

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

**FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2014

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

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**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY**
Directory of Officials
June 30, 2014

Board of Commissioners

Rosemary Alvarado	Chairperson
Jovita Gonzales	Vice-Chairperson
Brenda Davis	Commissioner
Orpha Gonzalez.....	Commissioner
A.C. Rodriguez.....	Commissioner

Administrative Staff

Jolene Padilla	Executive Director
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www.fierrocpa.comIndependent Auditors' ReportHector H. Balderas, State Auditor
and
Board of Commissioners
City of Bayard Public Housing Authority
Bayard, New Mexico**Report on Financial Statements**

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 ended June 30, 2014, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons for the major enterprise funds presented as supplementary information, as defined by the Government Accounting Standards Board, as of and for the year ended June 30, 2014, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund, of the Authority, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows thereof and the budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America 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 the Governmental Accounting Standards Board 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America.

In our opinion, the other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 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* in considering the Authority's internal control over financial reporting and compliance.



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

November 24, 2014

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2014

	Low Rent Fund	Capital Fund Program Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Current assets:			
Cash	\$ 397,357	\$ -	\$ 397,357
Receivables, net	313	-	313
Prepaid expenses	13,376	-	13,376
Inventory	5,152	-	5,152
	<u>416,198</u>	<u>-</u>	<u>416,198</u>
Total current assets			
Noncurrent assets:			
Restricted cash	16,179	-	16,179
Capital assets, not being depreciated	15,695	3,188	18,883
Capital assets, being depreciated	972,098	245,023	1,217,121
	<u>1,003,972</u>	<u>248,211</u>	<u>1,252,183</u>
Total noncurrent assets			
	<u>\$ 1,420,170</u>	<u>\$ 248,211</u>	<u>\$ 1,668,381</u>
Liabilities:			
Current liabilities:			
Accounts payable	6,733	-	6,733
Accrued salaries	2,655	-	2,655
Accrued payroll liabilities	2,858	-	2,858
Tenant deposits	16,179	-	16,179
Current maturities of:			
Compensated absences	4,338	-	4,338
	<u>32,763</u>	<u>-</u>	<u>32,763</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated absences	1,745	-	1,745
	<u>34,508</u>	<u>-</u>	<u>34,508</u>
Total liabilities			
Net Position:			
Net investment in capital assets	987,793	248,211	1,236,004
Unrestricted	397,869	-	397,869
	<u>1,385,662</u>	<u>248,211</u>	<u>1,633,873</u>
Total net position			
	<u>\$ 1,420,170</u>	<u>\$ 248,211</u>	<u>\$ 1,668,381</u>
Total liabilities and net position			

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 POSITION
FOR THE YEAR ENDED JUNE 30, 2014

	Low Rent Fund	Capital Fund Program Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Charges for services	\$ 169,601	\$ -	\$ 169,601
Operating Expenses:			
Personnel services	145,983	-	145,983
Employee benefits	34,874	-	34,874
Repairs and maintenance	38,442	-	38,442
Professional services	11,942	-	11,942
Utilities	53,319	-	53,319
General operating	44,353	-	44,353
Depreciation	66,787	17,295	84,082
	<u>395,700</u>	<u>17,295</u>	<u>412,995</u>
Total operating expenses			
Operating (loss)	(226,099)	(17,295)	(243,394)
Non-Operating Revenues (Expenses):			
Intergovernmental	191,008	-	191,008
Interest income	484	-	484
Miscellaneous income	3,479	-	3,479
	<u>194,971</u>	<u>-</u>	<u>194,971</u>
Total non-operating revenues (expenses)			
(Loss) before capital contributions and transfers	(31,128)	(17,295)	(48,423)
Capital contributions and Transfers:			
Capital contributions	-	34,872	34,872
Transfers in	170,859	-	170,859
Transfers (out)	-	(170,859)	(170,859)
	<u>170,859</u>	<u>(135,987)</u>	<u>34,872</u>
Total capital contributions and transfers			
Change in net position	139,731	(153,282)	(13,551)
Net position, beginning of year	<u>1,245,931</u>	<u>401,493</u>	<u>1,647,424</u>
Net position, end of year	<u>\$ 1,385,662</u>	<u>\$ 248,211</u>	<u>\$ 1,633,873</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, 2014**

