, 2011

<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	\$ 17,063		(309)		16,754
	Pecos Housing Authority	1	1				1
	Pecos Housing Authority	1	7,652				7,652
	Pecos Housing Authority	2	<u>1,080</u>				<u>1,080</u>
	Total with financial institutions		<u>\$ 25,796</u>		<u>(309)</u>		<u>25,487</u>
	Cash on hand						<u>50</u>
	Grand total cash and cash equivalents						<u>\$ 25,537</u>
Shown on Statement of Net Assets as:							
	Cash and cash equivalents						\$ 17,885
	Temporary restricted assets						7,652
	Cash and cash equivalents						<u>7,652</u>
							<u>\$ 25,537</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

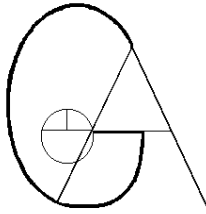
STATE OF NEW MEXICO
HOUSING AUTHORITY OF THE VILLAGE OF PECOS
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)
FINANCIAL DATA SCHEDULE
June 30, 2011

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
ASSETS:				
111	Cash - Unrestricted	17,885	0	17,885
114	Cash - Tenant Security Deposits	7,652	0	7,652
100	Total Cash	25,537	0	25,537
121	Accounts Receivable - PHA Projects	16,774	0	16,774
126	Accounts Receivable - Tenants - Dwelling Rents	134	0	134
126.1	Allowance for Doubtful Accounts - Dwelling Rents	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	16,908	0	16,908
131	Investments - Unrestricted		0	0
142	Prepaid Expenses and Other Assets	5,654	0	5,654
143	Inventories	19,631		
143.1	Allowance for Obsolete Inventories	0		
150	Total Current Assets	67,730	0	67,730
161	Land	14,400	0	14,400
162	Buildings	1,230,904	0	1,230,904
163	Furniture, Equipment & Machinery - Dwelling	52,561	0	52,561
164	Furniture, Equipment & Machinery - Administration	46,757	0	46,757
165	Leasehold Improvements	222,407	0	222,407
166	Accumulated Depreciation	(870,529)	0	(870,529)
167	Construction in Progress	13,000	0	13,000
160	Total Fixed Assets, Net of Accumulated Depreciation	709,500	0	709,500
180	Total Non-Current Assets	709,500	0	709,500
190	Total Assets	777,230	0	777,230
LIABILITIES:				
312	Accounts payable < 90 days	31,576	0	31,576
321	Accrued wage/payroll taxes payable	2,515	0	2,515
322	Accrued Compensated Absences - Current	782	0	782
341	Tenant Security Deposits	7,652	0	7,652
342	Insurance contract payable	4,192	0	4,192
345	Other Current Liabilities	104		
310	Total Current Liabilities	46,821	0	46,821
354	Accrued Compensated Absences - Noncurrent	0	0	0
350	Total Noncurrent Liabilities	0	0	0
300	Total Liabilities	46,821	0	46,821
508	Total Contributed Capital	0	0	0
508.1	Invested in Capital Assets, Net of Related Debt	709,500	0	709,500
511	Total Reserved Fund Balance		0	0
511.1	Restricted Net Assets			
512.1	Unrestricted Net Assets	20,909	0	20,909
513	Total Equity/Net Assets	730,409	0	730,409
600	Total Liabilities and Equity/Net Assets	777,230	0	777,230

