

**HOUSING AUTHORITY OF THE VILLAGE OF PECOS**

**VILLAGE OF PECOS, NEW MEXICO**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**For the Year Ended June 30, 2012**

**With Independent Auditor's Reports Thereon**

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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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June 30, 2012**

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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, 2012**

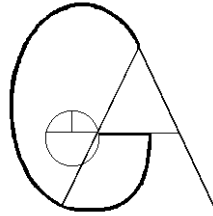
**Mayor and Board of Trustees**

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, 2012, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparisons for each major proprietary type fund as presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2012, as listed in the table of contents. 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 with 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, 2012, 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 previously present fairly, in all material respects, the respective financial position of the business type activities and each major fund and the aggregated remaining fund information of the Housing Authority of the Village of Pecos, as of June 30, 2012 and the respective changes in financial position and 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 previously present fairly, in all material respects, the respective budgetary comparisons for the major proprietary funds for the year then ended June 30, 2012 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 October 29, 2012, 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.

Management has omitted the MD&A which is required to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by the missing information.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The additional schedules listed as "other supplemental information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Albuquerque, New Mexico  
October 29, 2012



**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, 2012**

	<u>Business Type Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 17,359
Due from grantor	1,272
Accounts receivable, net of allowance for doubtful accounts of \$ -0-	404
Inventory	17,121
Prepaid Insurance and other deferred charges	4,654
Temporary restricted Assets:	
Cash and cash equivalents	6,780
Capital assets not being depreciated:	
Land	14,400
Capital assets net of accumulated depreciation:	
Buildings and improvements	527,755
Leasehold improvements	115,294
Machinery and equipment	18,895
Total assets	<u>723,934</u>
<b>LIABILITIES</b>	
Accounts payable	16,876
Accrued salaries and benefits	3,028
Insurance Contract payable	3,658
Accrued compensated absences	1,536
Security deposits	6,780
Total liabilities	<u>31,878</u>
<b>NET ASSETS</b>	
Net assets invested in capital assets	676,344
Unrestricted	15,712
Total net assets	<u>\$ 692,056</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, 2012

Function/Programs	Expenses	Program Revenues		Total
		Charges for Services	Operating Grants and Contributions	
Business-type activities:				
Housing Services	\$ 295,864	89,905	149,300	18,306
	<u>295,864</u>	<u>89,905</u>	<u>149,300</u>	<u>18,306</u>
General revenues:				
Interest on investments				
Change in net assets				(38,353)
Net assets at beginning of year				<u>730,409</u>
Net assets at end of year				<u>\$ 692,056</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, 2012

United State Department of  
Housing and Urban Development  
Programs

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
Current, unrestricted assets:			
Cash and cash equivalents	\$ 17,359		17,359
Due from grantor	1,272		1,272
Accounts receivable, net	404		404
Inventory	17,121		17,121
Prepaid Insurance and other deferred charges	4,654		4,654
Total unrestricted current assets	<u>40,810</u>		<u>40,810</u>
Current, restricted assets:			
Cash and cash equivalents:			
Tenant security deposits	6,780		6,780
Total current restricted assets	<u>6,780</u>		<u>6,780</u>
Total current assets	<u>47,590</u>		<u>47,590</u>
Capital assets:			
Capital assets not being depreciated:			
Land	14,400		14,400
Capital assets, net of accumulated depreciation:			
Site Improvements	115,294		115,294
Buildings and building improvements	527,755		527,755
Furniture, fixtures and equipment	18,895		18,895
Net capital assets	<u>676,344</u>		<u>676,344</u>
Total assets and other debits	<u>\$ 723,934</u>		<u>723,934</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, 2012

	United State Department of Housing and Urban Development Programs		
	Low Rent Housing	Capital Funds Programs	Totals
<b><u>LIABILITIES AND EQUITY</u></b>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	\$ 16,876		16,876
Accrued salaries and benefits	3,028		3,028
Accrued compensated absences	1,536		1,536
Insurance Contract payable	3,658		3,658
Total current liabilities payable from unrestricted assets	<u>25,098</u>		<u>25,098</u>
Current liabilities, payable from restricted assets:			
Tenant security deposits payable	6,780		6,780
Total current liabilities payable from restricted assets	<u>6,780</u>		<u>6,780</u>
Total current liabilities	<u>31,878</u>		<u>31,878</u>
Total liabilities	<u>31,878</u>		<u>31,878</u>
Net Assets:			
Invested in capital assets	676,344		676,344
Unrestricted	15,712		15,712
Total net assets	<u>692,056</u>		<u>692,056</u>
Total liabilities and equity	<u>\$ 723,934</u>		<u>723,934</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, 2012

