

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

**(A COMPONENT UNIT OF VILLAGE OF WAGON
MOUND, NEW MEXICO)**

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

For the Year Ended June 30, 2009

With Independent Auditor's Reports Thereon

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
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June 30, 2009**

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
OFFICIAL ROSTER
June 30, 2009**

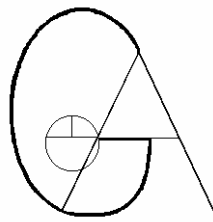
Mayor and Board of Trustees

Bonito Armijo	Mayor
Adrian Clouthier	Vice Chairperson
Nancy Cruz	Member
Margie Woods	Member
Rosella Muniz	Member
Dolores Moreno	Member

Administrative Staff

Ricardo Valenzuela	Executive Director
Tammi Hernandez	Executive Director (in training)

FINANCIAL SECTION



Gary E. Gaylord, C.P.A.

GARY E. GAYLORD, LTD.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Hector H. Balderas, State Auditor
Bonito Armijo, Mayor
And Board of Trustees
Village of Wagon Mound Housing Authority
Village of Wagon Mound, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

I have audited the accompanying financial statements of the business type activities and each major fund of the Village of Wagon Mound Housing Authority, Village of Wagon Mound, New Mexico (Housing Authority) (a component unit of the Village of Wagon Mound, New Mexico) as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. I also have audited the budgetary comparison statements for each major fund of the Housing Authority's proprietary type funds as presented as Supplementary Data. These financial statements are the responsibility of the Housing Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

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

As discussed in Note 1, the financial statements of the Housing Authority are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wagon Mound, New Mexico that is attributable to the transactions of the Housing Authority. They do not purport to, and do not, present fairly the financial position of the Village of Wagon Mound, New Mexico, as of June 30, 2009, and the respective changes in its financial position, and cash flows, where applicable, thereof and the budgetary comparisons for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT, continued

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and each major fund of the Village of Wagon Mound Housing Authority, Village of Wagon Mound, New Mexico, as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof for each major fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America. In addition, in my opinion, the financial statements referred to above present fairly the budget comparisons of the Housing Authority for the year ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 2, 2010, on my consideration of the Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 6 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the basic financial statements and the budgetary comparisons. The accompanying financial information listed as Other Supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Housing Authority. Such schedule and information have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Albuquerque, New Mexico
June 2, 2010

Wagon Mound Housing Authority Management's Discussion and Analysis For the Year Ended June 30, 2009

Introduction

This Management's Discussion and Analysis (MD&A) of the Wagon Mound Housing Authority (Authority) provides an introduction and overview to the financial statements of the Wagon Mound Housing Authority for the fiscal year ended June 30, 2009. The Wagon Mound Housing Authority (Authority) presents this discussion and analysis of its financial performance during the fiscal year ended June 30, 2009, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Wagon Mound Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has two individual programs. They include the Low Rent Housing Program and the Capital Fund Program. The Low Rent Housing Program consists of 19 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing & Urban Development based on a formula. The Capital Fund Program is also a formula based program from HUD. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Authority to provide capital improvements for the current dwelling structures and assist in their operations

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Assets
- The Statement of Revenues, Expense, and Changes in Net Assets
- The Statement of Cash Flows

The Statement of Net Assets presents information on the assets and liabilities, with the differences between the two being reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Assets is comprised of three individual components:

Management's Discussion and Analysis-Continued

Overview of the Financial Statements-continued

- *Investment in Capital Assets, Net of Related Debt* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted Net Assets* consists of assets that are restricted by limitations placed on these assets by an external source or party.
- *Unrestricted Net Assets* consists of net assets that do not meet the definition of the above categories. Unrestricted net assets is basically the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Assets reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended June 30, 2009, to determine the change in net assets for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended June 30, 2009.

Financial Highlights

- The Wagon Mound Housing Authority's total net assets decreased from \$128,264 to \$112,738 a decrease of \$15,526 or 12%. The total assets decreased by \$5,453 or 4%.
- The unrestricted net asset balance is listed as \$(174) at June 30, 2009. This represents a decrease of \$4,830, or 104% from the previous year.
- Total revenues increased from \$108,964 to \$110,919, an increase of \$1,955 or 2%.
- Total expenses decreased by \$17,705 from \$144,150 to \$126,445 for the current year. This represents a decrease of 12%.

