

State of New Mexico
City of Bayard
Public Housing Authority

FINANCIAL STATEMENTS
With Independent Auditors' Report

For The Fiscal Year Ended June 30, 2018

Bayard Housing Authority
Component Unit of the City of Bayard
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City of Bayard Public Housing Authority
DIRECTORY OF OFFICIALS
June 30, 2018

BOARD OF COMMISSIONERS

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

ADMINISTRATIVE STAFF

Jolene D. Ortiz	Executive Director
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MIKE STONE, C.P.A.
LINDA STONE MCGEE, C.P.A.
KAY STONE, C.P.A.
KELLEY WYATT, C.P.A.

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INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor
And
Board of Commissioners
Bayard Housing Authority
Bayard, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Bayard Housing Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the Bayard Housing Authority's basic financial statements 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 misstatement, whether due to fraud or error.

Auditor's 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 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 Bayard Housing Authority as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that information related to the Authority's pension plan on pages 24 through 26 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require 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 Bayard Housing Authority's financial statements that collectively comprise the Authority's basic financial statements. The other schedules presented as other supplemental data as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplemental data is the responsibility of management and was derived from and related 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 auditing standards generally accepted in the United States of

America. In our opinion, the other supplemental data is 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 December 12, 2018, on our consideration of the Bayard Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement 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 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 Bayard Housing Authority's internal control over financial reporting and compliance.

Stone, McGee & Co., CPAs

Silver City, New Mexico
December 12, 2018

Stone, McGee & Co.
Certified Public Accountants

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Current assets:	
Cash and investments	\$ 509,404
Prepaid expenses	16,308
Accounts receivable (net)	49
Inventory	<u>4,965</u>
Total current assets	<u>\$ 530,726</u>
Noncurrent assets:	
Restricted:	
Cash	\$ 15,764
Capital assets, net	<u>1,257,839</u>
Total noncurrent assets	<u>\$ 1,273,603</u>
Total assets	<u>\$ 1,804,329</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to pension plan	<u>\$ 41,109</u>
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LIABILITIES

Current liabilities:	
Accounts payable	\$ 8,143
Accrued payroll	8,364
Unearned revenue	925
Tenant deposits (payable from restricted assets)	<u>15,764</u>
Total current liabilities	\$ 33,196
Noncurrent liabilities:	
Compensated absences	11,876
Net pension liability	<u>158,020</u>
Total liabilities	<u>\$ 203,092</u>

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF NET POSITION (Concluded)
June 30, 2018

DEFERRED INFLOWS OF RESOURCES

Related to pension	<u>\$ 29,279</u>
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NET POSITION

Invested in capital assets	\$ 1,257,839
Unrestricted	<u>355,228</u>
Total net position	<u><u>\$ 1,613,067</u></u>

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

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2018

Operating revenues:	
Tenant rent	\$ 165,262
Other tenant revenue	3,368
Administration fees	<u> </u>
 Total operating revenues	 <u>\$ 168,630</u>
 Operating expenses:	
Personnel services	\$ 147,121
Employee benefits	23,744
Professional services	9,419
Other administrative	
Utilities	55,455
Repairs and maintenance	48,597
Insurance	
Other general expenses	44,529
Depreciation	<u>73,428</u>
 Total operating expenses	 <u>\$ 402,293</u>
 Operating income (loss)	 <u>\$ (233,663)</u>
 Nonoperating revenue (expense):	
Intergovernmental grants	\$ 164,223
Other nonoperating revenue	
Interest income	<u>1,078</u>
 Total nonoperating revenues (expenses)	 <u>\$ 165,301</u>
Income (loss) before capital contributions	 \$ (68,362)
 Capital contributions	 <u> -</u>
 Change in net position	 \$ (68,362)
 Net position, beginning of year	 <u>1,681,429</u>
 Net position, end of year	 <u><u>\$ 1,613,067</u></u>