	United States Department of Housing and Urban Development Programs		Totals
	Low Rent Housing	Capital Funds Programs	
Operating revenues:			
Charges for services	\$ 89,905		89,905
Operating grants	91,789	57,511	149,300
	<u>181,694</u>	<u>57,511</u>	<u>239,205</u>
Operating expenses:			
Administrative	73,286		73,286
Utilities	50,490		50,490
Ordinary maintenance	107,675		107,675
General	11,138		11,138
Depreciation	52,381	894	53,275
Total operating expenses	<u>294,970</u>	<u>894</u>	<u>295,864</u>
Net operating income (loss)	<u>(113,276)</u>	<u>56,617</u>	<u>(56,659)</u>
Nonoperating income (expenses):			
Capital grants		18,306	18,306
Interest income			
Total nonoperating revenue (expenses)		<u>18,306</u>	<u>18,306</u>
Income (loss) before transfers	(113,276)	74,923	(38,353)
Transfers in	57,511		57,511
Transfers out		<u>(57,511)</u>	<u>(57,511)</u>
Change in net assets	(55,765)	17,412	(38,353)
Fund net assets, at beginning of year,	730,409		730,409
Residual equity transfer of capital funds	<u>17,412</u>	<u>(17,412)</u>	
Fund net assets, at end of year	<u>\$ 692,056</u>		<u>692,056</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, 2012

	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	\$ 90,517	57,511	148,028
Cash received from tenants and others for charges	88,764		88,764
Cash payments to and on behalf of employees	(79,120)		(79,120)
Cash payments to vendors for goods and services	(157,257)		(157,257)
Net cash flows from operating activities	<u>(57,096)</u>	<u>57,511</u>	<u>415</u>
Cash flows from noncapital financing activities:			
Interprogram net transfers	57,511	(57,511)	
Net cash flows from noncapital financing activities	<u>57,511</u>	<u>(57,511)</u>	
Cash flows from capital and related financing activities:			
HUD contributions for capital acquisitions		18,306	18,306
Acquisition of capital assets	(1,813)	(18,306)	(20,119)
Net cash flows from capital and related financing activities	<u>(1,813)</u>		<u>(1,813)</u>
Cash flows from investing activities:			
Interest received			
Net cash flows from investing activities			
Net increase (decrease) in cash and cash equivalents	(1,398)		(1,398)
Cash and cash equivalents, at beginning of year	<u>25,537</u>		<u>25,537</u>
Cash and cash equivalents, end of year	<u>\$ 24,139</u>		<u>24,139</u>
Shown on Exhibit 3 as:			
Unrestricted cash and cash equivalents	\$ 17,359		17,359
Restricted cash and cash equivalents	<u>6,780</u>		<u>6,780</u>
	<u>\$ 24,139</u>		<u>24,139</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, 2012

	United States Department of Housing and Urban Development Programs		Totals
	Low Rent Housing	Capital Funds Programs	
<b><u>Reconciliation Of Operating Income (loss) To Net Cash Flows From Operating Activities</u></b>			
Net operating income (loss)	\$ (113,276)	56,617	(56,659)
Adjustment to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	52,381	894	53,275
(Increase) decrease in assets:			
Due from grantor	(1,272)		(1,272)
Account receivable	(270)		(270)
Prepaid expenses and other assets	1,000		1,000
Inventory	2,511		2,511
Increase (decrease) in liabilities:			
Accounts payable	2,074		2,074
Insurance contract payable	(534)		(534)
Accrued salaries and benefits	513		513
Accrued compensated absences	754		754
Tenant security deposits	(873)		(873)
Other current liabilities	(104)		(104)
Cash flows from operating activities	<u>\$ (57,096)</u>	<u>57,511</u>	<u>415</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, 2012**

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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, 2012**

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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, 2012**

**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, 2012.

**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, 2012**

**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. NM054-00000111D

Project No. NM054-00000112D

Capital Funds Program:

Project No. NM02P054501-09

Project No. NM02P054501-10

Project No. NM02P054501-11

**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, 2012**

**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, 2012**

**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, 2012 inventory costs amounting to \$ 17,121 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, 2012**

**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, 2012 there was a liability for compensated liabilities in the amount of \$ 1,536.

