

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

**FINANCIAL STATEMENTS**

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



## **INTRODUCTORY SECTION**

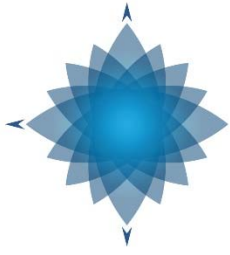
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CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
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FOR THE YEAR ENDED JUNE 30, 2014**

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**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
OFFICIAL ROSTER  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Board of Commissioners</b>		<b>Title</b>
Arthur Clark Smith		Chairman
Alfredo Morelos		Vice-Chairman
Alex DeLaGarza		Commissioner
Ernest Gallegos, Sr.		Commissioner
Irene Galvan		Commissioner
Glenda Greene		Commissioner
Manuel D.V. Saucedo		Commissioner
<b>Other Officials</b>		<b>Title</b>
Sandra Kolean		Executive Director

## **FINANCIAL SECTION**



## Independent Auditor's Report

Timothy Keller  
New Mexico State Auditor and  
Board of Commissioners  
Lordsburg Public Housing Authority  
Lordsburg, New Mexico

### **Report of the 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 Lordsburg, New Mexico, a component unit of the City of Lordsburg, 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 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 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 respective 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 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 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 auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by 2.2.2

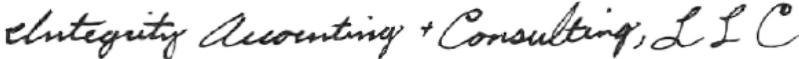
NMAC are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis and to meet the requirements of the United States Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2015, 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 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 Authority's internal control over financial reporting and compliance.

  
Integrity Accounting & Consulting, LLC  
Albuquerque, NM

March 12, 2015



**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
As of June 30, 2014**

	<u>Low Income Housing</u>	<u>CFP Grant</u>	<u>Land Fund</u>	<u>Total</u>
Assets and deferred inflows of resources:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 361,842	-	-	361,842
Receivables				
Accounts receivable, tenants, net	1,012	-	-	1,012
Due from other funds	-	-	20,909	20,909
Due from other governments	<u>88,575</u>	-	-	<u>88,575</u>
Total current assets	451,429	-	20,909	472,338
Non-current assets:				
Restricted cash:				
Cash and cash equivalents - tenant security deposits	19,075	-	-	19,075
Capital assets, net	<u>2,033,031</u>	-	-	<u>2,033,031</u>
Total non-current assets	<u>2,052,106</u>	-	-	<u>2,052,106</u>
Total assets	<u>2,503,535</u>	-	<u>20,909</u>	<u>2,524,444</u>
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 2,503,535</u>	<u>-</u>	<u>20,909</u>	<u>2,524,444</u>
Liabilities, deferred inflows of resources and net position:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 20,244	-	-	20,244
Due to other fund	20,909	-	-	20,909
Current portion of compensated absences	<u>3,006</u>	-	-	<u>3,006</u>
Total current liabilities	44,159	-	-	44,159
Current liabilities payable from restricted assets:				
Tenant security deposits	14,050	-	-	14,050
Non-current liabilities				
Compensated absences	<u>751</u>	-	-	<u>751</u>
Total non-current liabilities	<u>751</u>	-	-	<u>751</u>
Total liabilities	58,960	-	-	58,960
Deferred inflows of resources:				
Deferred revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position				
Net Investment in Capital Assets	2,052,106	-	-	2,052,106
Unrestricted Net Position	<u>392,469</u>	-	<u>20,909</u>	<u>413,378</u>
Total net position	<u>2,444,575</u>	-	<u>20,909</u>	<u>2,465,484</u>
Total liabilities, deferred inflows of resources and net position:	<u>\$ 2,503,535</u>	<u>-</u>	<u>20,909</u>	<u>2,524,444</u>

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

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION  
For the Year Ended June 30, 2014**

