

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2011**

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY**  
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June 30, 2011

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**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY**  
Directory of Officials  
June 30, 2011

***Board of Commissioners***

James Cook ..... Chairperson  
Rosemary Alvarado ..... Vice-Chairperson  
Virginia Alvarado ..... Commissioner  
Rubie Misquez ..... Commissioner  
Vacant ..... Commissioner

***Administrative Staff***

Jolene Padilla ..... Executive Director

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Bus: (575) 525-0313 • Fax: (575) 525-9708  
[www.fierrocpa.com](http://www.fierrocpa.com)Independent Auditors' Report

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
City of Bayard Public Housing Authority  
Bayard, New Mexico

We have audited the accompanying financial statements of the business-type activities and each major fund, of the Public Housing Authority (Authority) of the City of Bayard, New Mexico, a component unit of the City of Bayard, New Mexico, as of and for the year then ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. We have also audited the budgetary comparison of the major enterprise funds presented as supplementary information in the accompanying individual fund financial statements as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, of the Authority as of June 30, 2011, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the budget comparison statements present fairly, in all material respects, the respective budgetary comparisons of the major enterprise funds for the year then ended in conformity with the budgetary basis of accounting more fully described in Note 1C, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Authority has not presented the management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and the budgetary comparison statements. The accompanying other supplemental financial information is presented for purposes of additional analysis and is not a required part of the basic financial statements, and the budgetary comparison statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and the budgetary comparison statements, and in our opinion are fairly stated in all material respects in relation to the basic financial statements, and the budgetary comparison statements taken as a whole.

*Fierro + Fierro, P.A.*

Fierro & Fierro, P.A.  
Las Cruces, New Mexico

November 14, 2011

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2011**

	<u>Low Rent Fund</u>	<u>Capital Fund Program Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 404,325	\$ -	\$ 404,325
Receivables (net of allowance):			
Tenants	233	-	233
Interest	33	-	33
Prepaid expenses	9,900	-	9,900
Inventory	3,278	-	3,278
	<u>417,769</u>	<u>-</u>	<u>417,769</u>
Total current assets			
	417,769	-	417,769
Noncurrent Assets:			
Restricted cash	16,242	-	16,242
Capital Assets:			
Land	15,695	-	15,695
Buildings	2,015,405	206,231	2,221,636
Improvements	290,109	95,251	385,360
Equipment and furniture - dwellings	125,459	-	125,459
Equipment and furniture - administration	59,377	7,995	67,372
Less accumulated depreciation	(1,716,101)	(20,188)	(1,736,289)
	<u>789,944</u>	<u>289,289</u>	<u>1,079,233</u>
Total capital assets, net			
	789,944	289,289	1,079,233
Total assets	1,223,955	289,289	1,513,244
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	6,741	-	6,741
Accrued salaries	2,063	-	2,063
Accrued payroll liabilities	3,940	-	3,940
Tenant deposits	16,242	-	16,242
Deferred revenues	890	-	890
Current maturities of:			
Compensated absences	1,223	-	1,223
	<u>31,099</u>	<u>-</u>	<u>31,099</u>
Total current liabilities			
	31,099	-	31,099
Noncurrent Liabilities:			
Compensated absences	4,653	-	4,653
	<u>4,653</u>	<u>-</u>	<u>4,653</u>
Total liabilities	35,752	-	35,752
<b>NET ASSETS</b>			
Invested in capital assets	789,944	289,289	1,079,233
Unrestricted	398,259	-	398,259
	<u>1,188,203</u>	<u>289,289</u>	<u>1,477,492</u>
Total net assets	<u>\$ 1,188,203</u>	<u>\$ 289,289</u>	<u>\$ 1,477,492</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011