	Low Rent Fund	Capital Fund Program Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Cash Flows from Operating Activities:			
Cash received from tenants	\$ 168,680	\$ -	\$ 168,680
Cash payments to suppliers for goods and services	(179,852)	-	(179,852)
Cash payments to employees for services	<u>(155,679)</u>	<u>(48,263)</u>	<u>(203,942)</u>
Net cash (used) by operating activities	(166,851)	(48,263)	(215,114)
Cash Flows from Non-Capital and Financing Activities:			
Cash received from intergovernmental sources	157,555	-	157,555
Cash received from miscellaneous sources	3,479	-	3,479
Net change in customer deposits	(47)	-	(47)
Net transfers in (out)	<u>19,462</u>	<u>(19,462)</u>	<u>-</u>
Net cash provided (used) by non-capital and related financing activities	180,449	(19,462)	160,987
Cash Flows from Capital and Financing Activities:			
Cash received from intergovernmental sources	-	102,597	102,597
Acquisition and construction of capital assets	<u>-</u>	<u>(34,872)</u>	<u>(34,872)</u>
Net cash provided by capital and related financing activities	-	67,725	67,725
Cash Flows from Investing Activities:			
Proceeds from maturities of investments	178,417	-	178,417
Purchase of investments	(178,837)	-	(178,837)
Interest income	<u>492</u>	<u>-</u>	<u>492</u>
Net cash provided by investing activities	<u>72</u>	<u>-</u>	<u>72</u>
Net increase in cash	13,670	-	13,670
Cash and cash equivalents, beginning of year	<u>221,029</u>	<u>-</u>	<u>221,029</u>
Cash and cash equivalents, end of year	<u><u>\$ 234,699</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 234,699</u></u>
Displayed as:			
Cash	\$ 397,357	\$ -	\$ 397,357
Restricted cash	16,179	-	16,179
Time deposits not considered cash equivalents	<u>(178,837)</u>	<u>-</u>	<u>(178,837)</u>
	<u><u>\$ 234,699</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 234,699</u></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 (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2014

	Low Rent Fund	Capital Fund Program Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities:			
Operating (loss)	\$ (226,099)	\$ (17,295)	\$ (243,394)
Adjustments to Reconcile Operating (Loss) to Net Cash Used by Operating Activities:			
Depreciation	66,787	17,295	84,082
Change in Assets and Liabilities:			
(Increase) in tenants' receivable	(72)	-	(72)
(Increase) in prepaid expenses	(3,614)	-	(3,614)
(Increase) in inventories	(1,979)	-	(1,979)
(Decrease) in accounts payable	(2,030)	(48,263)	(50,293)
(Decrease) in accrued salaries	(150)	-	(150)
Increase in accrued payroll liabilities	316	-	316
Increase in compensated absences	839	-	839
(Decrease) in deferred revenues	(849)	-	(849)
	<u>59,248</u>	<u>(30,968)</u>	<u>28,280</u>
Total adjustments			
Net cash (used) by operating activities	<u>\$ (166,851)</u>	<u>\$ (48,263)</u>	<u>\$ (215,114)</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, 2014

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 the pronouncements issued by the Government Auditing Standards Board (GASB).

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 position, revenues, and expenses.

STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation and Accounting (continued)

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 residents 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.

STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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. Receivables

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

F. 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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items.

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

At this time, the Authority has not reported any deferred outflows/inflows of resources.

K. Net Position

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, and capital contributions. Net position is classified in the following three components:

Net Investment in Capital Assets – This component of net position 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 position component as the spent proceeds.