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

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

Cash flows from operating activities:		
Receipts from tenants and fees	\$	167,921
Payments to vendors		(170,973)
Payments to employees		(166,975)
		<hr/>
Net cash provided (used) by operating activities	\$	(170,027)
		<hr/>
Cash flows from noncapital and related financing activities:		
Intergovernmental grants	\$	162,844
Other nonoperating revenues		
		<hr/>
Net cash provided (used) by noncapital and related financing activities	\$	162,844
		<hr/>
Cash flows from capital and related financing activities:		
Proceeds from the sale of capital assets	\$	-
Purchase of capital assets		(24,278)
		<hr/>
Net cash provided (used) by capital and related financing activities	\$	(24,278)
		<hr/>
Cash flows from investing activities:		
Investment income	\$	1,073
		<hr/>
Net increase (decrease) in cash	\$	(30,388)
		<hr/>
Cash, beginning of year		555,556
		<hr/>
Cash, end of year	\$	525,168
		<hr/> <hr/>

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

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF CASH FLOWS (concluded)
For the Fiscal Year Ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$	(233,663)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		73,428
Loss on disposition of fixed assets		
(Increase) decrease in:		
Accounts receivable		
Inventory		1,163
Prepaid expenses		(4,772)
Deferred outflows related to pensions		27,690
Increase (decrease) in:		
Accounts payable		(1,949)
Accrued expenses		1,697
Compensated absences		2,193
Deferred revenue		
Tenant deposits		(709)
Deferred inflows related to pensions		22,559
Net pension liability		<u>(57,664)</u>
Net cash provided by operating activities	\$	<u><u>(170,027)</u></u>

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

City of Bayard Public Housing Authority
NOTES TO FINANCIAL STATEMENTS
June 30, 2018

Note 1 Summary of Significant Accounting Policies

A. GENERAL

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 Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements) and interpretations. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

B. FINANCIAL REPORTING ENTITY

The Authority's basic financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, the Authority has no component units.

C. BASIS OF PRESENTATION

Governmental-wide Financial Statements

The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All Authority activities are accounted for as proprietary activities, in accordance with HUD UFRS Guidelines.

The government-wide Statement of Revenues, Expenses and Changes in Net Position presents a comparison between expenses, both direct and indirect, and operating revenues for each segment of the business-type activities of the Authority. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are not allocated, but are presented as separate functions. Operating revenues include charges paid by recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as operating revenues are presented as non-operating revenues. The comparison of program revenues and expenses identifies the extent to which a program or business segment is self-financing or draws from the non-operating revenues of the Authority. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into one major category: proprietary. An emphasis is placed on major funds within the proprietary categories. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type, or
- b. The Authority believes the fund is particularly important to financial statement users.

The fund of the financial reporting entity is described below:

Major Fund

Low Rent Public Housing – To account for HUD’s Low Rent Public Housing and Capital Fund Program. Provides adequate living accommodations to qualified families through reduced rate rentals built and owned by the Housing Authority.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Revenues, Expenses and Change in Net Position business-like activities are presented using the economic resources measurement focus as defined in item “a” below.

- a. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, (whether current or noncurrent) associated with their activities are reported. Revenues, expenses, gains, losses, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with professional standards. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred outflows of resources by the recipient.

E. BUDGETS

The Housing Authority adopts budgets for its Proprietary funds in accordance with the Housing and Urban Development Program Agreements.

Budgets are prepared on the “Economic Resources” basis, excluding depreciation, and are utilized as a guide only. The budgets are not legally enforceable documents.

F. CASH AND INVESTMENTS

For the purpose of the Statement of Net Position, “cash” includes all demand, savings accounts, and certificates of deposits of the Authority. For the purpose of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of six months or less, both restricted and unrestricted.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

State statutes authorize the government to invest in interest bearing accounts with local financial institutions, direct obligations of the U.S. Treasury or New Mexico political subdivisions, and the state treasurer’s investment pool.

New Mexico 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 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. Premiums (discounts) on investments are amortized by the interest method, or methods approximating the interest method.

G. INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as “interfund receivables/payables”. These balances have been eliminated in the “total” column in the Statement of Net Position.

H. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Business-type activities report rents, grant reimbursements and interest earnings as their major receivables.

I. CAPITAL ASSETS

Government-wide Statements and Fund Statements

In the government-wide and fund financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 years
- Improvements 40 years
- Machinery and Equipment 5-10 years
- Software and Library 5-10 years

Assets acquired with an original cost of \$5,000 or more are capitalized. Construction period interest is capitalized in proprietary funds.

J. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period, and so will not be recognized as an outflow or resources (expenses/expenditures) until then. The Authority has deferred outflows of resources related to pension plans as discussed in Note 6.

In addition to liabilities, the statement of financial position and/or balance sheet 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has deferred inflows of resources related to pension plans as discussed in Note 6.

K. RESTRICTED POSITION

Restricted position includes cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted positions are related to rent deposits, capital grants and housing payment advances.

L. LONG-TERM DEBT

All long-term debt to be repaid from business-type resources are reported as liabilities in the government-wide and fund statements. The long-term debt consists primarily of accrued compensated absences, and net pension liability.

M. COMPENSATED ABSENCES

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as both short and long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. Proprietary funds report the liability as it is incurred.

N. EQUITY CLASSIFICATIONS

Government-wide Statements and Fund Financial Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net positions with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets, net of related debt."

O. REVENUES, EXPENDITURES, AND EXPENSES

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide and fund financial statements, expenses are classified as operating or non-operating for business-type activities.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Authority does not allocate indirect costs.

Inventories are carried at cost, valued by the first-in first-out method.

P. INTERFUND TRANSFERS

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the total column in the Statement of Revenues, Expenses and Change in Net Position, all interfund transfers between individual funds have been eliminated.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Custodial Credit Risk

Custodial credit risk is the risk in the event of a bank failure the Governments deposits may not be returned to it. The Authority does not have a deposit policy for credit risk beyond that disclosed in Note 1. As of June 30, 2018, \$11,190 of the Authority's bank balance of \$525,921 was exposed to custodial credit risk.

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Deposits by custodial risk Category:		
Insured	\$ 265,980	\$ 265,980
Collateral held by the pledging bank agent in Authority's name	259,941	259,188
Uninsured	<u>-0-</u>	<u>-0-</u>
	<u>\$ 525,921</u>	<u>\$ 525,168</u>

Note 3 Accounts Receivables

Due from tenants	<u>\$ 49</u>
Net receivables	<u>\$ 49</u>

Note 4 Capital Assets

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 15,695	\$ -0-	\$ -0-	\$ 15,695
Construction in progress	<u>270,883</u>	<u> </u>	<u> </u>	<u>270,883</u>
Total assets not being depreciated	<u>\$ 286,578</u>	<u>\$ </u>	<u>\$ </u>	<u>\$ 286,578</u>
Other capital assets:				
Buildings/improvements	\$ 2,955,556	\$ 24,278	\$	\$ 2,979,834
Equipment/furnishings	<u>262,212</u>	<u> </u>	<u> </u>	<u>262,212</u>
Total other assets at historical cost	<u>\$ 3,217,768</u>	<u>\$ 24,278</u>	<u>\$ </u>	<u>\$ 3,242,046</u>
Less accumulated depreciation for:				
Buildings/improvements	\$(1,976,305)	\$ (68,413)	\$ -0-	\$(2,044,718)
Equipment/furnishings	<u>(221,053)</u>	<u>(5,014)</u>	<u> </u>	<u>(226,067)</u>
Total accumulated depreciation	<u>\$(2,197,358)</u>	<u>\$ (73,427)</u>	<u>\$ </u>	<u>\$(2,270,785)</u>
Other capital assets (net)	<u>\$ 1,020,410</u>	<u>\$ (49,149)</u>	<u>\$ -0-</u>	<u>\$ 971,261</u>
Capital assets, net	<u>\$ 1,306,988</u>	<u>\$ (49,149)</u>	<u>\$ -0-</u>	<u>\$ 1,257,839</u>

Note 5 Compensated Absences

Changes in compensated absences were as follows for the year ended June 30, 2018:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
	<u>\$ 9,683</u>	<u>\$ 16,668</u>	<u>\$ 14,475</u>	<u>\$ 11,876</u>

Summary of Significant Accounting Policies

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description – The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State, General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan.

Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.

Benefits Provided – For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2017 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202017.pdf).

Contributions – The contribution requirements of defined benefit plan members and the City of Bayard Public Housing Authority are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY17 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY17 annual audit

report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2017.pdf. The PERA coverage options that apply to the Authority are the Municipal General. Statutorily required contributions to the pension plan from the Authority were \$9,838 for the year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore the employer's portion was established as of the measurement date June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to Chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Authority's proportion of the net pension liability for each member group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1, 2016 to June 30, 2017 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Division – Municipal General, at June 30, 2018, the Authority reported a liability of \$158,020 for its proportionate share of the net pension liability. At June 30, 2017, the Authority's proportion was .0115%, and for 2016 was .0135%.

For the year ended June 30, 2018, the Authority recognized PERA Fund Division Municipal General pension expense of \$13,467. At June 30, 2018, the Authority reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,209	\$ 8,093
Changes of assumptions	7,287	1,663
Net difference between projected and actual earnings on pension plan investments	12,965	
Changes in proportion and differences between the Authority contributions and proportionate share of contributions	4,810	19,523
The Authority's contributions subsequent to the measurement date	<u>9,838</u>	<u>-</u>
Total	<u>\$ 41,109</u>	<u>\$ 29,279</u>

\$9,838 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (1,178)
2020	9,813
2021	(2,825)
2022	(3,818)

Actuarial Assumptions – As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2017 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017 actuarial valuation.

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay

Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.48% annual rate, net of investment expense
• Payroll growth	2.25% for 10 years, then 2.75% thereafter
• Projected salary increases	Up to 11.25%
• Includes inflation at	2.25% for 10 years and 2.75% thereafter

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction and Mitigation	21.5%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	<u>20.00%</u>	<u>7.35%</u>
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.51%. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present the Authority's net pension liability in each PERA Fund Division that the Authority participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.51%) or one percentage point higher (8.51%) than the single discount rate.

	1% Decrease <u>(6.51%)</u>	Current Discount Rate <u>(7.51%)</u>	1% Increase <u>(8.51%)</u>
PERA Fund Division Municipal General			
The Authority's proportionate share of the net pension liability	\$ <u>247,669</u>	\$ <u>158,020</u>	\$ <u>83,464</u>

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued FY17 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Note 7 Contingent Liabilities

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

Note 8 Risk Management

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other governments in the State and obtained insurance through the New Mexico Self Insurers Fund, a public risk pool currently operating as a common risk management and insurance program for local governments. The Authority pays an annual premium to New Mexico Self Insurers Fund for its general insurance coverage, and risk of loss is transferred.

Note 9 Financial Data Schedule

The Authority is required to submit, and include with the audited financial statements, a financial data schedule, which is presented as other supplemental data.

The financial data schedule is a hard copy of the Authority's electronic submission to the Real Estate Assessment Center, and is presented in their required format. Therefore some amounts may differ from those presented in the financial statements.

Note 10 Evaluation of Subsequent Events

The Authority has evaluated subsequent events through December 12, 2018, the date which the financial statements were available to be issued.

Note 11 Tax Abatement Disclosures

The Authority has no need to make any tax abatement disclosures as required by Governmental Accounting Standards Board Statement 77, since no abatements exist.

Bayard Housing Authority
Component Unit of the City of Bayard
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF
PERA FUND DIVISION MUNICIPAL GENERAL
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION)(PERA) PLAN
LAST 10 FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Bayard Housing Authority's proportion of the net pension liability	.0115%	.0135%	.0126%	.0134%
Bayard Housing Authority's proportionate share of the net pension liability	\$ 158,020	\$ 215,684	\$ 128,468	\$ 104,534
Bayard Housing Authority's covered payroll	\$ 132,950	\$ 130,041	\$ 149,243	\$ 142,358
Bayard Housing Authority's proportionate share of the net pension liability as a percentage of its covered payroll	119%	166%	86%	73%
Plan fiduciary net position as a percentage of the total pension liability	73.74%	69%	77%	81%

*The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10 year trend is compiled, The Bayard Housing Authority will present information for those years for which information is available.