	<u>Low Income Housing</u>	<u>CFP Grant</u>	<u>Land Fund</u>	<u>Total</u>
Operating revenues:				
Charges for services				
Tenent revenues	\$ 239,572	-	-	239,572
Total operating revenues	<u>239,572</u>	<u>-</u>	<u>-</u>	<u>239,572</u>
Operating expenses:				
Personnel services	172,749	-	-	172,749
General and administrative expenses	64,024	-	-	64,024
Repairs and maintenance	35,110	81,167	-	116,277
Insurance	3,000	-	-	3,000
Utilities	137,461	-	-	137,461
Depreciation	<u>86,509</u>	<u>-</u>	<u>-</u>	<u>86,509</u>
Total operating expenses	498,853	81,167	-	580,020
Operating income (loss)	(259,281)	(81,167)	-	(340,448)
Non-operating revenues (expenses):				
Gain/(loss) on disposal of capital assets	-	-	-	-
HUD operating grant revenue	153,397	-	-	153,397
Capital grant revenues	-	81,167	-	81,167
Miscellaneous	19,281	-	-	19,281
Interest income	617	-	-	617
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>173,295</u>	<u>81,167</u>	<u>-</u>	<u>254,462</u>
Income (loss) before transfers	(85,986)	-	-	(85,986)
Transfers				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	(85,986)	-	-	(85,986)
Net position, beginning of year	<u>2,530,561</u>	<u>-</u>	<u>20,909</u>	<u>2,551,470</u>
Net position, end of year	<u>\$ 2,444,575</u>	<u>-</u>	<u>20,909</u>	<u>2,465,484</u>

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

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2014**

	<u>Low Income Housing</u>	<u>CFP Grant</u>	<u>Land Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Cash received from tenants	\$ 244,389	-	-	244,389
Cash payments to suppliers for goods and services	(304,381)	(81,167)	-	(385,548)
Cash payments to employees for services	<u>(173,833)</u>	<u>-</u>	<u>-</u>	<u>(173,833)</u>
Net cash provided (used) for operating activities	(233,825)	(81,167)	-	(314,992)
Cash flows from noncapital financing activities:				
Cash received from intergovernmental sources	233,070	-	-	233,070
Miscellaneous income	<u>19,281</u>	<u>-</u>	<u>-</u>	<u>19,281</u>
Net cash provided (used) for noncapital financing activities	252,351	-	-	252,351
Cash flows from capital and related financing activities:				
Cash received from intergovernmental sources	<u>-</u>	<u>81,167</u>	<u>-</u>	<u>81,167</u>
Net cash provided (used) for capital and related financing activities	-	81,167	-	81,167
Cash flows from investing activities:				
Interest and dividends	<u>617</u>	<u>-</u>	<u>-</u>	<u>617</u>
Net cash provided (used) for investing activities.	617	-	-	617
Net increase (decrease) in cash and cash equivalents	19,143	-	-	19,143
Cash and cash equivalents – beginning of year	<u>361,774</u>	<u>-</u>	<u>-</u>	<u>361,774</u>
Cash and cash equivalents – end of year	\$ <u><u>380,917</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>380,917</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (259,281)	(81,167)	-	(340,448)
Adjustments				
Depreciation and amortization	86,509	-	-	86,509
Changes in assets and liabilities:				
Tenant receivables	5,117	-	-	5,117
Accounts payable	(30,294)	-	-	(30,294)
Accrued expenses and other liabilities	(14,921)	-	-	(14,921)
CFP payable	(19,571)	-	-	(19,571)
Tenant deposits	(300)	-	-	(300)
Compensated absences	<u>(1,084)</u>	<u>-</u>	<u>-</u>	<u>(1,084)</u>
Net cash provided by operating activities	\$ <u><u>(233,825)</u></u>	<u><u>(81,167)</u></u>	<u><u>-</u></u>	<u><u>(314,992)</u></u>

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

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Housing Authority and HUD** - The City of Lordsburg Public Housing Authority (the Authority) is organized under the laws of the State of New Mexico for the purpose of engaging in the development, acquisition, leasing, and administration of Low-Rent Housing Programs. The Authority is a component unit of the City of Lordsburg, New Mexico (the City) and it is a separate legal entity of the City. Financial information related to the Authority is also presented as a discretely presented component unit in the City's financial statements.

The Authority's sole operating asset is a 100-unit apartment project. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to the United States Department of Housing and Urban Development ("HUD"). Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. HUD has the direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to enter into contracts with local housing authorities to make loans to assist the local housing authorities in financing the acquisition, construction, and/or leasing of housing units and to make annual contributions ("subsidies") to the local housing authorities for the purpose of maintaining the low-rent character of the local housing projects.

*A. Reporting Entity*

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body, and either it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, or the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB-14. The first criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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. 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 government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has no component units.