Restricted – This component of net position 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 position consists of net position that does not meet the definition of *restricted* or *net investment 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
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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

As of June 30, 2014, 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:

	<u>Per Financial Institution</u>	<u>Reconciling Items</u>	<u>Per Financial Statements</u>
AmBank	\$ 397,411	\$ (54)	\$ 397,357
Washington Federal	16,179	-	16,179
	<u>\$ 413,590</u>	<u>\$ (54)</u>	<u>\$ 413,536</u>

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

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

2. CASH (continued)

Cash Deposited with Financial Institutions (continued)

Statement of Net Position:	
Cash	\$ 397,357
Restricted cash	<u>16,179</u>
Total cash reported on the financial statements	<u><u>\$ 413,536</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 collateralized with eligible securities, as described by New Mexico State Statute, in amounts equal to at least 50% of the Authority carrying value of the deposits (demand and certificates of deposit). 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	Washington Federal
Total deposits in bank	\$ 397,411	\$ 16,179
Less FDIC insurance	<u>(397,411)</u>	<u>(16,179)</u>
Uninsured public funds	-	-
Pledged collateral held by pledging bank's agent, but not in the Authority's name	<u>100,000</u>	<u>-</u>
Uninsured and uncollateralized public funds	<u>\$ -</u>	<u>\$ -</u>
Total pledged collateral	\$ 100,000	\$ -
50% pledged collateral requirement per state statute	<u>-</u>	<u>-</u>
Pledged collateral (under) over the requirement	<u><u>\$ 100,000</u></u>	<u><u>\$ -</u></u>

A detailed listing of the pledged collateral is contained in the supplemental financial information section of this report.

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, 2014, all of the Authority's deposits were insured and the Authority was not exposed to custodial credit risk.

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

3. RECEIVABLES, NET

Receivables at June 30, 2014, consisted of the following:

Accounts:			
Tenants' rent	\$	313	
Less allowance for doubtful accounts		-	
		313	
Interest		-	
		\$ 313	

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, 2014:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 15,695	\$ -	\$ -	\$ 15,695
Construction in progress	171,101	3,188	(171,101)	3,188
Total capital assets, not being depreciated	186,796	3,188	(171,101)	18,883
Other capital assets, being depreciated:				
Buildings	2,221,636	-	-	2,221,636
Building and other improvements	532,109	216,776	-	748,885
Furniture and equipment - dwellings	131,659	-	-	131,659
Furniture and equipment - administration	100,274	-	-	100,274
Total other capital assets, being depreciated	2,985,678	216,776	-	3,202,454
Less accumulated depreciation for:				
Buildings	(1,457,796)	(50,254)	-	(1,508,050)
Building improvements	(247,912)	(30,770)	-	(278,682)
Furniture and equipment - dwellings	(125,657)	(121)	-	(125,778)
Furniture and equipment - administration	(69,886)	(2,937)	-	(72,823)
Total accumulated depreciation	(1,901,251)	(84,082)	-	(1,985,333)
Other capital assets, net	1,084,427	132,694	-	1,217,121
Total capital assets, net	\$ 1,271,223	\$ 135,882	\$ (171,101)	\$ 1,236,004

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

5. ACCRUED COMPENSATED ABSENCES

Changes in accrued compensated absences during the year ended June 30, 2014, were as follows:

	Balance 06/30/13	Additions	Deletions	Balance 06/30/14	Amount Due Within One Year
Accrued compensated absences	\$ 5,244	\$ 14,354	\$ (13,515)	\$ 6,083	\$ 4,338

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.

Funding Policy

Plan members are required to contribute 9.15% (ranges from 6.28% to 18.15% 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 9.15% (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, 2014, 2013 and 2012 were \$9,965, \$9,692, and \$9,239, 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.

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

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.