Bayard Housing Authority
Component Unit of the City of Bayard
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS-PUBLIC EMPLOYEES RETIREMENT
ASSOCIATION (PERA) PLAN-PERA FUND DIVISION MUNICIPAL GENERAL
***LAST 10 FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 9,838	\$ 9,623	\$ 11,044	\$ 11,057
Contributions in relation to contractually required contribution	<u>(9,838)</u>	<u>(9,623)</u>	<u>(11,044)</u>	<u>(11,057)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bayard housing Authority's covered payroll	\$ 132,950	\$ 130,041	\$ 149,243	\$ 142,358
Contributions as a percentage of covered payroll	7.40%	7.40%	7.40%	7.76%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the Bayard Housing Authority will present information for those years for which information is available.

Bayard Housing Authority
Component Unit of the City of Bayard
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

Change in benefit terms – The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY17 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366 Public Employees Retirement Association 2017.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366%20Public%20Employees%20Retirement%20Association%202017.pdf).

Changes of valuation – The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at:

http://www.pera.state.nm.us/pdf/Investment/RetirementFundValuationReports/6-30-2017%20PERA%20Valuation%20Report_FINAL.pdf.

The Summary of Financial Information for the PERA Fund states the return on the actuarial value of assets was 11.1% compared to the expected return of 7.48%. The report indicates the total decrease to the unfunded actuarial accrued liability is \$890,154,980 and results in an increase to the funded ratio from 69.18% to 73.74%. For details about the actuarial assumptions, see the actuarial section of the report.

Bayard Housing Authority
Component Unit of the City of Bayard
STATEMENT OF REVENUES AND EXPENSES - BUDGET AND ACTUAL - GAAP BASIS
For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating revenues:				
Tenant rent	\$ 179,000	\$ 179,000	\$ 165,262	\$ (13,738)
Other tenant revenue	15,200	15,200	3,368	(11,832)
Total operating revenues	<u>\$ 194,200</u>	<u>\$ 194,200</u>	<u>\$ 168,630</u>	<u>\$ (25,570)</u>
Operating expenses:				
Personnel services	\$ 147,420	\$ 147,420	\$ 147,121	\$ 299
Employee benefits	31,300	31,300	23,744	7,556
Other administrative	11,260	11,260	9,418	1,842
Utilities	55,550	55,550	55,455	95
Repairs and maintenance	52,000	52,000	48,597	3,403
Insurance				-
Other general	60,660	60,660	44,530	16,130
Depreciation			73,428	(73,428)
Total operating expenses	<u>\$ 358,190</u>	<u>\$ 358,190</u>	<u>\$ 402,293</u>	<u>\$ (44,103)</u>
Operating income (loss)	<u>\$ (163,990)</u>	<u>\$ (163,990)</u>	<u>\$ (233,663)</u>	<u>\$ (69,673)</u>
Nonoperating revenue (expense):				
Intergovernmental grants	\$ 180,600	\$ 180,600	\$ 164,223	\$ (16,377)
Other nonoperating revenue	600	600	1,034	434
Gain (loss) on disposition of assets				-
Total nonoperating revenues (expenses)	<u>\$ 181,200</u>	<u>\$ 181,200</u>	<u>\$ 165,257</u>	<u>\$ (15,943)</u>
Income (loss) before capital contributions	\$ 17,210	\$ 17,210	\$ (68,406)	\$ (85,616)
Capital contributions	16,000	16,000	15,694	(306)
Change in net assets	<u>\$ 33,210</u>	<u>\$ 33,210</u>	<u>\$ (52,712)</u>	<u>\$ (85,922)</u>

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

Housing Authority of the Town of Bayard (NM024)