*B. Basis of Accounting/Measurement Focus*

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

*Business-type/Proprietary Fund Financial Statements*

All of the Authority's funds are considered business-type or proprietary funds. Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

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.

**STATE OF NEW MEXICO  
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FOR THE YEAR ENDED JUNE 30, 2014**

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 Authority reports the following three major business-type funds:

**Low Rent Fund** – 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.

**Capital Fund Program Fund** – 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.

**Land Fund** – To account for land restricted for the Housing Authority

C. *Assets, Liabilities and Equity*

Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposit. 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 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.

Receivables and Payables

Accounts receivables pertain to amounts due from customers for rental of dwellings. The Housing Authority considers receivables to be fully collectible; accordingly no allowance for uncollectible accounts is required.

Receivables from and payables to external parties are reported separately and are not offset in the financial statements unless a right of offset exists.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Inventories and Prepaid Items

Inventories consist of operating supplies held for consumption, and are valued at cost using a first-in, first-out (FIFO) method. Expendable supplies are accounted for using the consumption method. The Authority current does not hold any items in inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Information technology equipment including software is capitalized and included in machinery and equipment in accordance with NMAC 2.20.1.9 C (5). Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets that have been disposed of are recorded as deletions. Accumulated depreciation is adjusted for all deletions.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense capitalized by the Authority during the current fiscal year was \$0. No interest was included as part of the cost of capital assets under construction.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Asset Type	Years
Land	Perpetuity
Construction in progress	Perpetuity
Buildings	39.50
Improvements	20 - 39.5
Furniture and equipment	3 - 5

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Analysis of Impairment

Management reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such Authority assets at June 30, 2014.

Compensated Absences

Vested or accumulated vacation leave that is expecting to be liquidated with expendable available financial resources is reported as an expenditure and a liability. In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Employees accumulate leave in varying terms, based upon length of service and position held.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element 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 reports a separate section for deferred inflows of resources. This separate financial statement element 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.

Under the accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding deferred inflow of resources (commonly referred to as unearned revenue).

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



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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.

*D. Inter-Fund Transactions*

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans).

*E. Annual Subsidies*

Subsidies and contributions from HUD are received periodically and represent the most significant source of revenues and contributed capital. The terms of these subsidies and contributions are defined in various contracts. HUD subsidies for ongoing operations are recorded as operating grant revenues in the accompanying statements of revenues and expenses. HUD contributions for modernizations are recorded as capital grant revenues in the accompanying statements of revenues and expenses.

*F. Development and Modernization*

Substantially all additions to land, structures, and equipment are accomplished through modernization or development programs. Modernization programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through the Capital Fund Program (CFP) Grant. Development programs are to acquire additional housing units for the public housing program by amending existing annual contribution contracts.

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

*G. Income Taxes*

As a local government entity, the Authority is not subject to federal or state income taxes. The Authority is generally no longer subject to examination by federal and state taxing authorities for years prior to 2011. For the year ended June 30, 2014, no interest or penalties were recorded or included in the financial statements.

*H. Estimates*

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

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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.

**NOTE 3 – CASH AND CASH EQUIVALENTS**

The Authority's cash balances consist of demand deposits, interest bearing savings accounts, and certificates of deposit. The Authority does not have a deposit policy. The Authority's cash and cash equivalents are listed on page 21 of this report.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

The following is a summary of the Authority's cash and cash equivalents balances by type as of June 30, 2014:

Fund Type	Amount
Cash and equivalents	
Interest bearing accounts	\$ 105,532
Non-interest bearing accounts	24,188
Short-term CDs	251,197
Total cash and cash equivalents	\$ 380,917

*Custodial Credit Risk Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the Authority funds may not be returned. The Authority does not have a deposit policy for custodial risk.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit be collateralized by the depository thrift or banking institution. At present, state statutes require that a minimum of fifty percent of uninsured balances on deposit with anyone institution must be collateralized, with higher requirements up to 100% for financially troubled institutions.

Based on the above, the Authority is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to 50% of the public money in each account. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency or political subdivision of the State of New Mexico. The Authority's Schedule of Collateral is presented on page 22 of this report.