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 \$170,859 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. 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:

	Financial Statements	Differences	Financial Data Schedule
Assets	\$ 1,668,381	\$ -	\$ 1,668,381
Liabilities	\$ 34,508	\$ -	\$ 34,508
Net position	1,633,873	-	1,633,873
Total liabilities and net position	\$ 1,668,381	\$ -	\$ 1,668,381
Revenues	\$ 399,444	\$ -	\$ 399,444
Expenses	(412,995)	-	(412,995)
Excess (deficiency) of revenues over expenditures	\$ (13,551)	\$ -	\$ (13,551)

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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Operating Revenues:				
Tenant income	\$ 159,500	\$ 168,000	\$ 169,601	\$ 1,601
Intergovernmental	95,000	156,000	157,555	1,555
Interest income	600	600	484	(116)
Miscellaneous income	700	700	3,479	2,779
Total operating revenues	255,800	325,300	331,119	5,819
Operating Expenses:				
Administrative salaries	84,252	87,400	86,978	422
Training	1,500	1,500	-	1,500
Travel	3,500	3,500	1,704	1,796
Accounting fees	4,000	4,000	3,176	824
Auditing fees	4,770	4,770	4,766	4
Legal	200	200	-	200
Other administrative expenses	9,220	10,010	8,829	1,181
Collection losses	300	300	-	300
Water and solid waste	27,000	27,000	27,514	(514)
Electricity	4,000	4,000	3,058	942
Gas	10,500	10,500	9,819	681
Other utilities	12,500	12,500	12,928	(428)
Maintenance labor	58,844	62,500	59,005	3,495
Maintenance materials	15,000	16,000	13,814	2,186
Maintenance contracts	20,000	20,000	21,490	(1,490)
Insurance	25,950	25,950	27,263	(1,313)
Employee benefits	46,920	46,920	34,874	12,046
Total operating expenses	328,456	337,050	315,218	21,832
Net income (loss)	\$ (72,656)	\$ (11,750)	\$ 15,901	\$ 27,651
Beginning of year cash available to absorb deficit budget	\$ 72,656	\$ 11,750		

**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 POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "operating revenues" from the budgetary comparison schedules: \$ 331,119

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. (157,555)

The Authority budgets for interest income as operating revenues for budgetary purposes. Interest income is reported as non-operating revenues for financial reporting purposes. (484)

The Authority budgets for miscellaneous revenues as operating revenues for budgetary purposes. Miscellaneous revenue is reported as non-operating revenues for financial reporting purposes. (3,479)

Total operating revenues as reported on the statement of revenues, expenses and changes in fund net position. \$ 169,601

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "operating expenses" from the budgetary comparison schedules. \$ 315,218

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. 13,695

Depreciation expense is not considered an outflow of operating resources for budgetary basis but is considered an expense for financial reporting purposes. 66,787

Total operating expenses as reported on the statement of revenues, expenses and changes in fund net position. \$ 395,700

Transfers:

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

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. 170,859

Total transfers as reported on the statement of revenues, expenses, and changes in fund net position. \$ 170,859