BAYARD, NM

Project Balance Sheet Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 06/30/2018

	NM024000001	OTHER PROJ	Total
111 Cash - Unrestricted	\$327,944		\$327,944
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$15,764		\$15,764
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$343,708	\$0	\$343,708
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants			
126.1 Allowance for Doubtful Accounts - Tenants			
126.2 Allowance for Doubtful Accounts - Other			
127 Notes, Loans, & Mortgages Receivable - Current			
128 Fraud Recovery			
128.1 Allowance for Doubtful Accounts - Fraud			
129 Accrued Interest Receivable	\$49		\$49
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$49	\$0	\$49
131 Investments - Unrestricted	\$181,461		\$181,461
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets	\$16,308		\$16,308
143 Inventories	\$4,965		\$4,965
143.1 Allowance for Obsolete Inventories	\$0		\$0

	NM024000001	OTHER PROJ	Total
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$546,491	\$0	\$546,491
161 Land	\$15,695		\$15,695
162 Buildings	\$2,619,677		\$2,619,677
163 Furniture, Equipment & Machinery - Dwellings	\$146,623		\$146,623
164 Furniture, Equipment & Machinery - Administration	\$102,132		\$102,132
165 Leasehold Improvements	\$496,459		\$496,459
166 Accumulated Depreciation	-\$2,270,785		-\$2,270,785
167 Construction in Progress	\$148,037		\$148,037
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,257,838	\$0	\$1,257,838
176 Investments in Joint Ventures			
180 Total Non-Current Assets	\$1,257,838	\$0	\$1,257,838
200 Deferred Outflow of Resources	\$41,109		\$68,799
290 Total Assets and Deferred Outflow of Resources	\$1,845,438	\$0	\$1,873,128
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$8,143		\$8,143
313 Accounts Payable >90 Days Past Due			
321 Accrued Wage/Payroll Taxes Payable	\$8,364		\$8,364
322 Accrued Compensated Absences - Current Portion	\$4,780		\$4,780
324 Accrued Contingency Liability			
325 Accrued Interest Payable			
331 Accounts Payable - HUD PHA Programs			

	NM024000001	OTHER PROJ	Total
332 Account Payable - PHA Projects			
333 Accounts Payable - Other Government			
341 Tenant Security Deposits	\$15,764		\$15,764
342 Unearned Revenue	\$925		\$925
343 Current Portion of Long-term Debt - Capital			
344 Current Portion of Long-term Debt - Operating Borrowings			
345 Other Current Liabilities			
346 Accrued Liabilities - Other			
347 Inter Program - Due To			
348 Loan Liability - Current			
310 Total Current Liabilities	\$37,976	\$0	\$37,976
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			
352 Long-term Debt, Net of Current - Operating Borrowings			
353 Non-current Liabilities - Other			
354 Accrued Compensated Absences - Non Current	\$7,096		\$7,096
355 Loan Liability - Non Current			
356 FASB 5 Liabilities			
357 Accrued Pension and OPEB Liabilities	\$158,020		\$215,684
350 Total Non-Current Liabilities	\$165,116	\$0	\$222,780
300 Total Liabilities	\$203,092	\$0	\$260,756
400 Deferred Inflow of Resources	\$29,279		\$6,720
508.4 Net Investment in Capital Assets	\$1,257,838		\$1,257,838
511.4 Restricted Net Position			
512.4 Unrestricted Net Position	\$355,229	\$0	\$347,814
513 Total Equity - Net Assets / Position	\$1,613,067	\$0	\$1,605,652
600 Total Liabilities, Deferred Inflows of Resources and Equity	\$1,845,438	\$0	\$1,873,128

Housing Authority of the Town of Bayard (NM024)