As of June 30, 2014, the Authority's bank balances of \$392,012 were exposed to custodial credit risk as follows:

Insured through federal depository insurance	\$ 250,000
Uninsured, collateralized with securities held by pledging financial institution's trust department or agent in the Authority's name.	142,012
Uninsured and uncollateralized	-
Total uninsured deposits	\$ 392,012

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 4 – RECEIVABLES, NET**

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

	Low Rent	CFP	Land	Total
	Fund	Fund	Fund	Receivables
Accounts:				
Tenents	\$ 1,012	-	-	1,012
Intergovernmental	88,575	-	-	88,575
Less: Allowance for uncollectibles	-	-	-	-
Net Receivables	\$ 89,587	-	-	89,587

The Authority's policy is to provide for uncollectible accounts based upon expected defaults. As of June 30, 2014, no amounts were considered uncollectible.

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance			Balance
	06/30/13	Additions	Deletions	06/30/14
<b>Non-depreciable capital assets:</b>				
Land	\$ 100,000	-	-	100,000
Total non-depreciable capital assets	100,000	-	-	100,000
<b>Capital assets being depreciated:</b>				
Buildings	2,450,758	-	-	2,450,758
Improvements	2,524,519	-	-	2,524,519
Furniture and Equipment	122,909	-	-	122,909
Total capital assets being depreciated	5,098,186	-	-	5,098,186
<b>Less accumulated depreciation for:</b>				
Buildings	(2,450,759)	-	-	(2,450,759)
Improvements	(504,978)	(86,509)	-	(591,487)
Furniture and Equipment	(122,909)	-	-	(122,909)
Total accumulated depreciation	(3,078,646)	(86,509)	-	(3,165,155)
Total capital assets being depreciated	2,019,540	(86,509)	-	1,933,031
Total capital assets, net of depreciation	\$ 2,119,540	(86,509)	-	2,033,031

Depreciation expense for the year ended June 30, 2014 was 86,509.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 6 – ACCRUED COMPENSATED ABSENCES**

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

	Balance			Balance	Amount due
	June 30, 2013	Increases	Decreases	June 30, 2014	within one
					year
Compensated absences	\$ 4,841	3,650	(4,734)	3,757	3,006

**NOTE 7 – INTERFUND BALANCES AND TRANSFERS**

The Authority recorded interfund receivables/payables to reflect balances owed between funds. The purpose of the reported balance is to reflect funds held in the Low Rent fund that are purpose-restricted and owed to the Land Fund. The funds were transferred in order to maximize the interest earned on the funds until such time as they are obligated and used. Interfund balances as of June 30, 2014, are as follows:

Due To Fund	Due From Fund	Amount
Land Fund	Low Rent Fund	\$ 20,909

There were no transfers between funds for the year ended June 30, 2014.

**NOTE 8 – OPERATING LEASES**

The Authority has entered into a number of operating leases, which contain cancellation provisions and are subject to annual appropriations. The rent expenditures for these leases were primarily from the General Fund. Future minimum lease payments are:

Fiscal Year	Amount
Ending June 30,	
2015	\$ 4,814
2016	3,611
2017	-
2018	-
2019	-
Total	\$ 8,425

Rental payments charged to current operations for the year ended June 30, 2014 totaled \$5,910. This amount includes sundry charges for expenses like excess copies and toner.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 9 – PERA PENSION PLAN**

*Plan Description.* All of the Authority's full-time employees 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, NM 87504-2123. The report is also available on PERA's website at <http://www.pera.state.nm.us>.

*Funding Policy.* Plan members are required to contribute 7.00% of their gross salary for municipal employees. The Authority is required to contribute 8.50% of the gross salary for municipal employees. 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, 2012, and were \$9,339, \$9,221, and \$10,158 respectively, which equal the amount of the required contributions for each fiscal year.

**NOTE 10 – 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.

**NOTE 11 – 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, workers compensation; and natural disasters. The Authority insures itself against these losses. The Authority pays an annual premium for its general insurance coverage and risk of loss is transferred.

**NOTE 12 – CONTINGENCIES**

The Authority participates in a number of federal programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by the grantor agencies.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Management believes that any disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds of the overall financial position of the Authority.

**NOTE 13 – CONCENTRATIONS**

Substantially all revenues of the Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Housing Authority's continued compliance with the grant provisions and the maintenance of the grant programs by the United States Department of Housing and Urban Development.

**NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through March 12, 2015, the date which the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
LOW INCOME HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Charges for services				
Tenent revenues	\$ 275,000	275,000	239,572	(35,428)
Total operating revenues	<u>275,000</u>	<u>275,000</u>	<u>239,572</u>	<u>(35,428)</u>
Operating expenses:				
Personnel services	215,000	215,000	172,749	42,251
General and administrative expenses	72,500	72,500	64,024	8,476
Repairs and maintenance	50,000	50,000	35,110	14,890
Insurance	25,000	25,000	3,000	22,000
Utilities	134,500	134,500	137,461	(2,961)
Depreciation	<u>150,000</u>	<u>150,000</u>	<u>86,509</u>	<u>63,491</u>
Total operating expenses	647,000	647,000	498,853	148,147
Operating income (loss)	(372,000)	(372,000)	(259,281)	112,719
Non-operating revenues (expenses):				
HUD operating grant revenue	190,000	190,000	153,397	(36,603)
Miscellaneous	5,000	5,000	19,281	14,281
Interest income	<u>1,000</u>	<u>1,000</u>	<u>617</u>	<u>(383)</u>
Total non-operating revenues (expenses)	<u>196,000</u>	<u>196,000</u>	<u>173,295</u>	<u>(22,705)</u>
Income (loss) before transfers	(176,000)	(176,000)	(85,986)	90,014
Change in net position	(176,000)	(176,000)	<u>(85,986)</u>	<u>90,014</u>
Budgeted cash carryover	<u>176,000</u>	<u>176,000</u>		
Total	\$ <u>-</u>	<u>-</u>		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ (85,986)	
Adjustments to revenue not necessary			-	
Adjustments to revenue not necessary			<u>-</u>	
Change in net position (GAAP)			<u>\$ (85,986)</u>	

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

STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
CFP FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET (GAAP BUDGETARY BASIS) AND ACTUAL  
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Operating revenues:				
Total operating revenues	\$ -	-	-	-
Operating expenses:				
General and administrative expenses	20,609	20,609	-	20,609
Repairs and maintenance	106,478	106,478	81,167	25,311
Total operating expenses	127,087	127,087	81,167	45,920
Operating income (loss)	(127,087)	(127,087)	(81,167)	45,920
Non-operating revenues (expenses):				
Capital grant revenues	127,087	127,087	81,167	(45,920)
Total non-operating revenues (expenses)	127,087	127,087	81,167	(45,920)
Income (loss) before transfers	-	-	-	-
Change in net position	-	-	-	-
Budgeted cash carryover	-	-		
Total	\$ -	-		
Reconciliation From Budget/Actual to GAAP				
Change in net position (Non-GAAP budgetary basis)			\$ -	
Adjustments to revenue not necessary			-	
Adjustments to revenue not necessary			-	
Change in net position (GAAP)			\$ -	

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

STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
SCHEDULE OF DEPOSITORIES  
As of June 30, 2014

<u>Account name</u>	<u>Type</u>	<u>Western Bank</u>	<u>Plus Deposit in Transit</u>	<u>Less O/S Checks</u>	<u>Balance Per Books</u>
CFP Account	CK	1,238	-	-	1,238
Temporary accounts	CK	3,875	-	-	3,875
General account	CK*	19,114	-	(12,488)	6,626
MMKT account	CK*	101,906	-	(3,000)	98,906
Tenant security deposits	CK	19,075	-	-	19,075
Certificates of deposit	CDs	251,197	-	-	251,197
Total cash and equivalents		<u>396,405</u>	<u>-</u>	<u>(15,488)</u>	<u>380,917</u>
Total amount on deposit		396,405	-	(15,488)	380,917
FDIC coverage		<u>(250,000)</u>			
Total uninsured public funds		146,405			
50% collateral requirement (Section 6-10-17 NMSA-1978)		73,203			
Pledge security		450,000			
See NMFA audited financials					
Amount (over)/under collateralized		<u>(376,798)</u>			

\* denotes interest bearing account

STATE OF NEW MEXICO  
LORDSBURG PUBLIC HOUSING AUTHORITY  
SCHEDULE OF PLEDGED COLLATERAL BY DEPOSITORY  
As of June 30, 2014