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, 2014

	Original Budget	Final Budget	Incurred Prior Fiscal Years	Incurred Fiscal Year 06/30/14	Total Project	Variance With Finance Budget Over (Under)
Revenues:						
CFP grant revenues	\$ 115,781	\$ 115,631	\$ 115,631	\$ -	\$ 115,631	\$ -
Expenses:						
Operations	20,000	-	-	-	-	-
Management improvements	5,000	5,000	5,000	-	5,000	-
Audit	2,000	3,000	3,000	-	3,000	-
Fees and costs	10,000	10,000	10,000	-	10,000	-
Site improvements	39,000	78,359	78,359	-	78,359	-
Dwelling structures	39,781	19,272	19,272	-	19,272	-
Total expenses	<u>115,781</u>	<u>115,631</u>	<u>115,631</u>	<u>-</u>	<u>115,631</u>	<u>-</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 NM02P0245501-11
REVENUES AND EXPENSES BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Incurred Prior Fiscal Years	Incurred Fiscal Year 06/30/14	Total Project	Variance With Finance Budget Over (Under)
Revenues:						
CFP grant revenues	\$ 105,964	\$ 105,964	\$ 105,698	\$ 266	\$ 105,964	\$ -
Expenses:						
Management improvements	1,423	1,423	1,423	-	1,423	-
Audit	4,000	4,000	4,000	-	4,000	-
Fees and costs	10,000	10,000	10,000	-	10,000	-
Dwelling structures	74,464	74,464	74,464	-	74,464	-
Dwelling equipment	6,200	6,200	6,200	-	6,200	-
Non-dwelling equipment	9,877	9,877	9,611	266	9,877	-
Total expenses	105,964	105,964	105,698	266	105,964	-
Net income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
SCHEDULE OF CAPITAL FUND PROGRAM
GRANT PROJECT NUMBER NM02P0245501-12
REVENUES AND EXPENSES BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Incurred Prior Fiscal Years	Incurred Fiscal Year 06/30/14	Total Project	Variance With Final Budget Over (Under)
Revenues:						
CFP grant revenues	\$ 93,810	\$ 93,810	\$ 38,939	\$ 54,871	\$ 93,810	\$ -
Expenses:						
Operations	10,000	10,000	10,000	767	10,767	(767)
Management improvements	5,000	5,000	3,314	1,557	4,871	129
Audit	4,000	4,000	-	4,000	4,000	-
Fees and costs	8,000	8,000	8,676	4,922	13,598	(5,598)
Site improvements	8,000	8,000	2,613	4,633	7,246	754
Dwelling structures	30,810	30,810	11,455	26,762	38,217	(7,407)
Non-dwelling structures	-	-	-	12,230	12,230	(12,230)
Non-dwelling equipment	28,000	28,000	2,881	-	2,881	25,119
Total expenses	<u>93,810</u>	<u>93,810</u>	<u>38,939</u>	<u>54,871</u>	<u>93,810</u>	<u>-</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 NM02P024501-13
REVENUES AND EXPENSES BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Incurred Fiscal Year 06/30/14</u>	<u>Variance With Final Budget Over (Under)</u>
Revenues:				
CFP grant revenues	\$ 89,707	\$ 89,707	\$ 13,188	\$ (76,519)
Expenses:				
Operations	10,000	5,000	5,000	-
Management improvements	5,000	5,000	5,000	-
Audit	4,000	4,000	-	4,000
Fees and costs	7,500	9,000	3,188	5,812
Dwelling structures	60,207	66,707	-	66,707
Non-dwelling structures	3,000	-	-	-
Total expenses	<u>89,707</u>	<u>89,707</u>	<u>13,188</u>	<u>76,519</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 POSITION
FOR THE YEAR ENDED JUNE 30, 2014

Sources/Inflows of Resources:

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

Schedule of CFP NM02P024501-09 Revenues and Expenses	\$	-
Schedule of CFP NM02P024501-11 Revenues and Expenses		266
Schedule of CFP NM02P024501-12 Revenues and Expenses		54,871
Schedule of CFP NM02P024501-13 Revenues and Expenses		13,188
		13,188

Total budgetary basis revenues		68,325
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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.

(68,325)

Total operating revenues as reported on the statement of revenues, expenses, and changes in fund net position.	\$	-
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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	\$	-
Schedule of CFP NM02P024501-11 Revenues and Expenses		266
Schedule of CFP NM02P024501-12 Revenues and Expenses		54,871
Schedule of CFP NM02P024501-13 Revenues and Expenses		13,188
		13,188

Total budgetary basis expenses		68,325
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Differences - Budget to GAAP:

Capital expenditures are reflected as capital outlay expenditures on the budgetary comparison schedules while those amounts are capitalized for financial reporting purposes.

(54,630)

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.

(13,695)

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

17,295

Total operating expenses as reported on the statement of revenues, expenses, and changes in fund net position.	\$	17,295
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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.