Housing Authority Activities & Highlights

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended June 30, 2009 and June 30, 2008.

Management's Discussion and Analysis-Continued

Housing Authority Activities & Highlights, continued

Summary Statement of Net Assets

<u>Category</u>	<u>FYE 2009</u>	<u>FYE 2008</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 16,007	\$ 10,764	\$ 5,243	49%
Fixed Assets (Net of Depreciation)	\$ 112,912	\$ 123,608	\$ (10,696)	-9%
Total Assets	\$ 128,919	\$ 134,372	\$ (5,453)	-4%
Current Liabilities	\$ 16,181	\$ 6,108	\$ 10,073	165%
Total Liabilities	\$ 16,181	\$ 6,108	\$ 10,073	165%
Unrestricted Net Assets	\$ (174)	\$ 4,656	\$ 14,830	-104%
Investment in Net Fixed Assets	\$ 112,912	\$ 123,608	\$ (10,696)	-9%
Total Net Assets	\$ 112,738	\$ 128,264	\$ (15,526)	-12%

Current Assets

Overall cash and cash equivalents increased from \$8,163 to \$15,399, an increase of \$7,236 from June 30, 2008 to June 30, 2009. The principal reason for the increase is due to the transfer of CFP operations in the amount of \$31,102 to the Low Rent Program, for utilities and any other unanticipated costs.

Fixed Assets

Fixed assets are listed as \$112,912 for the current year. This represents a decrease of \$10,696 from the previous year, which is due to the charging of depreciation expense in the current year.

Current Liabilities

Current liabilities balance increased by \$10,073 from the previous year due to higher accounts payable, wages/payroll taxes payable, and a deferred revenue from a deposit by a contractor for a furnace contract.

Net Assets

The Authority's total net asset balance decreased by \$15,526 from the previous year due to the noted decrease in the account balance of Investment in Net Fixed Assets as a result of the current year's accumulated depreciation and the increase in current liabilities.

The Authority's unrestricted net assets decreased from \$4,656 to \$(174), a decrease of \$4,830, or 104% for the current year. This is due to operating expenditures exceeding operating revenues for the current fiscal year. The unrestricted net asset account balance is the amount available for future appropriations. This balance is subject to program specific guidelines.

Investment in net fixed assets decreased by \$10,696 for the current fiscal year. This is due primarily to the charging of depreciation expense during the current fiscal year in the amount of \$10,697.

Management's Discussion and Analysis-Continued

Housing Authority Activities & Highlights, continued

*Summary Statement of Revenues & Expenses and Changes in Net Assets
Years Ended June 30, 2009 and 2008*

<u>Category</u>	<u>FYE 2009</u>	<u>FYE 2008</u>	<u>Change \$</u>	<u>Change %</u>
Tenant Revenue	\$ 23,407	\$ 28,503	\$ (5,096)	-18%
HUD Operating Grants	\$ 86,033	\$ 72,918	\$ 13,115	18%
Capital Grants	\$ -	\$ 1,869	\$ (1,869)	-100%
Interest Income	\$ 267	\$ 175	\$ 92	53%
Other Revenue	\$ 1,212	\$ 5,499	\$ (4,287)	-78%
Total Revenue	\$ 110,919	\$ 108,964	\$ 1,955	2%
Administration	\$ 53,394	\$ 45,903	\$ 7,491	16%
Tenant Services	\$ 79	\$ 173	\$ (94)	-54%
Utilities	\$ 17,879	\$ 37,544	\$ (19,665)	-52%
Ordinary Maintenance	\$ 41,053	\$ 45,731	\$ (4,678)	-10%
General Expense	\$ 3,343	\$ 4,825	\$ (1,482)	-31%
Depreciation	\$ 10,697	\$ 9,974	\$ 723	7%
Total Expenses	\$ 126,445	\$ 144,150	\$ (17,705)	-12%
Excess of Revenue over Expenses	\$ (15,526)	\$ (35,186)	\$ 19,660	-56%
Net Assets, Beginning of Year	\$ 128,264	\$ 163,450	\$ (35,186)	-22%
Prior Period Adjustments	\$ -		\$ 6,365	
Net Assets, End of Year	\$ 112,738	\$ 128,264	\$ (15,526)	-12%