**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, 2012**

**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, 2012 there were no interfund receivables/payables in the proprietary fund financial statements.

A schedule of transfers during the year ended June 30, 2012 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, 2012**

**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, 2012.
- 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. 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).



**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE VILLAGE OF PECOS  
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NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**Q. OTHER POLICIES, continued**

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).

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 was applicable 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 the Housing Authority if it enters into a deferred resource arrangement.

**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE VILLAGE OF PECOS  
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NOTES TO FINANCIAL STATEMENTS, continued  
June 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued**

**Q. OTHER POLICIES, continued**

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).

**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.

**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, 2012**

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued**

**A. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS, continued**

During the year ended June 30, 2012 the Housing Authority of the Village of Pecos had complied with its investment policy and all deposits were insured.

**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, 2012 the Housing Authority had not made any investments and retained its accounts with a local bank in checking and savings accounts.

**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, 2012**

**3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued**

**A. CASH AND INVESTMENTS, continued**

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.

Concentration of credit risk – During the year ended June 30, 2012 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, 2012, none of the Housing Authority's deposits of \$ 24,139 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, 2012 there was no allowance for doubtful accounts.

**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, 2012**

**3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued**

**D. TRANSFERS**

During the year ended June 30, 2012 the Capital Funds Project (CFP) transferred a total of \$ 74,923 to Low Rent Housing (LRH). Cash was transferred in the amount of \$ 57,511 (treated as an operating transfer) and net capital assets were transferred in the amount of \$ 17,412 (treated as a residual equity transfer). The transfers were eliminated in the Statement of Activities.

**E. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2012, was as follows:

	<u>Balance at June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2012</u>
Low Rent Housing:				
Assets not being depreciated				
Land	\$ 14,400			14,400
Construction work in progress	<u>13,000</u>	<u>1,813</u>	<u>(14,813)</u>	<u>-0-</u>
	<u>27,400</u>	<u>1,813</u>	<u>(14,813)</u>	<u>14,400</u>
Assets being depreciated				
Land/Site Improvements	222,407	9,408		231,815
Building and building improvements	1,230,904	14,813		1,245,717
Machinery and equipment	<u>99,319</u>	<u>8,897</u>		<u>108,216</u>
Sub-total	<u>1,552,630</u>	<u>33,118</u>		<u>1,585,748</u>
Less accumulated depreciation:				
Land/Site Improvements	103,246	13,275		116,521
Building and building improvements	680,383	37,519		717,962
Machinery and equipment	<u>86,901</u>	<u>2,420</u>		<u>89,321</u>
Sub-total	<u>870,530</u>	<u>53,274</u>		<u>923,804</u>
Net capital assets	\$ <u>709,500</u>	<u>(18,343)</u>	<u>(14,813)</u>	<u>676,344</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, 2012**

**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, 2012**

**4. OTHER NOTES, continued**

**E. 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.

**F. EXPENDITURES IN EXCESS OF BUDGET**

During the year ended June 30, 2012 expenditures in the Low Rent Housing Program exceeded the authorized budget by \$33,889.

## **SUPPLEMENTAL 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, 2012

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original	Final		Positive (Negative)	
	Budget	Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
Intergovernmental - Federal	\$ 91,790	91,790	91,789		(1)
Charges for services	90,220	90,220	89,905		(315)
Interest	200	200			(200)
	<u>182,210</u>	<u>182,210</u>	<u>181,694</u>		<u>(516)</u>
Expenses:					
Current:					
Housing expenses:					
Administration	70,700	70,700	73,286		(2,586)
Utilities	48,300	48,300	50,490		(2,190)
Maintenance	77,200	77,200	107,675		(30,475)
General	12,500	12,500	11,138		1,362
	<u>208,700</u>	<u>208,700</u>	<u>242,589</u>		<u>(33,889)</u>
Revenues over (under) expenses	(26,490)	(26,490)	(60,895)		(34,405)
Other financing sources (uses):					
Transfers in	21,469	21,469	57,511		36,042
	<u>\$ (5,021)</u>	<u>(5,021)</u>	<u>(3,384)</u>		<u>1,637</u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Depreciation			(52,381)		
Change in net assets			\$ (55,765)		