<u>Cusip #</u>	<u>Description/ Maturity</u>	<u>Coupon</u>	<u>Moody</u>	<u>Pledged Percent</u>	<u>Pledged</u>			
					<u>Original Face</u>	<u>Par</u>	<u>Book Value</u>	<u>Market Value</u>
<b>Western Bank</b>								
<i>Safekeeping Location - FHLB: Fed Home Loan Bank</i>								
189414HT5	Clovis NM Muni Sch Dist 1 8/1/2017	3.00	Aa1	100% \$	450,000	450,000	450,000	482,607
					<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>482,607</u>

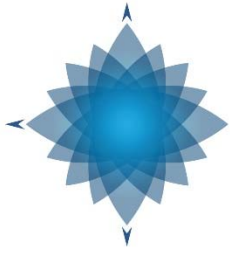
See independent auditor's report.

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
For the Year Ended June 30, 2014**

<u>Line Item</u>	<u>Description</u>	<u>Low Rent</u> <u>14,850</u>	<u>CFP</u> <u>14,872</u>	<u>Total</u>
111	Cash-unrestricted	361,842	-	361,842
114	Cash-tenant security deposits	19,075	-	19,075
100	Total cash	380,917	-	380,917
122	Accounts receivable - HUD other projects	88,575	-	88,575
126	Accounts receivable - tenants	1,012	-	1,012
126.1	Allowance for doubtful accounts - tenants	-	-	-
120	Total receivables, net of allowance for doubtful accounts	89,587	-	89,587
144	Inter-Program due from	-	20,909	20,909
150	Total current assets	470,504	20,909	491,413
161	Land	100,000	-	100,000
162	Buildings	4,975,277	-	4,975,277
164	Furniture, equipment and machinery - administration	122,909	-	122,909
166	Accumulated depreciation	(3,165,155)	-	(3,165,155)
160	Total capital assets, net of a/d	2,033,031	-	2,033,031
290	Total Assets and Deferred Outflow of Resources	<u>2,503,535</u>	<u>20,909</u>	<u>2,524,444</u>
312	Accounts payable <= 90 days	9,839	-	9,839
321	Accrued wage/payroll taxes payable	-	-	-
322	Accrued compensated absences - current portion	-	-	-
333	Accounts payable - other government	10,405	-	10,405
341	Tenant security deposits	14,050	-	14,050
347	Inter-program due to	20,909	-	20,909
310	Total current liabilities	55,203	-	55,203
354	Accrued compensated absences - non-current	3,757	-	3,757
300	Total liabilities	<u>58,960</u>	-	<u>58,960</u>
508.1	Invested in capital assets, net of related debt	2,033,031	-	2,033,031
511.4	Restricted net position	19,075	20,909	39,984
512.4	Unrestricted net position	392,469	-	392,469
513	Total equity- net position	<u>2,444,575</u>	<u>20,909</u>	<u>2,465,484</u>
600	Total liabilities and net position	<u>2,503,535</u>	<u>20,909</u>	<u>2,524,444</u>

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
FINANCIAL DATA SCHEDULE  
For the Year Ended June 30, 2014**

<u>Line Item</u>	<u>Description</u>	<u>Low Rent 14,850</u>	<u>CFP 14,872</u>	<u>Total</u>
70300	Net tenant rental revenue	239,572	-	239,572
70500	Total tenant revenue	239,572	-	239,572
70600	HUD PHA operating grants	153,397	-	153,397
70610	Capital grants	-	81,167	81,167
71100	Investment income - unrestricted	617	-	617
71500	Other revenue	19,282	-	19,282
70000	Total revenue	412,868	81,167	494,035
91100	Administrative salaries	80,951	-	80,951
91200	Auditing fees	118	-	118
91500	Employee benefit contributions - administrative	20,824	-	20,824
91900	Other	58,281	-	58,281
91000	Total operating – administrative	160,174	-	160,174
93100	Water	44,999	-	44,999
93200	Electricity	5,792	-	5,792
93300	Gas	43,450	-	43,450
93800	Other utilities expense	28,676	-	28,676
93000	Total utilities	122,917	-	122,917
94100	Ordinary maintenance and operations - labor	70,973	-	70,973
94200	Ordinary maintenance and operations-materials	37,044	81,167	118,211
94300	Ordinary maintenance and operations contracts	12,610	-	12,610
94000	Total maintenance and operations	120,627	81,167	201,794
96140	All other insurance	3,000	-	3,000
96100	Total insurance premium	3,000	-	3,000
96200	Other general expenses	5,627	-	5,627
96900	Total operating expenses	412,345	81,167	493,512
97000	Excess revenues over operating expenses	523	-	523
97400	Depreciation expense	86,509	-	86,509
90000	Total expenses	498,854	81,167	580,021
10000	Excess (deficiency) of revenues over (under) expenses	(85,986)	-	(85,986)
11030	Beginning net position	2,530,561	20,909	2,551,470
	Net position at end of year	2,444,575	20,909	2,465,484