68,325

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

(239,184)

Total transfers as reported on the statement of revenues, expenses, and changes in fund net position.	\$	(170,859)
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OTHER SUPPLEMENTAL FINANCIAL INFORMATION

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
SCHEDULE OF CASH ACCOUNTS
JUNE 30, 2014**

<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	\$ 218,574	\$ (54)	\$ 218,520
Bayard Housing Authority	CD	50,701	-	50,701
Bayard Housing Authority	CD	50,701	-	50,701
Bayard Housing Authority	CD	51,779	-	51,779
Bayard Housing Authority	CD	25,656	-	25,656
		<u>178,837</u>	<u>-</u>	<u>178,837</u>
		<u>\$ 397,411</u>	<u>\$ (54)</u>	<u>\$ 397,357</u>
Washington Federal 1203 N. Hudson St. Silver City, NM 88061				
Bayard Housing Authority	Checking	<u>\$ 16,179</u>	<u>\$ -</u>	<u>\$ 16,179</u>

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
SCHEDULE OF PLEDGED COLLATERAL
JUNE 30, 2014**

AmBank
P.O. Box 2677
Silver City, NM 88062-2677

<u>Security</u>	<u>CUSIP</u>	<u>Maturity</u>	<u>Par Value</u>
Bloomfield NM Sch	094077KJ2	09/01/15	<u>\$ 100,000</u>

The holder of the security pledged by AmBank is the Federal Home Loan Bank of Dallas, 8500 Freeport Parkway South, Suite 100, Irving, TX 75063-2547.

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2014**

Line Item	Description	Total Projects
111	Cash - unrestricted	\$ 218,520
114	Cash - tenant security deposits	16,179
100	Total cash	234,699
126	Accounts receivable - tenants	313
126.1	Allowance for doubtful accounts - dwelling rent	-
120	Total receivables, net of allowance for doubtful accounts	313
131	Investments - unrestricted	178,837
142	Prepaid expenses and other assets	13,376
143	Inventories	5,152
143.1	Allowance for obsolete inventories	-
150	Total current assets	432,377
161	Land	15,695
162	Buildings	2,221,636
163	Furniture, equipment and machinery - dwellings	131,659
164	Furniture, equipment and machinery - administration	100,274
165	Leasehold improvements	748,885
166	Accumulated depreciation	(1,985,333)
167	Construction in progress	3,188
160	Total capital assets, net of a/d	1,236,004
190	Total assets	\$ 1,668,381
312	Accounts payable <= 90 days	\$ 6,733
321	Accrued wage/payroll taxes payable	5,513
322	Accrued compensated absences - current portion	4,338
341	Tenant security deposits	16,179
310	Total current liabilities	32,763
354	Accrued compensated absences - non-current	1,745
300	Total liabilities	34,508
508.1	Invested in capital assets net of related debt	1,236,004
512.1	Unrestricted net assets	397,869
513	Total equity	1,633,873
600	Total liabilities and equity	\$ 1,668,381

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2014**

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
70300	Net tenant rental revenue	\$ 159,800	\$ -	\$ 159,800
70400	Tenant revenue - other	9,801		9,801
70500	Total tenant revenue	169,601	-	169,601
70600	HUD PHA operating grants	157,555	-	157,555
70610	Capital grants	-	68,325	68,325
71100	Investment income - unrestricted	484	-	484
71500	Other revenue	3,479	-	3,479
70000	Total revenues	331,119	68,325	399,444
91100	Administrative salaries	86,978	-	86,978
91200	Auditing fees	4,766	-	4,766
91310	Bookkeeping fees	3,176	-	3,176
91500	Employee benefit contributions - administrative	13,335	-	13,335
91600	Office expenses	8,829	-	8,829
91800	Travel	1,704	-	1,704
91000	Total operating - administrative	118,788	-	118,788
93100	Water	27,514	-	27,514
93200	Electricity	3,058	-	3,058
93300	Gas	9,819	-	9,819
93600	Sewer	12,928	-	12,928
93000	Total utilities	53,319	-	53,319
94100	Ordinary maintenance and operations - labor	59,005	-	59,005
94200	Ordinary maintenance and operations - materials and other	13,814	-	13,814
94300-010	Ordinary maintenance and operations contracts - garbage and trash removal contracts	15,041	-	15,041
94300-020	Ordinary maintenance and operations contracts - heating and cooling contracts	1,681	-	1,681
94300-090	Ordinary maintenance and operations contracts - extermination contracts	1,877	-	1,877
94300-120	Ordinary maintenance and operations contracts - miscellaneous contracts	2,891	-	2,891
94300	Ordinary maintenance and operations contracts	21,490	-	21,490
94500	Employee benefit contribution - ordinary maintenance	21,539	-	21,539
94000	Total maintenance	115,848	-	115,848