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, 2011

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
REVENUE:				
70300	Net Tenant Rental Revenue	83,297	0	83,297
70400	Tenant Revenue -Other	4,617	0	4,617
70500	Total Tenant Revenue	<u>87,914</u>	<u>0</u>	<u>87,914</u>
70600	HUD PHA Operating Grants	74,983	35,342	110,325
70610	Capital Grants	0	0	0
71100	Investment Income - Unrestricted	6	0	6
71500	Other Revenue	23,755	0	23,755
70000	Total Revenue	<u>186,658</u>	<u>35,342</u>	<u>222,000</u>
EXPENSES:				
91100	Administrative Salaries	38,894	0	38,894
91200	Auditing Fees	4,612	3,092	7,704
91310	Book-keeping	4,390	0	4,390
91400	Compensated Absence Expense	2,487	0	2,487
91500	Employee Benefit Contributions - Administrative	3,258	0	3,258
91600	Office Expense	7,234	0	7,234
91700	Legal	0	0	0
91800	Travel	366	0	366
91900	Other administration	2,130	0	2,130
93100	Water	11,649	0	11,649
93200	Electricity	3,041	0	3,041
93300	Gas	24,263	0	24,263
93800	Other Utilities Expense	6,653	0	6,653
94100	Ordinary Maintenance and Operations - Labor	25,694	0	25,694
94200	Ordinary Maintenance and Operations - Materials and Other	16,978	0	16,978
94300	Ordinary Maintenance and Operations - Contract Costs	21,340	0	21,340
94500	Employee Benefit Contributions - Ordinary Maintenance	2,095	0	2,095
96110	Property Insurance	6,981	0	6,981
96120	Liability Insurance	2,439	0	2,439
96130	Workman's Compensation	2,215	0	2,215
96140	All other Insurance	0	0	0
96200	Other general Expenses	276	0	276
96400	Bad Debt - Tenant Rents	0	0	0
969	Total Operating Expenses	<u>186,995</u>	<u>3,092</u>	<u>190,087</u>
970	Excess Operating Revenue over Operating Expenses	<u>(337)</u>	<u>32,250</u>	<u>31,913</u>
971	Extraordinary Maintenance	0	11,939	11,939
974	Depreciation Expenses	52,210	0	52,210
900	Total Expenses	<u>239,205</u>	<u>15,031</u>	<u>254,236</u>
OTHER FINANCING SOURCES (USES):				
1001	Operating Transfers In	20,311	0	20,311
1002	Operating Transfers Out	0	(20,311)	(20,311)
1010	Total Other Financing Sources (Uses)	<u>20,311</u>	<u>(20,311)</u>	<u>0</u>
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(32,236)</u>	<u>0</u>	<u>(32,236)</u>
1102	Debt Principal Payments - Enterprise Funds	0	0	0
1103	Beginning Equity	762,645	0	762,645
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	0	0	0
1120	Unit Months Available	372	0	
1121	Number of Unit Months Leased	354	0	

COMPLIANCE SECTION



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2011 and have issued my report thereon dated November 21, 2011. 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Housing Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

**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***

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, 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 test disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item:

2011-01

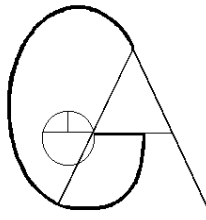
Unaudited Financial Data Schedule Submission (FDS)

The Housing Authority's responses to the comment identified in my audit are described in the accompanying findings and responses. I did not audit Pecos 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.



November 21, 2011



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, 2011 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, 2011, and the results of its operations for the year then ended in conformity with the accounting practices prescribed or permitted by HUD/REAC.

November 21, 2011

**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, 2011**

PRIOR YEAR FINDINGS

STATUS

None

CURRENT YEAR FINDINGS

2011-01 Unaudited Financial Data Schedule Submission (FDS)

**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, 2011**

2011-01 Unaudited Financial Data Schedule Submission (FDS)

Statement of Condition:

The Unaudited Financial Data Schedule (FDS) was not timely submitted to HUD through the REAC submission process.

Criteria:

HUD regulations require the Unaudited Financial Data Schedule (FDS) to be submitted through REAC within 60 days from the end of the fiscal year, unless extensions are granted.

Effect:

Noncompliance with HUD regulations may result in a less than optimum score when evaluated by HUD and could lead toward a troubled housing authority status. Per 24 CFR 902.62 "If a PHA without a finding of good cause by HUD does not submit its year-end financial information, required by this part, or submits its unaudited year-end financial information more than 15 days past the due date, appropriate sanctions may be imposed, including a reduction of one point in the total PHAS score for each 15-day period past the due date."

Cause:

Unknown.

Recommendation:

The Housing Authority should ensure that all future Unaudited Financial Data Schedules be submitted in a timely manner.

Agency Response:

I have been in contact with our Fee Accountant since the scheduled date of submission and have acknowledged and feel we have corrected this issue from ever happening again in the future from this firm.

**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, 2011**

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 November 21, 2011, 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:

Tony J. Roybal	Pecos Village Mayor
Arthur R. Varela	Pecos Village Treasurer
Ricardo Valenzuela	Executive Director
Rose M. A. Petry	Executive Secretary

Representing Gary E. Gaylord, Ltd:

Gary E. Gaylord, CPA	Auditor-in-Charge
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