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue increased by \$10,981 during the current fiscal year. Significant changes noted between the current and prior fiscal years include:

- Tenant revenue decreased from \$28,503 to \$23,407 a decrease of \$5,096. This is due primarily to units leased decreasing from 208 in the prior year to 190 in the current year.
- HUD operating grants increased by \$13,115. Revenue related to operating subsidy increased by \$12,406. Operating revenue related to the Capital Fund Program also increased by \$709.
- Capital grants decreased due to the completion of an ADA unit renovation project in the previous year.

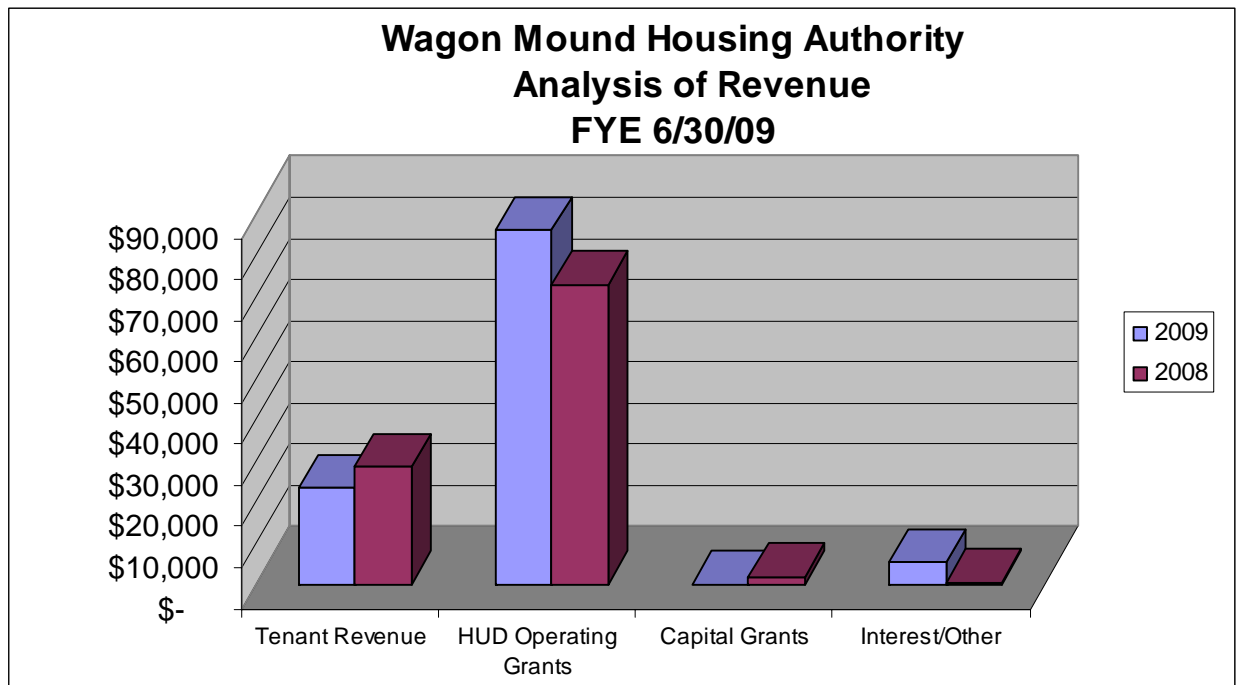
Management's Discussion and Analysis-Continued

Housing Authority Activities & Highlights, continued

Total expenses decreased by \$17,705 compared to the previous year. Significant changes from the previous year included the following:

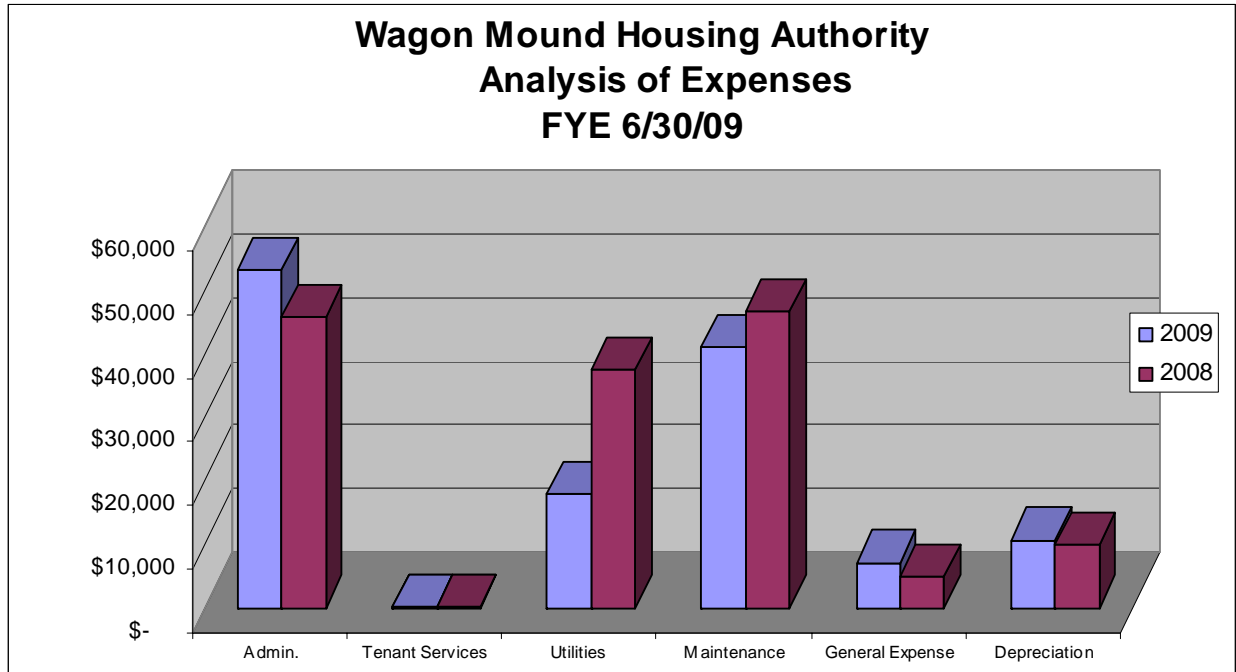
- Administration expenses increased by \$7,491 due primarily to the addition of a second administrative employee in the current year.
- Utilities expense decreased by \$19,665 from the previous year. This is due primarily to gas expense decreasing from \$24,692 to \$8,219 in the current year. During the year ended June 30, 2009 it was discovered that the housing authority had been over billed for gas by the Village.
- Ordinary maintenance expense decreased by \$4,678. This is due primarily to a decrease in maintenance contract expenses, which included landscape and grounds, extermination, and miscellaneous contracts.
- General expenses decreased by \$1,482 due to collection losses recorded in the prior year.

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



Management's Discussion and Analysis-Continued

Housing Authority Activities & Highlights, continued



Capital Assets

As of June 30, 2009, the Wagon Mound Housing Authority's investment in capital assets was \$112,912. This investment includes land, building, and equipment.

Category	FYE 2009	FYE 2008	Change \$	Change %
Land	\$ 7,227	\$ 7,227	\$ -	0%
Buildings	\$ 807,395	\$ 807,395	\$ -	0%
Equipment	\$ 15,774	\$ 15,774	\$ -	0%
Accumulated Depreciation	\$ (717,484)	\$ (706,788)	\$ (10,696)	2%
Total Net Fixed Assets	\$ 112,912	\$ 123,608	\$ (10,696)	-9%

The change in the net fixed assets is due to the addition of the current year's accumulated depreciation.