	Low Rent Fund	Capital Fund Program Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Operating Revenues:			
Charges for services	\$ 159,462	\$ -	\$ 159,462
Operating Expenses:			
Personnel services	119,020	-	119,020
Employee benefits	28,835	-	28,835
Professional services	11,907	-	11,907
Utilities	56,464	-	56,464
General operating	79,497	-	79,497
Depreciation	40,217	35,336	75,553
	<u>335,940</u>	<u>35,336</u>	<u>371,276</u>
Total operating expenses			
Operating (loss)	(176,478)	(35,336)	(211,814)
Non-Operating Revenues (Expenses):			
HUD operating subsidy	141,905	-	141,905
Interest income	1,836	-	1,836
Miscellaneous income	4,100	-	4,100
	<u>147,841</u>	<u>-</u>	<u>147,841</u>
Total non-operating revenues (expenses)			
(Loss) before capital contributions and transfers	(28,637)	(35,336)	(63,973)
Capital contributions and Transfers:			
Capital contributions	-	28,371	28,371
Transfers in	10,551	-	10,551
Transfers (out)	-	(10,551)	(10,551)
	<u>10,551</u>	<u>17,820</u>	<u>28,371</u>
Total capital contributions and transfers			
Change in net assets	(18,086)	(17,516)	(35,602)
Net assets, beginning of year	1,309,582	203,512	1,513,094
Restatement	<u>(103,293)</u>	<u>103,293</u>	<u>-</u>
Net assets, beginning of year, restated	<u>1,206,289</u>	<u>306,805</u>	<u>1,513,094</u>
Net assets, end of year	<u>\$ 1,188,203</u>	<u>\$ 289,289</u>	<u>\$ 1,477,492</u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Low Rent Fund	Capital Fund Program Fund	Total
<b>Cash Flows from Operating Activities:</b>			
Cash received from tenants	\$ 161,196	\$ -	\$ 161,196
Cash payments to suppliers for goods and services	(148,086)	-	(148,086)
Cash payments to employees for services	(144,045)	-	(144,045)
Net cash (used) for operating activities	(130,935)	-	(130,935)
<b>Cash Flows from Non-Capital and Financing Activities:</b>			
Cash received from intergovernmental sources	141,905	-	141,905
Cash received from miscellaneous sources	4,100	-	4,100
Net change in customer deposits	1,099	-	1,099
Net transfers in (out)	10,551	(10,551)	-
Net cash provided (used) by non-capital and related financing activities	157,655	(10,551)	147,104
<b>Cash Flows from Capital and Financing Activities:</b>			
Cash received from intergovernmental sources	-	28,371	28,371
Acquisition and construction of capital assets	-	(17,820)	(17,820)
Net cash provided by capital and related financing activities	-	10,551	10,551
<b>Cash Flows from Investing Activities:</b>			
Proceeds from maturities of investments	88,888	-	88,888
Purchase of investments	(177,102)	-	(177,102)
Interest income	1,803	-	1,803
Net cash (used) by investing activities	(86,411)	-	(86,411)
Net (decrease) in cash	(59,691)	-	(59,691)
Cash and cash equivalents, beginning of year	303,156	-	303,156
Cash and cash equivalents, end of year	\$ 243,465	\$ -	\$ 243,465
<b>Displayed as:</b>			
Cash	\$ 404,325	\$ -	\$ 404,325
Restricted cash	16,242	-	16,242
Time deposits not considered cash equivalents	(177,102)	-	(177,102)
	\$ 243,465	\$ -	\$ 243,465

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	Low Rent Fund	Capital Fund Program Fund	Total
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities:			
Operating (loss)	\$ (176,478)	\$ (35,336)	\$ (211,814)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	40,217	35,336	75,553
Change in Assets and Liabilities:			
Decrease in tenants' receivable	1,188	-	1,188
Decrease in inventories	317	-	317
(Decrease) in accounts payable	(535)	-	(535)
Increase in accrued salaries	942	-	942
Increase in accrued payroll liabilities	1,259	-	1,259
Increase in compensated absences	1,609	-	1,609
Increase in deferred revenues	546	-	546
	<u>45,543</u>	<u>35,336</u>	<u>80,879</u>
Total adjustments			
Net cash (used) for operating activities	<u>\$ (130,935)</u>	<u>\$ -</u>	<u>\$ (130,935)</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Public Housing Authority (the Authority) of the City of Bayard was established in 1972. Five commissioners who are selected by the City of Bayard City Council govern it. For financial reporting purposes, the Authority is a discretely presented component unit of the City of Bayard. The Authority was created to provide a conduit for housing funds for disadvantaged citizens.

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

**A. Reporting Entity**

In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the reporting entity was made by applying the criteria set forth in GAAP. The most primary standard for including or excluding a potential component unit with the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Authority is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units.

**B. Basis of Presentation and Accounting**

The Authority's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The Authority applies Government Auditing Standards Board (GASB) pronouncements, as well as relevant pronouncement of the Financial Accounting Standards Board (FASB), the Accounting Principles Board (APB), or any Accounting Research Bulletins (ARB) issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this limitation. The Authority has elected not to follow subsequent private-sector guidance.

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Presentation and Accounting (continued)**

The accounts of the Authority are organized on the basis of proprietary fund type, specifically two enterprise funds. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net assets, revenues, and expenses.

Enterprise funds account for activities: (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs, such as depreciation or debt service. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's ongoing operation. The principal operating revenues are rental income and charges for services. Operating expenses include the cost of rental operations, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenues are governmental subsidies and grants. Grant revenue is recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net assets such as total assets net of total liabilities, are segregated into invested in capital assets, net of related debt; restricted; and unrestricted components. The Authority's operating statements present increases (revenues) and decreases (expenses) in net total assets.

The Authority reports the following two major business-type funds:

The *low rent fund* accounts for the provisions of low rent income services to the resident of the Authority. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing, and collection.

The *capital fund program fund* accounts for the yearly capital grants and associated capital projects at the Authority. The fund is authorized by the U.S. Department of Housing and Urban Development.

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**PUBLIC HOUSING AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Budgets

The Authority follows these procedures in establishing the budgetary process:

1. The executive director and the fee accountant prepare the budget in accordance with the U.S. Department of Housing and Urban Development (HUD) guidelines.
2. HUD reviews the proposed budget and makes corrections, revisions, and amendments as necessary.
3. The executive director submits the budget to the Authority's board of commissioners for approval.
4. The board of commissioners approves the budget.