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, 2012

	Budgeted Amount		Actual (Budgetary Basis)	Variances	
	Original	Final		Positive (Negative)	
	Budget	Budget		Original Budget To Final	Actual to Final Budget
Revenues:					
Operating grants	\$ 20,000	20,000	57,511		37,511
Capital grants	60,000	60,000	18,306		(41,694)
	<u>80,000</u>	<u>80,000</u>	<u>75,817</u>		<u>(4,183)</u>
Expenses:					
Housing expenses:					
Current:					
Administration	20,000	20,000			20,000
Extraordinary maintenance					
Noncurrent:					
Capital outlay	60,000	60,000			60,000
	<u>80,000</u>	<u>80,000</u>			<u>80,000</u>
Revenues over (under) expenses			75,817		75,817
Other financing sources (uses):					
Transfers out			(57,511)		(57,511)
	<u>\$</u>	<u></u>	<u>18,306</u>		<u>18,306</u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Depreciation			(894)		
Change in net assets			\$ <u>17,412</u>		

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

STATEMENT 2

## **OTHER SUPPLEMENTAL 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, 2012

<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>
Southwest Capital Bank:							
	Pecos Housing Authority	1	\$ 17,504		(1,608)		15,896
	Pecos Housing Authority	1	34				34
	Pecos Housing Authority	1	6,734				6,734
	Pecos Housing Authority	2	1,425				1,425
	Total with financial institutions		<u>\$ 25,697</u>	<u></u>	<u>(1,608)</u>	<u></u>	24,089
	Cash on hand						<u>50</u>
	Grand total cash and cash equivalents						<u>\$ 24,139</u>

Shown on Statement of Net Assets as:  
Cash and cash equivalents  
Temporary restricted assets  
Cash and cash equivalents

\$	17,359
	<u>6,780</u>
\$	<u>24,139</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, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
ASSETS:				
111	Cash - Unrestricted	17,359		17,359
112	Cash - Restricted - Modernization and Development			
113	Cash - Other Restricted			
114	Cash - Tenant Security Deposits	6,780		6,780
115	Cash - Restricted for Current Liabilities			
100	<b>Total Cash</b>	<b>24,139</b>		<b>24,139</b>
121	Accounts Receivable - PHA Projects	1,272		1,272
122	Accounts Receivable - HUD Other Projects			
124	Accounts Receivable - Other Government			
125	Accounts Receivable - Miscellaneous			
126	Accounts Receivable - Tenants	404		404
126.1	Allowance for Doubtful Accounts - Tenants			
127	Notes, Loans & Mortgages Receivable- Current			
128	Fraud Recovery			
128.1	Allowance for Doubtful Accounts - Fraud			
129	Accrued Interest Receivable			
120	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>1,676</b>		<b>1,676</b>
131	Investments - Unrestricted			
132	Investments - Restricted			
135	Investments - Restricted for Payment of Current Liability			
142	Prepaid Expenses and Other Assets	4,654		4,654
143	Inventories	17,121		17,121
143.1	Allowance for Obsolete Inventories			
144	Inter Program Due From			
145	Assets Held for Sale			
150	<b>Total Current Assets</b>	<b>47,590</b>		<b>47,590</b>
161	Land	14,400		14,400
162	Buildings	1,245,717		1,245,717
163	Furniture, Equipment & Machinery - Dwelling	52,561		52,561
164	Furniture, Equipment & Machinery - Administration	55,655		55,655
165	Leasehold Improvements	231,815		231,815
166	Accumulated Depreciation	(923,804)		(923,804)
167	Construction in Progress			
168	Infrastructure			
160	<b>Total Fixed Assets, Net of Accumulated Depreciation</b>	<b>676,344</b>		<b>676,344</b>
180	<b>Total Non-Current Assets</b>	<b>676,344</b>		<b>676,344</b>
190	<b>Total Assets</b>	<b>723,934</b>		<b>723,934</b>