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
FINANCIAL DATA SCHEDULE
JUNE 30, 2014**

Line Item	Description	Low Rent 14.850	Capital Fund Program 14.872	Total
96110	Property insurance	11,639	-	11,639
96120	Liability insurance	4,677	-	4,677
96130	Workmen's compensation	8,698	-	8,698
96140	All other insurance	2,249	-	2,249
96100	Total insurance premiums	<u>27,263</u>	<u>-</u>	<u>27,263</u>
96200	Other general expenses	13,695	-	13,695
96900	Total operating expenses	<u>328,913</u>	<u>-</u>	<u>328,913</u>
97000	Excess revenues over operating expenses	2,206	68,325	70,531
97400	Depreciation expense	66,787	17,295	84,082
90000	Total expenses	<u>395,700</u>	<u>17,295</u>	<u>412,995</u>
10010	Operating transfer in	34,872	-	34,872
10020	Operating transfer out	-	(34,872)	(34,872)
10100	Total other financing sources (uses)	<u>34,872</u>	<u>(34,872)</u>	<u>-</u>
	Excess (deficiency) of revenues over (under) expenses	<u>\$ (29,709)</u>	<u>\$ 16,158</u>	<u>\$ (13,551)</u>
11030	Beginning equity	\$ 1,245,931	\$ 401,493	\$ 1,647,424
11040-070	Equity transfers	169,440	(169,440)	-
11190	Unit months available	840	-	840
11210	Unit months leased	828	-	828

ADDITIONAL INDEPENDENT AUDITORS' REPORT

Ed Fierro, CPA • Rose Fierro, CPA527 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*

Independent Auditors' Report

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

We have audited, in accordance with the 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, the 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 ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the budgetary comparisons of major enterprise funds of the Authority, presented as supplemental information, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 a 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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fierro + Fierro, P.A.

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

November 24, 2014

**STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENT FINDINGS

None.

STATUS OF PRIOR YEAR FINDINGS

Item 2013-01 – Tenant Eligibility – In the prior year’s audit, it was noted that the Authority failed to review the tenants’ eligibility files to ensure compliance with U.S. Housing and Urban Development guidelines. During the current year, the Authority reviewed and ensured all tenants’ eligibility files were in compliance with the necessary guidelines. The finding has been resolved.

Item 2013-02 – Travel and Per Diem – In the prior year’s audit, it was noted that the Authority was not in compliance with the travel and per diem act. During the current year, the Authority reviewed their policies and procedures concerning travel and ensured compliance with the travel and per diem act. The finding has been resolved.

STATE OF NEW MEXICO
CITY OF BAYARD
PUBLIC HOUSING AUTHORITY
EXIT CONFERENCE AND FINANCIAL STATEMENT PREPARATION
JUNE 30, 2014

EXIT CONFERENCE

The audit report for the fiscal year ended June 30, 2014, was discussed during the exit conference held on December 1, 2014. Present for the Public Housing Authority was: Rosemary Alvarado, chairperson; Jolene Padilla, executive director; and Kathy Carrillo, housing manager. Present for the City of Bayard was: Chon Fierro, mayor pro-tem; and Kristina V. Ortiz, city clerk-treasurer. Present from the auditing firm was Dominic Fierro, audit 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, 2014. 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.