The Authority does not budget depreciation expense; therefore, the budget is not prepared in accordance with generally accepted accounting principles. The budget is a guideline to operations and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level.

D. Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposit.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, certificates of deposit, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the State Treasurer's Investment Pool. New Mexico State Statutes require that financial institutions with public monies on deposit pledge collateral, to the owner of such public monies, in an amount not less than 50% of the uninsured public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority. The pledged securities remain in the name of the financial institution.

E. Inventory

Material and supplies are valued at cost, which approximates market, using the first-in/first-out (FIFO). The Authority has created an allowance for obsolete inventory. The allowance is 10% of total cost. The Authority deems this percentage sufficient.

F. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current fiscal year, are recorded as prepaid items.

**STATE OF NEW MEXICO  
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PUBLIC HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Capital Assets

Capital assets, which include property, plant, equipment, computer hardware and software, furniture, fixtures, and vehicles are valued and reported at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date of donation.

Major outlay for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Prior to June 17, 2005, the Authority defined capital assets as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Effective June 17, 2005, in accordance with state statutes the Authority changed its capitalization threshold to include only assets with a cost of \$5,000 or more. All assets capitalized prior to June 17, 2005 that are property of the Authority remain on the financial and accounting records of the Authority.

Property, plant, equipment, and vehicles are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	50 years
Equipment, computer hardware and software, furniture, and fixtures	5 years
Building improvements	20 years
Vehicles	5 years

I. Compensated Absences

Vested or accumulated vacation leave, is reflected as a liability of Authority. In accordance with the provisions of Governmental Accounting Standards Board, Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Annual leave is earned according to the following schedule:

<u>Length of Employment</u>	<u>Regular Full-Time</u>	<u>Regular Part-Time</u>
3 months to 5 years	8 hrs/pay period	4 hrs/pay period
5 years to 10 years	9 hrs/pay period	4.5 hrs/pay period
10.1 years to 15 years	10 hrs/pay period	5 hrs/pay period
15.1 years to 20 years	11 hrs/pay period	5.5 hrs/pay period
20.1 years to 25 years	12 hrs/pay period	6 hrs/pay period
25 years +	13 hrs/pay period	6.5 hrs/pay period

**STATE OF NEW MEXICO**  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

I. Compensated Absences (continued)

Regular full-time and regular part-time employees cannot carry more than seven hundred twenty (720) hours into subsequent years. Upon termination, any unused annual leave, equal to or less than four hundred (400) hours shall be paid.

J. Deferred Revenues

The Authority reports deferred revenue on its statement of net assets, when applicable. Deferred revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the Authority receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the statement of net assets and revenue is recognized.

K. Net Assets

Net assets comprise the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net assets are classified in the following three components:

**Invested in Capital Assets** – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes on other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant, unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the same net assets component as the spent proceeds.

**Restricted** – This component of net assets consists of constraints imposed by creditors, such as through debt covenants; grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net assets consists of net assets that do not meet the definition of *restricted* or *invested in capital assets*.

L. Cash Flows

For the purpose of the statement of cash flows, the Authority considers all highly liquid investments, including restricted cash with maturity of three months or less when purchased, to be cash equivalents.

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

M. Use of Estimates

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

**2. CASH**

New Mexico State Statutes provide authoritative guidance regarding the deposit of cash and idle cash. Deposit of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations. Deposits may be made to the extent that they are insured by an agency of the United States of America or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand, interest-bearing accounts shall be set by the state Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States Treasury bills of the same maturity on the day of deposit.

Idle cash may be invested in a wide variety of instruments, including money market accounts, certificates of deposit, the New Mexico State Treasurer's investment pool, or in securities that are issued by the state or by the United States government, or by their departments or agencies, and which are either direct obligations of the state or the United States, or are backed by the full faith and credit of those governments.

*Cash Deposited with Financial Institutions*

The Authority maintains cash in financial institutions within Bayard, New Mexico. The Authority's deposits are carried at cost.

As of June 30, 2011, the amount of cash reported on the financial statements differs from the amount on deposit with the various institutions because of transactions in transit and outstanding checks. The locations and amounts deposited are as follows:

	Type of Account	Per Financial Institution	Reconciling Items	Per Financial Statements
AmBank	Checking	\$ 229,099	\$ (1,876)	\$ 227,223
Bank of America	Checking	16,286	(44)	16,242
AmBank	Certificates of Deposit	177,102	-	177,102
		<u>\$ 422,487</u>	<u>\$ (1,920)</u>	<u>\$ 420,567</u>

The amounts reported as cash for the Authority within the financial statements is displayed as:



**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
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**2. CASH (continued)**

*Cash Deposited with Financial Institutions (continued)*

Statement of Net Assets:	
Cash	\$ 404,325
Restricted cash	<u>16,242</u>
Total cash reported on the financial statements	<u><u>\$ 420,567</u></u>

Except for items in transit, the carrying value of deposits by the respective depositories equated to the carrying value by the Authority. All deposits are insured by the Federal Deposit Insurance Corporation.

Such collateral, as permitted by the state statutes is held in each respective depository bank's collateral pool at a Federal Reserve Bank, or member bank other than the depository bank, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds with the exception of deposit insurance provided by the Federal Deposit Insurance Corporation.