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, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
LIABILITIES:				
311	Bank Overdraft			
312	Accounts Payable < 90 Days	16,876		16,876
313	Accounts Payable - 90 Days Past Due			
321	Accrued Wage/Payroll Taxes Payable	3,028		3,028
322	Accrued Compensated Absences - Current	1,536		1,536
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts payable - HUD PHA Programs			
332	Accounts payable - PHA Projects			
333	Accounts payable - Other Government			
341	Tenant Security Deposits	6,780		6,780
342	Deferred Revenue	3,658		3,658
343	Current Portion of Long Term Debt - Capital Projects/Mortgage			
344	Current Portion of Long Term Debt - Operating Borrowings			
345	Other Current Liabilities			
346	Accrued Liabilities - Other			
347	Inter Program - Due to			
348	Loan Liability - Current			
310	<b>Total Current Liabilities</b>	<b>31,878</b>		<b>31,878</b>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			
352	Long-term Debt, Net of Current - Operating Borrowings			
353	Non-current Liabilities - Other			
354	Accrued Compensated Absences - Non Current			
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities			
350	<b>Total Noncurrent Liabilities</b>			
300	<b>Total Liabilities</b>	<b>31,878</b>		<b>31,878</b>
508.1	Invested in Capital Assets, Net of Related Debt	676,344		676,344
509.2	Fund Balance Reserved			
511.1	Restricted Net Assets			
511.2	Unreserved Designated Fund Balance			
512.1	Unrestricted Net Assets	15,712		15,712
512.2	Unreserved Undesignated Fund Balance			
513	<b>Total Equity/Net Assets</b>	<b>692,056</b>		<b>692,056</b>
600	<b>Total Liabilities and Equity/Net Assets</b>	<b>723,934</b>		<b>723,934</b>

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, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
REVENUE:				
703	Net Tenant Rental Revenue	83,036		83,036
704	Tenant Revenue - Other	4,894		4,894
705	Total Tenant Revenue	<u>87,930</u>		<u>87,930</u>
706	HUD PHA Operating Grants	91,789	57,511	149,300
706.1	Capital Grants		18,306	18,306
707.1	Management Fee			
707.2	Asset Management Fee			
707.3	Book Keeping Fee			
707.4	Front Line Service Fee			
707.5	Other Fees			
707	Total Fee Revenue	<u>91,789</u>	<u>75,817</u>	<u>167,606</u>
708	Other Government Grants			
711	Investment Income - Unrestricted			
712	Mortgage Interest Income			
713	Proceeds from Disposition of Assets Held for Sale			
713.1	Cost of Sale of Assets			
714	Fraud Recovery			
715	Other Revenue	1,975		1,975
716	Gain or Loss on Sale of Capital Assets			
720	Investment Income - Restricted			
700	Total Revenue	<u>181,694</u>	<u>75,817</u>	<u>257,511</u>
EXPENSES:				
911	Administrative Salaries	38,414		38,414
912	Auditing Fees	8,239		8,239
913	Bookkeeping Fees	3,533		3,533
914	Advertising and Promotion			
915	Employee Benefit Contributions - Administrative	3,491		3,491
916	Office Expenses	8,238		8,238
917	Legal			
918	Travel	3,273		3,273
918.1	Allocated Overhead			
919	Other	5,492		5,492
910	Total Operating - Administrative	<u>70,680</u>		<u>70,680</u>
920	Asset Management Fee			
921	Tenant Services - Salaries			
922	Relocation Costs			
923	Employee Benefit Contributions - Tenant Services			
924	Tenant Services - Other			
925	Total Tenant Services			