**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 Auditor's Report**

Timothy Keller  
New Mexico State Auditor  
Board of Commissioners  
Lordsburg Public Housing Authority  
Lordsburg, 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 Lordsburg, New Mexico, a component unit of the City of Lordsburg, 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 the Authority, presented as supplemental information, and have issued our report thereon dated March 12, 2015.

**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 a 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 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies: 2013-001.

### **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*.

### **Public Housing Authority's Response to Findings**

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results 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.

*Integrity Accounting + Consulting, LLC*

Integrity Accounting & Consulting, LLC  
Albuquerque, NM

March 12, 2015



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

**SECTION I SUMMARY OF AUDIT RESULTS**

*Financial Statements:*

- |    |   |  |            |
|----|---|--|------------|
| 1. | Type of auditors' report issued   |  | Unmodified |
| 1. | Internal control over financial reporting:                                    |  |            |
| a. | Material weakness identified?   |  | No         |
| b. | Significant deficiencies identified not considered to be material weaknesses? |  | Yes        |
| c. | Noncompliance material to the financial statements noted?                     |  | No         |

	Status of	
<b>Finding</b>	<b>Current and</b>	<b>Financial</b>
	<b>Prior Year</b>	<b>Statement</b>
<b>Prior Year Findings</b>	<b>Findings</b>	<b>Finding</b>
2013-001 Completion of Audit Report	Repeated/ Modified	Yes
2013-002 Deficiencies in Internal Control Over Cash and Expenses	Resolved	Yes
<b>Current Year Findings</b>		
None		

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

**SECTION II FINDINGS – FINANCIAL STATEMENTS**

**PRIOR YEAR FINDINGS – REPEATED/MODIFIED**

**2013-001 [2013-01] – COMPLETION OF AUDIT REPORT – SIGNIFICANT DEFICIENCY – REPEATED/ MODIFIED**

**Condition**

The audit report for the year ended June 30, 2014 was not submitted to the state auditor's office by the December 1, 2013 due date. There were delays in receiving requested information related to the Housing Authority.

**Criteria**

By statute, Section 2.2.2.9 NMAC (State Auditor Rule), the deadline for submission of this report was December 1, 2014.

**Cause**

Items/documentation requested by the auditor was not provided in a timely manner. When the items were ultimately provided, there were scheduling conflicts that prevented the audit from being completed timely.

**Effect**

The Authority was not in compliance with State statute. The Authority is potentially subject to federal and state funding cuts and delays due to the untimely audit.

**Recommendation**

The Authority should work with the auditor to ensure requested information is provided timely to ensure compliance with the required audit deadlines.

**Response**

The Authority will work closely with the auditors to make sure requested items are provided in a timely manner so that audit reports are submitted by the required deadline.

**CURRENT YEAR FINDINGS**

NONE

**STATE OF NEW MEXICO  
CITY OF LORDSBURG  
PUBLIC HOUSING AUTHORITY  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2014**

**A. AUDITOR PREPARED FINANCIAL STATEMENTS**

Presentation: The accompanying financial statements are the responsibility of the Authority and are based on information from the Authority's financial records. Assistance was provided by Integrity Accounting & Consulting to the Authority in preparing the financial statements.

**B. EXIT CONFERENCE**

The contents of the report for the Lordsburg Public Housing Authority were discussed on March 12, 2015. The following individuals were in attendance.

Lordsburg Public Housing Authority Officials

Arthur Clark Smith, Chairman  
Alfredo Morelos – Vice-Chairman  
Glenda Greene - Commissioner  
Manuel D.V. Saucedo - Commissioner  
Sandra Kolean, Executive Director  
Patricia De Naranjo, Finance Officer – City of Lordsburg  
Jeannie Palacios, City Clerk – City of Lordsburg

Integrity Accounting & Consulting  
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