	AmBank	Bank of America
Checking accounts	\$ 229,099	\$ 16,242
Certificates of deposit	<u>177,102</u>	<u>-</u>
Total deposits	406,201	16,242
Less FDIC checking	229,099	(16,242)
Less FDIC time deposits	<u>(177,102)</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

According to the Federal Deposit Insurance Corporation, the public unit owns public unit deposits. Time deposits, saving deposits and interest-bearing money market accounts at a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution:

*Custodial Credit Risk – Deposits* – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2011, all of the Authority's deposits were insured and the Authority was not exposed to custodial credit risk.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011, consisted of the following:

Charges for services	\$ 233
Less allowance for doubtful accounts	<u>-</u>
	<u><u>\$ 233</u></u>

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**3. ACCOUNTS RECEIVABLE (continued)**

The Authority's policy is to provide for uncollectible accounts based upon expected defaults.

**4. CAPITAL ASSETS**

Capital assets for the fiscal year ended June 30, 2011:

	Balance 06/30/10	Increases	Decreases	Balance 06/30/11
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 15,695	\$ -	\$ -	\$ 15,695
Other capital assets, being depreciated:				
Buildings	2,218,917	2,719	-	2,218,917
Building and other improvements	370,259	15,101	-	385,360
Furniture and equipment - dwellings	125,459	-	-	125,459
Furniture and equipment - administration	67,372	-	-	67,372
Total other capital assets, being depreciated	2,782,007	17,820	-	2,799,827
Less accumulated depreciation for:				
Buildings	(1,284,002)	(59,431)	-	(1,343,433)
Building improvements	(196,159)	(11,804)	-	(207,963)
Furniture and equipment - dwellings	(120,510)	(2,719)	-	(123,229)
Furniture and equipment - administration	(60,065)	(1,599)	-	(61,664)
Total accumulated depreciation	(1,660,736)	(75,553)	-	(1,736,289)
Other capital assets, net	1,121,271	(57,733)	-	1,063,538
Total capital assets, net	<u>\$ 1,136,966</u>	<u>\$ (57,733)</u>	<u>\$ -</u>	<u>\$ 1,079,233</u>

**5. ACCRUED COMPENSATED ABSENCES**

Changes in accrued compensated absences during the year ended June 30, 2011, were as follows:

	Balance 06/30/10	Additions	Deletions	Balance 06/30/11	Amount Due Within One Year
Accrued compensated absences	<u>\$ 4,267</u>	<u>\$ 11,949</u>	<u>\$ (10,340)</u>	<u>\$ 5,876</u>	<u>\$ 1,223</u>

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**6. RETIREMENT PLAN**

*Plan Description*

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

*Funding Policy*

Plan members are required to contribute 7% (ranges from 4.0% to 16.65% depending upon the plan – i.e., state general, state hazardous duty, state police and adult correctional officers, municipal general, municipal police, municipal fire, municipal detention officer) of their gross salary. The Authority is required to contribute 7% (ranges from 7.0% to 25.72% depending upon the plan) of the gross covered salary. The contribution requirements of plan members and the Authority are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Authority's contributions to PERA for the fiscal years ending June 30, 2011, 2010 and 2009 were \$8,062, \$6,891, and \$6,546, respectively, which equal the amount of the required contributions for each fiscal year.

**7. POST-EMPLOYMENT BENEFITS**

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides a comprehensive core group health insurance for persons who have retired from certain public service in New Mexico. The Authority has elected not to participate in the post-employment health insurance plan.

**8. RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The Authority has purchased commercial insurance to provide for these contingencies. The Authority pays an annual premium for its general insurance coverage and risk of loss is transferred.

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011**

**9. 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 amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

**10. INTERFUND TRANSFERS**

The capital fund program fund has transferred \$10,551 to the low rent fund. The capital fund program fund is responsible for collecting revenues that are used for the operations and thus those funds were transferred for use in the low rent fund.

**11. RESTATEMENT OF NET ASSETS**

During the fiscal year ended June 30, 2011, the Authority determined that changes to the beginning of year net assets and fund balances were necessary. A description, and the effect of the changes, is as follows:

*Major Funds*

**Low Rent Fund**

In the previous fiscal year, the Authority  
incorrectly reflected capital assets amounts. \$ (103,293)

**Capital Fund Program Fund**

In the previous fiscal year, the Authority  
incorrectly reflected capital assets amounts. \$ 103,293

**12. RECONCILIATION OF SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION**

The financial data schedule presented as supplemental federal financial information is additional financial information required by the U.S. Department of Housing and Urban Development (HUD). The schedule, although prepared in accordance with accounting principles generally accepted in the United States of America, requires reporting of the various grants awarded to the Authority as separate funds. These grants are combined by program within the financial statements. The financial data schedules require classifications and terminology that differ from those used in the financial statements. Therefore, the presentation may differ from that used in the financial statements. A reconciliation of the financial statements and financial data schedule is presented below:

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2011

**12. RECONCILIATION OF SUPPLEMENTAL FEDERAL FINANCIAL INFORMATION (cont.)**

	<u>Financial Statements</u>	<u>Differences</u>	<u>Financial Data Schedule</u>
Assets	<u>\$ 1,513,244</u>	<u>\$ -</u>	<u>\$ 1,513,244</u>
Liabilities	\$ 35,752	\$ -	\$ 35,752
Net assets	<u>1,477,492</u>	<u>-</u>	<u>1,477,492</u>
Total liabilities and net assets	<u>\$ 1,513,244</u>	<u>\$ -</u>	<u>\$ 1,513,244</u>
Revenues	\$ 335,674	\$ -	\$ 335,674
Expenses	<u>(371,276)</u>	<u>-</u>	<u>(371,276)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (35,602)</u>	<u>\$ -</u>	<u>\$ (35,602)</u>

## **SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
**STATEMENT OF LOW RENT FUND REVENUES AND EXPENSES**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
<b>Operating Revenues:</b>				
Tenant income	\$ 158,100	\$ 158,100	\$ 159,462	\$ 1,362
Intergovernmental	160,000	141,300	141,905	605
Interest income	500	500	1,836	1,336
Miscellaneous income	1,900	1,900	4,100	2,200
<b>Total operating revenues</b>	<b>320,500</b>	<b>301,800</b>	<b>307,303</b>	<b>5,503</b>
<b>Operating Expenses:</b>				
Administrative salaries	72,000	72,000	73,623	(1,623)
Training	3,000	3,000	553	2,447
Travel	3,000	3,000	616	2,384
Accounting fees	4,000	4,000	3,141	859
Auditing fees	6,000	6,000	5,766	234
Legal	1,000	1,000	161	839
Other administrative expenses	8,500	9,000	9,010	(10)
Tenant services	1,000	1,000	-	1,000
Collection losses	1,000	600	-	600
Water and solid waste	30,000	30,000	31,358	(1,358)
Electricity	4,000	4,000	3,440	560
Gas	15,000	12,200	10,156	2,044
Other utilities	12,000	11,200	11,510	(310)
Maintenance labor	38,000	41,500	45,397	(3,897)
Maintenance materials	10,000	17,400	22,385	(4,985)
Maintenance - contracts	30,000	23,000	21,818	1,182
Insurance	24,000	19,500	17,403	2,097
Employee benefits - administrative	24,000	29,000	16,697	12,303
Employee benefits - maintenance	-	-	12,138	(12,138)
<b>Total operating expenses</b>	<b>286,500</b>	<b>287,400</b>	<b>285,172</b>	<b>2,228</b>
<b>Net income</b>	<b>\$ 34,000</b>	<b>\$ 14,400</b>	<b>\$ 22,131</b>	<b>\$ 7,731</b>

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
LOW RENT FUND**

**RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES TO THE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison schedules:	\$	307,303
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Differences - Budget to GAAP:

The Authority budgets for Low Rent grant revenues as operating revenues for budgetary purposes. Low Rent revenues are reported as non-operating revenues for financial reporting purposes.		(141,905)
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The Authority budgets for interest income as operating revenues for budgetary purposes. Interest income is reported as non-operating revenues for financial reporting purposes.		(1,836)
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The Authority budgets for miscellaneous revenues as operating revenues for budgetary purposes. Interest income is reported as non-operating revenues for financial reporting purposes.		(4,100)
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Total operating revenues as reported on the statement of revenues, expenses and changes in fund net assets.	\$	<u>159,462</u>
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Uses/Outflows of Resources:

Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison schedules.	\$	285,172
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Differences - Budget to GAAP:

The Authority budgets for non-capital expenditures for each capital fund program award. Rather than reflecting those expenditures in the GAAP income statement for the capital fund program funds, they are reflected as a transfer to the low rent fund at which point they are reflected as expenses.		10,551
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Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes.		40,217
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Total operating expenses as reported on the statement of revenues, expenses, and changes in fund net assets.	\$	<u>335,940</u>
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Transfers:

Actual amounts (budgetary basis) "transfers" from the budgetary comparison schedules:	\$	-
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Differences - Budget to GAAP:

The Authority does not budget transfers from the capital fund program fund once grants have been closed to the low rent fund.		10,551
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Total transfers as reported on the statement of revenues, expenses, and changes in fund net assets.	\$	<u>10,551</u>
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**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
SCHEDULE OF CAPITAL FUND PROGRAM  
GRANT PROJECT NUMBER NM02P0245501-09  
REVENUES AND EXPENSES BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Incurred Prior Fiscal Years	Incurred Fiscal Year 06/30/11	Total Project	Variance With Finance Budget Over (Under)
Revenues:						
CFP grant revenues	\$ 115,781	\$ 115,631	\$ -	\$ 14,355	\$ 14,355	\$ 101,276
Expenses:						
Operations	20,000	20,000	-	-	-	20,000
Management improvements	5,000	5,000	-	1,355	1,355	3,645
Audit	2,000	3,000	-	3,000	3,000	-
Fees and costs	10,000	10,000	-	10,000	10,000	-
Dwelling equipment	39,000	22,000	-	-	-	22,000
Non-dwelling structures	39,781	35,631	-	-	-	35,631
Non-dwelling equipment	-	20,000	-	-	-	20,000
Total expenses	<u>115,781</u>	<u>115,631</u>	<u>-</u>	<u>14,355</u>	<u>14,355</u>	<u>101,276</u>
Net income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
 SCHEDULE OF CAPITAL FUND PROGRAM  
 GRANT PROJECT NUMBER NM02S024501-09  
 REVENUES AND EXPENSES BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Incurred Prior Fiscal Years	Incurred Fiscal Year 06/30/11	Total Project	Variance With Final Budget Over (Under)
Revenues:						
CFP grant revenues	\$ 146,555	\$ 146,555	\$ 143,836	\$ 2,719	\$ 146,555	\$ -
Expenses:						
Dwelling structures	146,555	146,555	143,836	2,719	146,555	-
Net income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
SCHEDULE OF CAPITAL FUND PROGRAM  
GRANT PROJECT NUMBER NM02P024501-10  
REVENUES AND EXPENSES BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Incurred Fiscal Year 06/30/11</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
CFP grant revenues	\$ 114,654	\$ 114,654	\$ 11,297	\$ (103,357)
Expenses:				
Operations	15,000	15,000	-	15,000
Management improvements	5,000	5,000	2,656	2,344
Audit	4,000	4,000	-	4,000
Fees and costs	15,000	15,000	5,101	9,899
Dwelling structures	72,000	72,000	-	72,000
Non-dwelling equipment	3,654	3,654	3,540	114
Total expenses	<u>114,654</u>	<u>114,654</u>	<u>11,297</u>	<u>103,357</u>
Net income	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO**  
**CITY OF BAYARD**  
**PUBLIC HOUSING AUTHORITY**  
**CAPITAL FUND PROGRAM FUND**  
**RECONCILIATION OF THE BUDGETARY COMPARISON SCHEDULES TO THE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules:

Project Number		
Schedule of CFP NM02P024501-09 Revenues and Expenses	\$	14,355
Schedule of CFP NM02S024501-09 Revenues and Expenses		2,719
Schedule of CFP NM02P024501-10 Revenues and Expenses		11,297
		11,297
Total budgetary basis revenues		28,371

Differences - Budget to GAAP:

For budgetary purposes, the Authority reports capital fund program revenues as such while those revenues are reported as capital contributions for financial reporting purposes. (28,371)

Total operating revenues as reported on the statement of revenues, expenses, and changes in fund net assets \$ -

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "total charges to appropriation" from the budgetary comparison schedules:

Schedule of CFP NM02P024501-09 Revenues and Expenses	\$	14,355
Schedule of CFP NM02S024501-09 Revenues and Expenses		2,719
Schedule of CFP NM02P024501-10 Revenues and Expenses		11,297
		11,297
Total budgetary basis expenses		28,371

Differences - Budget to GAAP:

The Authority budgets for expenditures paid for during the current accounting period. Capital expenditures are reflected as capital outlay expenditures on the budgetary comparison schedules while those amounts are capitalized for financial reporting purposes. (17,820)

The Authority budgets for non-capital expenditures for each capital fund program award. Rather than reflecting those expenditures in the GAAP income statements for the capital fund program fund, they are reflected as a transfer to the low rent fund at which point they are reflected as expenses. (10,551)

Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes. 35,336

Total operating expenses as reported on the statement of revenues, expenses, and changes in fund net assets \$ 35,336

Capital Contributions and Transfers:

Actual amounts (budgetary basis) "capital contributions and transfers" from the budgetary comparison schedules:

Capital Fund program funds	\$	-
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Differences - Budget to GAAP:

For budgetary purposes, the Authority reports capital fund program revenues as such while those revenues are reported as capital contributions for financial reporting purposes. 28,371

The Authority does not budget transfers from the capital fund program funds once grants have been closed to the low rent fund. (10,551)

Total transfers as reported on the statement of revenues, expenses, and changes in fund net assets \$ 17,820

**OTHER SUPPLEMENTAL FINANCIAL INFORMATION**

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
SCHEDULE OF CASH ACCOUNTS  
JUNE 30, 2011**

<u>Financial Institution/ Account Description</u>	<u>Type of Account</u>	<u>Financial Institution Balance</u>	<u>Reconciling Items</u>	<u>Reconciled Balance</u>
AmBank P.O. Box 2677 Silver City, NM 88062-2677				
Bayard Housing Authority	Checking	\$ 229,099	\$ (1,876)	\$ 227,223
Bayard Housing Authority	CD	50,167	-	50,167
Bayard Housing Authority	CD	50,167	-	50,167
Bayard Housing Authority	CD	51,278	-	51,278
Bayard Housing Authority	CD	25,490	-	25,490
		<u>177,102</u>	<u>-</u>	<u>177,102</u>
		<u>\$ 406,201</u>	<u>\$ (1,876)</u>	<u>\$ 404,325</u>
Bank of America P.O. Box 25118 Tampa, FL 33622-5118				
Bayard Housing Authority	Checking	<u>\$ 16,286</u>	<u>\$ (44)</u>	<u>\$ 16,242</u>