BAYARD, NM

Project Revenue and Expense Summary

Submission Type: Unaudited/Non Single Audit

Fiscal Year End: 06/30/2018

	NM024000001	OTHER PROJ	Total
70300 Net Tenant Rental Revenue	\$158,338		\$158,338
70400 Tenant Revenue - Other			
70500 Total Tenant Revenue	\$158,338	\$0	\$158,338
70600 HUD PHA Operating Grants	\$166,424		\$166,424
70610 Capital Grants	\$6,555		\$6,555
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$1,034		\$1,034
71200 Mortgage Interest Income			
71300 Proceeds from Disposition of Assets Held for Sale			
71310 Cost of Sale of Assets			
71400 Fraud Recovery			
71500 Other Revenue	\$10,292		\$10,292
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$342,643	\$0	\$342,643
91100 Administrative Salaries	\$94,656		\$94,656

	NM024000001	OTHER PROJ	Total
91200 Auditing Fees	\$9,261		\$9,261
91300 Management Fee			
91310 Book-keeping Fee	\$4,158		\$4,158
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$8,709		\$8,709
91600 Office Expenses	\$11,095		\$11,095
91700 Legal Expense	\$238		\$238
91800 Travel	\$1,095		\$1,095
91810 Allocated Overhead			
91900 Other			
91000 Total Operating - Administrative	\$129,212	\$0	\$129,212
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$31,174		\$31,174
93200 Electricity	\$3,430		\$3,430
93300 Gas	\$6,587		\$6,587
93400 Fuel			
93500 Labor			
93600 Sewer	\$14,263		\$14,263
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense			
93000 Total Utilities	\$55,454	\$0	\$55,454
94100 Ordinary Maintenance and Operations - Labor	\$52,465		\$52,465

	NM024000001	OTHER PROJ	Total
94200 Ordinary Maintenance and Operations - Materials and	\$17,201		\$17,201
94300 Ordinary Maintenance and Operations Contracts	\$31,395		\$31,395
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,034		\$22,449
94000 Total Maintenance	\$116,095	\$0	\$123,510
95100 Protective Services - Labor			
95200 Protective Services - Other Contract Costs			
95300 Protective Services - Other			
95500 Employee Benefit Contributions - Protective Services			
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$30,531		\$30,531
96120 Liability Insurance			
96130 Workmen's Compensation			
96140 All Other Insurance			
96100 Total insurance Premiums	\$30,531	\$0	\$30,531
96200 Other General Expenses	\$4,756		\$4,756
96210 Compensated Absences			
96300 Payments in Lieu of Taxes			
96400 Bad debt - Tenant Rents	\$1,572		\$1,572
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$6,328	\$0	\$6,328
96710 Interest of Mortgage (or Bonds) Payable			
96720 Interest on Notes Payable (Short and Long Term)			
96730 Amortization of Bond Issue Costs			
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0

	NM024000001	OTHER PROJ	Total
96900 Total Operating Expenses	\$345,035	\$0	\$345,035
97000 Excess of Operating Revenue over Operating Expenses	-\$2,392	\$0	-\$2,392
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$73,428		\$73,428
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$418,463	\$0	\$418,463
10010 Operating Transfer In	\$8,756		\$8,756
10020 Operating transfer Out	-\$8,756		-\$8,756
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 Proceeds from Property Sales			
10070 Extraordinary Items, Net Gain/Loss			
10080 Special Items (Net Gain/Loss)			
10091 Inter Project Excess Cash Transfer In			
10092 Inter Project Excess Cash Transfer Out			
10093 Transfers between Program and Project - In			
10094 Transfers between Project and Program - Out			
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0

	NM024000001	OTHER PROJ	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	(68,405)	\$0	-\$75,820
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,681,429	\$0	\$1,681,429
11040 Prior Period Adjustments, Equity Transfers and Correction	\$43		\$43
11050 Changes in Compensated Absence Balance			
11060 Changes in Contingent Liability Balance			
11070 Changes in Unrecognized Pension Transition Liability			
11080 Changes in Special Term/Severance Benefits Liability			
11090 Changes in Allowance for Doubtful Accounts - Dwelling			
11100 Changes in Allowance for Doubtful Accounts - Other			
11170 Administrative Fee Equity			
11180 Housing Assistance Payments Equity			
11190 Unit Months Available	840	0	840
11210 Number of Unit Months Leased	826	0	826
11270 Excess Cash	\$458,490	\$0	\$458,490
11610 Land Purchases	\$0	\$0	\$0
11620 Building Purchases	\$0	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650 Leasehold Improvements Purchases	\$6,555	\$0	\$6,555
11660 Infrastructure Purchases	\$0	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0