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, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
	EXPENSES:			
931	Water	11,880		11,880
932	Electricity	2,851		2,851
933	Gas	29,106		29,106
934	Fuel			
935	Labor			
936	Sewer			
937	Employee Benefit Contributions - Tenant Services			
938	Other Utilities Expense	6,653		6,653
930	<b>Total Utilities</b>	<b>50,490</b>		<b>50,490</b>
951	Protective Services - Labor			
952	Protective Services - Other Contract Costs			
953	Protective Services - Other			
955	Employee Benefit Contributions - Protective Services			
950	<b>Total Protective Services</b>			
941	Ordinary Maintenance and Operations - Labor	32,703		32,703
942	Ordinary Maintenance and Operations - Materials and Other	57,203		57,203
943	Ordinary Maintenance and Operations - Contracts	14,597		14,597
945	Employee Benefit Contributions - Ordinary Maintenance	3,172		3,172
940	<b>Total Maintenance</b>	<b>107,675</b>		<b>107,675</b>
961.1	Property Insurance	5,720		5,720
961.2	Liability Insurance	1,635		1,635
961.3	Workman's Compensation	2,840		2,840
961.4	All Other Insurance			
961	<b>Total Insurance Premiums</b>	<b>10,195</b>		<b>10,195</b>
962	Other General Expenses	261		261
962.1	Compensated Absences	2,606		2,606
963	Payments in Lieu of Taxes			
964	Bad Debt - Tenant Rents	682		682
965	Bad Debt - Mortgages			
966	Bad Debt - Other			
968	Severance Expense			
960	<b>Total Other General Expenses</b>	<b>3,549</b>		<b>3,549</b>
967.1	Interest on Mortgage (or Bonds) Payable			
967.2	Interest on Notes Payable (Short and Long Term)			
967.3	Amortization of Bond Issue Costs			
967	<b>Total Interest Expense and Amortization Cost</b>			
969	<b>Total Operating Expenses</b>	<b>242,589</b>		<b>242,589</b>
970	Excess Operating Revenue over Operating Expenses	(60,895)	75,817	14,922



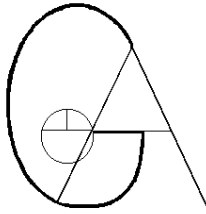
STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE VILLAGE OF PECOS  
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)  
FINANCIAL DATA SCHEDULE  
June 30, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
EXPENSES:				
971	Extraordinary Maintenance			
972	Casualty Losses - Non-capitalized			
973	Housing Assistance Payments			
973.5	HAP Portability-In			
974	Depreciation Expense	52,381	894	53,275
975	Fraud Losses			
976	Capital Outlays - Governmental Funds			
977	Debt Principal Payment - Governmental Funds			
978	Dwelling Units Rent Expense			
900	Total Expenses	294,970	894	295,864
OTHER FINANCING SOURCES (USES):				
1001	Operating Transfers In	57,511		57,511
1002	Operating Transfers Out		(57,511)	(57,511)
1003	Operating Transfers from/to Primary Government			
1004	Operating Transfers from/to Component Unit			
1005	Proceeds from Notes, Loans and Bonds			
1006	Proceeds from Property Sales			
1007	Extraordinary Items, Net Gain/Loss			
1008	Special Items (Net Gain/Loss)			
1009.1	Inter Project Excess Cash Transfer In			
1009.2	Inter Project Excess Cash Transfer Out			
1009.3	Transfers between Program and Project - In			
1009.4	Transfers between Program and Project - Out			
1010	Total Other Financing Sources (Uses)	57,511	(57,511)	
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(55,765)	17,412	(38,353)
1102	Required Annual Debt Principal Payments			
1103	Beginning Equity	730,409		730,409
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	17,412	(17,412)	
1105	Changes in Compensate Absence Balance			
1106	Changes in Contingent Liability Balance			
1107	Changes in Unrecognized Pension Transition Liability			
1108	Changes in Special Term/Severance Benefits Liability			
1109	Changes in Allowance for Doubtful Accounts - Dwelling Rents			
1110	Changes in Allowance for Doubtful Accounts - Other			
1117	Administrative Fee Equity			
1118	Housing Assistance Payments Equity			

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, 2012

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
1119	Unit Months Available	372		372
1121	Number of Unit Months Leased	356		356
1127	Excess Cash			
1161	Land Purchases			
1162	Building Purchases			
1163	Furniture and Equipment - Dwelling Purchases			
1164	Furniture and Equipment - Administrative Purchases			
1165	Leasehold Improvements Purchases			
1166	Infrastructure Purchases			
1351	CFFP Debt Service Payments			
1390.1	Replacement Housing Factor Funds			

## **COMPLIANCE SECTION**



Gary E. Gaylord, C.P.A.

**GARY E. GAYLORD, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

740 San Mateo NE, Box A-3  
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Fax (505) 268-6618

**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 (Housing Authority) (a Department of the Village of Pecos, New Mexico) as of and for the year ended June 30, 2012 and have issued my report thereon dated October 29, 2012. 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.