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2011**

Line Item	Description	Total Projects
111	Cash - unrestricted	\$ 227,223
114	Cash - tenant security deposits	16,242
100	Total cash	243,465
126	Accounts receivable - tenants	233
126.1	Allowance for doubtful accounts - dwelling rent	-
129	Accrued interest receivable	33
120	Total receivables, net of allowance for doubtful accounts	266
131	Investments - unrestricted	177,102
142	Prepaid expenses and other assets	9,900
143	Inventories	3,278
143.1	Allowance for obsolete inventories	-
150	Total current assets	434,011
161	Land	15,695
162	Buildings	2,221,636
163	Furniture, equipment and machinery - dwellings	125,459
164	Furniture, equipment and machinery - administration	67,372
165	Leasehold improvements	385,360
166	Accumulated depreciation	(1,736,289)
160	Total capital assets, net of a/d	1,079,233
190	Total assets	\$ 1,513,244
312	Accounts payable <= 90 days	\$ 6,741
321	Accrued wage/payroll taxes payable	6,003
322	Accrued compensated absences - current portion	1,223
341	Tenant security deposits	16,242
342	Deferred revenues	890
310	Total current liabilities	31,099
354	Accrued compensated absences - non-current	4,653
300	Total liabilities	35,752
508.1	Invested in capital assets net of related debt	1,079,233
512.1	Unrestricted net assets	398,259
513	Total equity	1,477,492
600	Total liabilities and equity	\$ 1,513,244

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2011**

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	\$ 157,221	\$ -	\$ 157,221
70400	Tenant revenue - other	2,241		2,241
70500	Total tenant revenue	159,462	-	159,462
70600	HUD PHA operating grants	141,905	-	141,905
70610	Capital grants	-	28,371	28,371
71100	Investment income - unrestricted	1,836	-	1,836
71500	Other revenue	4,100	-	4,100
70000	Total revenues	307,303	28,371	335,674
91100	Administrative salaries	73,623	-	73,623
91200	Auditing fees	8,766	-	8,766
91310	Bookkeeping fees	3,141	-	3,141
91500	Employee benefit contributions - administrative	17,040	-	17,040
91600	Office expenses	9,171	-	9,171
91800	Travel	616	-	616
91900	Other	4,564	-	4,564
91000	Total operating - administrative	116,921	-	116,921
93100	Water	31,358	-	31,358
93200	Electricity	3,440	-	3,440
93300	Gas	10,156	-	10,156
93600	Sewer	11,510	-	11,510
93000	Total utilities	56,464	-	56,464
94100	Ordinary maintenance and operations - labor	45,397	-	45,397
94200	Ordinary maintenance and operations - materials and other	25,925	-	25,925
94300-010	Ordinary maintenance and operations contracts - garbage and trash removal contracts	16,243	-	16,243
94300-020	Ordinary maintenance and operations contracts - unit turnaround contracts	380	-	380
94300-080	Ordinary maintenance and operations contracts - plumbing contracts	268	-	268
94300-090	Ordinary maintenance and operations contracts - extermination contracts	2,099	-	2,099
94300-110	Ordinary maintenance and operations contracts - routine maintenance contracts	162	-	162
94300-120	Ordinary maintenance and operations contracts - miscellaneous contracts	2,666	-	2,666
94300	Ordinary maintenance and operations contracts	21,818	-	21,818
945000	Employee benefit contribution - ordinary maintenance	11,795	-	11,795
94000	Total maintenance	104,935	-	104,935



**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
JUNE 30, 2011**

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
96110	Property insurance	8,516	-	8,516
96120	Liability insurance	4,942	-	4,942
96130	Workmen's compensation	1,822	-	1,822
96140	All other insurance	2,123	-	2,123
96100	Total insurance premiums	<u>17,403</u>	<u>-</u>	<u>17,403</u>
96900	Total operating expenses	<u>295,723</u>	<u>-</u>	<u>295,723</u>
97000	Excess revenues over operating expenses	11,580	28,371	39,951
97400	Depreciation expense	<u>40,217</u>	<u>35,336</u>	<u>75,553</u>
90000	Total expenses	<u>335,940</u>	<u>35,336</u>	<u>371,276</u>
10010	Operating transfer in	10,551	-	10,551
10020	Operating transfer out	<u>-</u>	<u>(10,551)</u>	<u>(10,551)</u>
10100	Total other financing sources (uses)	<u>10,551</u>	<u>(10,551)</u>	<u>-</u>
	Excess (deficiency) of revenues over (under) expenses	<u>\$ (18,086)</u>	<u>\$ (17,516)</u>	<u>\$ (35,602)</u>
11030	Beginning equity	\$ 1,309,582	\$ 203,512	\$ 1,513,094
11040-070	Equity transfers	-	-	-
	Restatements	(103,293)	103,293	-
11190	Unit months available	840	-	840
11210	Unit months leased	830	-	830

**ADDITIONAL INDEPENDENT AUDITORS' REPORT**

**Ed Fierro, CPA • Rose Fierro, CPA**527 Brown Road • Las Cruces, NM 88005  
Bus: (575) 525-0313 • Fax: (575) 525-9708  
www.fierrocpa.com

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*

Hector H. Balderas, State Auditor  
and  
Board of Commissioners  
City of Bayard Public Housing Authority  
Bayard, New Mexico

We have audited the financial statements of the business-type activities, each major fund and the budgetary comparison of the enterprise funds presented as supplementary information of the Public Housing Authority (Authority) of the City of Bayard, New Mexico, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the 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 the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5 NMSA 1978, which is described in the accompanying schedule of findings and responses as finding 2010-03.