City of Bayard Public Housing Authority
Component Unit of the City of Bayard
SCHEDULE OF INDIVIDUAL DEPOSIT ACCOUNTS AND INVESTMENTS
June 30, 2018

	Type of Account	Bank Balance	Reconciled Balance
<u>First American</u>			
Operational	Checking	\$ 328,480	\$ 327,945
Operational	CD	51,565	51,565
Operational	CD	51,565	51,565
Operational	CD	25,953	25,953
Operational	CD	52,377	52,377
Total First American		\$ 509,940	\$ 509,405
<u>Washington Federal</u>			
Security Deposits	Checking	\$ 15,980	\$ 15,763
Cash on hand			\$ -
Total cash and investments		\$ 525,920	\$ 525,168

City of Bayard Public Housing Authority
Component Unit of the City of Bayard
SCHEDULE OF DEPOSITORY COLLATERAL
June 30, 2018

	<u>First American</u>	<u>Washington Federal</u>	<u>Total</u>
Checking and CD's	\$ 509,941	\$ 15,980	\$ 525,921
Investments			-
Total	\$ 509,941	\$ 15,980	\$ 525,921
Less: FDIC insurance	<u>(250,000)</u>	<u>(15,980)</u>	<u>(265,980)</u>
Total uninsured public funds	<u>\$ 259,941</u>	<u>\$ -</u>	<u>\$ 259,941</u>
50% collateralization requirement (Section 6-10-17 NMSA)	<u>\$ 129,971</u>	<u>\$ -</u>	<u>\$ 129,971</u>
Pledged Securities:			
FHLB Los Lunas SD Cusip #545562SV3 7/15/25	\$ 103,658		\$ 103,658
FHLB GNMA II 5x1 Cusip #36225EUR1 9/20/39	<u>161,073</u>	<u>-</u>	<u>161,073</u>
Total pledged securities	<u>\$ 264,731</u>	<u>\$ -</u>	<u>\$ 264,731</u>
Pledged securities over (under) requirement	<u>\$ 134,761</u>	<u>\$ -</u>	<u>\$ 134,761</u>

Securities pledged by First American Bank are held by the First American Bank trust department in Artesia, NM. Safekeeping receipts are held by the Authority.

Bayard Housing Authority
Component Unit of the City of Bayard
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2018

Findings – Financial Statement Audit

None

MIKE STONE, C.P.A.
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REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, State Auditor
And
Board of Commissioners
Bayard 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 Bayard Housing Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Bayard Housing Authority's basic financial statements, and have issued our report thereon dated December 12, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayard Housing 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 Bayard Housing 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 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 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. 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 Bayard Housing 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.

Stone, McGee & Co., CPAs

Silver City, New Mexico
December 12, 2018

Stone, McGee & Co.
Certified Public Accountants

Bayard Housing Authority
Component Unit of the City of Bayard
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2018

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Bayard Housing Authority.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of Bayard Housing Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Bayard Housing Authority expended less than \$750,000 in federal funds.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

OTHER – FINANCIAL STATEMENT PREPARATION

The financial statements were prepared by Stone, McGee & Co., C.P.A.'s, with substantial help from management. However, the management of Bayard Housing Authority has acknowledged its responsibility for the financial statements and has taken responsibility for them.

EXIT CONFERENCE

The contents of this report were discussed December 12, 2018. Attending this exit conference were:

<u>Name</u>	<u>Title</u>	<u>Affiliation</u>
Brenda Davis	Commissioner	Bayard Housing Authority
Jolene Ortiz	Executive Director	Bayard Housing Authority
Kathy Carrillo	Housing Assistant	Bayard Housing Authority
Kay Stone, CPA	Shareholder	Stone, McGee & Co., CPAs