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

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 our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items:

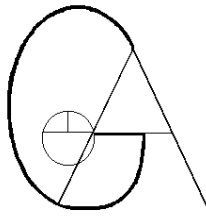
FS 2012-01    Audit Report not timely submitted to State Auditor  
FS 2012-02    Expenditures in Excess of Budget

The Housing Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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.



October 29, 2012



Gary E. Gaylord, C.P.A.

**GARY E. GAYLORD, LTD.**  
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2012 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, 2012, and the results of its operations for the year then ended in conformity with the accounting practices prescribed or permitted by HUD/REAC.



October 29, 2012

**STATE OF NEW MEXICO**  
**HOUSING AUTHORITY OF THE VILLAGE OF PECOS**  
**(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ending June 30, 2012**

**PRIOR YEAR FINDINGS**

**STATUS**

2011-01	Unaudited Financial Data Schedule Submission (FDS)	Resolved
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**CURRENT YEAR FINDINGS**

FS 2012-01	Audit Report Not Timely Submitted To State Auditor
FS 2012-02	Expenditures in Excess of Budget

**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE VILLAGE OF PECOS  
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2012**

**FS 2012-01 AUDIT REPORT NOT TIMELY SUBMITTED TO STATE AUDITOR  
(Compliance and Other Matters)**

**Statement of Condition:**

The Village of Pecos Housing Authority audit report was not submitted to the Office of the State Auditor on or before the required due date.

**Criteria:**

The Housing Authority was required to submit the audit reports for the year ended June 30, 2012 on or before September 30, 2012 per Section 2.2.2.9A (1) (a) of the Office of the State Auditor Rule 2012.

**Effect:**

The Housing Authority is not in compliance with the Office of the State Auditor Audit Rule 2012. Furthermore, the federal award funding may be affected by the late submission of year end audit reports.

**Cause:**

The Housing Authority was unable to submit the June 30, 2012 audit report in a timely manner due to prior obligations of the Independent Public Auditor.

**Recommendation:**

The Housing Authority must ensure that all future audit reports are filed in a timely manner.

**Agency Response:**

We have corrected this issue with our Independent Public Auditor and have executed a plan, as in we will contact the IPA long in advance for timely submission so as to prevent this from happening in the future.

**Auditor Response:**

We will make every effort to allow enough time to complete and submit our audit reports on or before the due date set forth by the New Mexico State Auditor's office.



**STATE OF NEW MEXICO  
HOUSING AUTHORITY OF THE VILLAGE OF PECOS  
(A DEPARTMENT OF THE VILLAGE OF PECOS, NEW MEXICO)  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, continued  
For the Year Ended June 30, 2012**

**FS 2012-02 Expenditures in Excess of Budget (Compliance and Other Matters)**

**Statement of Condition:**

Housing Authority of the Village of Pecos had expenditures in excess of the approved budget in the Low Rent Housing Program during the year ended June 30, 2012 in the amount of \$33,889.

**Criteria:**

State Statute, 6-6-6, NMSA 1978 requires the expenditures of public bodies not to exceed budget authority.

**Cause:**

Because the fee accountant reclassified the noncapital expenditures of the Capital Fund Program as a transfer out to the Low Rent Housing Program on the unaudited FDS submittal rather than as operating costs within the Capital Funds, the Low Rent Housing Program absorbed \$57,511 in additional budgetary expenditures. Without these additional absorbed costs the budgeted expenditures would not have exceeded budget.

**Effect:**

The Housing Authority violated its budget constraints and may have incurred costs during the current year that could have been postponed to a future period.

**Recommendation:**

Monitor budget and request needed budget adjustments in advance of unfavorable variances.

**Response:**

We have reviewed our expenditures and have made a major change in our methodology in small procurement procedures –

Effective immediately we have procured our necessary items for maintaining our Housing Authority per an R F B solicitation for a Bulk purchase of all Items needed over the entire years –

This method has brought down our overall cost immensely. As a result we feel confident our miscellaneous cost during the upcoming year will be marginal at best thus allowing us to maintain an acceptable income to debt ratio.

**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, 2012**

**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 October 29, 2012, 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
Florencio A. Varela	Chairperson
Ricardo Valenzuela	Executive Director
Arthur R. Varela	Pecos Village Treasurer

**Representing Gary E. Gaylord, Ltd:**

Gary E. Gaylord, CPA	Auditor-in-Charge
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