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

This report is intended solely for the information and use of the board of commissioners, management, others within the Authority, the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration Local Government Division and applicable federal grantors, and is not intended to be and should not be used by anyone other than these specified parties.

*Fierro + Fierro, P.A.*

Fierro & Fierro, P.A.  
Las Cruces, New Mexico

November 14, 2011

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011**

Item 2010-02 – Other - Travel and Per Diem

**Statement of Condition** – During the course of the audit, we performed tests of travel and per diem expenditures. Our sample size was two transactions, which were haphazardly selected throughout the fiscal year, and contained the following discrepancies:

- There were two instances which required mileage (actual or per diem) reimbursement. All instances had the mileage reimbursement rate calculated incorrectly, due to changes to the Travel and Per Diem Act, instituted by the New Mexico Department of Finance and Administration via a memorandum issued to all governmental entities throughout New Mexico. For all instances, the employee was overpaid. The variance totaled \$18.

**Criteria** – The New Mexico Department of Finance and Administration have issued regulations in the form of Title 2, Chapter 42, Part 2, *Travel and Per Diem Regulations Governing the Per Diem and Mileage Act* of the New Mexico Administrative Code. The rule was issued in accordance with Section 10-8-1 to 10-8-8 NMSA 1978. The Per Diem and Mileage Act requires local governments to use previous year's Internal Revenue Service mileage rate to determine the current mileage rate.

**Effect** – Non-compliance with the state of New Mexico Travel and Per Diem Act subjects officials and employees to penalties as required by state statutes.

**Cause** – The Authority failed to make the necessary changes to their travel and per diem form, when the mileage rate changed at the beginning of the year.

**Recommendation** – We recommend review the memorandum issued by the New Mexico Department of Finance and Administration concerning the increase in mileage reimbursement rates. We recommend the Authority review the Travel and Per Diem Act. We recommend the Authority staff reevaluate their internal control procedures over the calculation and reimbursement amounts for employee travel and per diem. Furthermore, we recommend the Authority amend their travel and per diem policy to reflect the correct allowable mileage reimbursement rates.

**Views of Responsible Officials and Planned Corrective Actions** – The Authority concurs with the auditor's recommendation, and has updated the travel and per diem policy. The Authority has also started using the correct mileage rate on employee travel and per diem forms.

**PRIOR YEAR'S AUDIT FINDINGS**

Item 2009-01 – Bank Depositories – During the previous year's audit, it was noted the Authority failed to allocate their interest bearing accounts between the two banks within the City of Bayard. During the fiscal year, one of the two banks closed their doors to the Bayard branch, thus no longer requiring the Authority to allocate their interest bearing accounts. The finding is considered resolved.

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2011**

**PRIOR YEAR'S AUDIT FINDINGS (continued)**

*Item 2010-01 – Tenant Eligibility* – During the previous year's audit, it was noted that the tenant files did not contain all of the information required by the United States Department of Housing and Urban Development. The results of our testing for the current year did not reveal any deficiencies within the tenant files. This finding is considered resolved.

*Item 2010-02 – Travel and Per Diem* – During the previous year's audit, it was noted that the Authority failed to follow the reimbursements of the Mileage and Per Diem Act for reimbursement of employee travel expenses. During the fiscal year, the Authority failed to make the necessary adjustments concerning the Mileage and Per Diem Act. This finding has not been resolved, and is modified and repeated as Item 2010-02.

**STATE OF NEW MEXICO  
CITY OF BAYARD  
PUBLIC HOUSING AUTHORITY  
EXIT CONFERENCE AND FINANCIAL STATEMENT PREPARATION  
JUNE 30, 2011**

**Exit Conference**

The audit report for the fiscal year ended June 30, 2011, was discussed during the exit conference held on December 1, 2011. Present for the Public Housing Authority was: James Cook, chairperson; and Jolene Padilla, executive director. Present for the City of Bayard was: Louis F. Baum, Sr., councilor; and Kristina V. Ortiz, city clerk-treasurer. Present from the auditing firm was Dominic Fierro, manager.

**Financial Statement Preparation**

The auditing firm of Fierro & Fierro, P.A., Certified Public Accountants, prepared the audit report that contains the financial statements and notes to the financial statements of the City of Bayard Public Housing Authority as of and for the year ended June 30, 2011. The Authority prepares all accruals and deferrals to adjust the general ledger as necessary in order to present financial statements in accordance with generally accepted accounting principles. The Authority also performed all depreciation calculations for the Authority. The Authority's upper management has reviewed and approved the financial statements and related notes, and they believe the Authority's books and records adequately support them.