Management's Discussion and Analysis-Continued

Subsequent Event

Through the American Recovery and Reinvestment Act of 2009 (ARRA), otherwise known as the stimulus package, the Authority has received \$39,368 that can be used for the modernization and rehabbing of existing units. The stimulus grant monies were used to purchase energy efficient furnaces and water heaters and to make needed plumbing repairs.

An additional CFP grant (NM02P032501-09) in the amount of \$31,050 will be used to make management and capital improvements.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Wagon Mound Housing Authority
Ricardo Valenzuela, Executive Director
PO Box 311
Wagon Mound, NM 87752

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Business-type activities:				
Housing Services	\$ 126,445	24,619	86,033	(15,793)
	<u>126,445</u>	<u>24,619</u>	<u>86,033</u>	<u>(15,793)</u>
General revenues:				
Interest on investments				<u>267</u>
Change in net assets				(15,526)
Net assets at beginning of year				<u>128,264</u>
Net assets at end of year				<u>\$ 112,738</u>

SEE INDEPENDENT AUDITOR'S OPINIONS
The Accompanying Notes Are An Integral Part of These Financial Statements

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
BALANCE SHEET
June 30, 2009

United State Department of
Housing and Urban Development
Programs

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>ASSETS</u>			
Current, unrestricted assets:			
Cash and cash equivalents	\$ 12,748		12,748
Accounts receivable, net	390		390
Accrued interest receivable	7		7
Prepaid Insurance	211		211
Total unrestricted current assets	<u>13,356</u>		<u>13,356</u>
Current, restricted assets:			
Cash and cash equivalents:			
Tenant security deposits	2,651		2,651
Total current restricted assets	<u>2,651</u>		<u>2,651</u>
Total current assets	<u>16,007</u>		<u>16,007</u>
Capital assets:			
Capital assets not being depreciated:			
Land	7,227		7,227
Capital assets net of accumulated depreciation:			
Buildings and building improvements	105,685		105,685
Furniture, fixtures and equipment			
Total assets and other debits	<u>\$ 128,919</u>		<u>128,919</u>

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

EXHIBIT 3, continued

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
BALANCE SHEET, continued
June 30, 2009

United State Department of
Housing and Urban Development
Programs

	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>LIABILITIES AND EQUITY</u>			
Current liabilities, payable from unrestricted assets:			
Accounts payable	\$ 8,211		8,211
Accrued salaries and benefits	3,755		3,755
Prepaid tenant rent	1		1
Deferred revenue	<u>1,563</u>		<u>1,563</u>
Total current liabilities payable from unrestricted assets	<u>13,530</u>		<u>13,530</u>
Current liabilities, payable from restricted assets:			
Tenant security deposits payable	<u>2,651</u>		<u>2,651</u>
Total current liabilities payable from restricted assets	<u>2,651</u>		<u>2,651</u>
Total current liabilities	<u>16,181</u>		<u>16,181</u>
Total liabilities	<u>16,181</u>		<u>16,181</u>
Net Assets:			
Invested in capital assets	112,912		112,912
Unrestricted	<u>(174)</u>		<u>(174)</u>
Total net assets	<u>112,738</u>		<u>112,738</u>
Total liabilities and equity	<u>\$ 128,919</u>		<u>128,919</u>

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

EXHIBIT 3

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development Programs		
	Low Rent Housing	Capital Funds Programs	Totals
Operating revenues:			
Charges for services	\$ 24,619		24,619
Operating grants	54,931	31,102	86,033
	<u>79,550</u>	<u>31,102</u>	<u>110,652</u>
Operating expenses:			
Administrative	53,394		53,394
Tenant services	79		79
Utilities	17,879		17,879
Ordinary maintenance	41,053		41,053
General	3,343		3,343
Extraordinary maintenance			
Depreciation	10,697		10,697
Total operating expenses	<u>126,445</u>		<u>126,445</u>
Net operating income (loss)	<u>(46,895)</u>	<u>31,102</u>	<u>(15,793)</u>
Nonoperating income (expenses):			
Capital grants			
Interest income	267		267
Total nonoperating revenue (expenses)	<u>267</u>		<u>267</u>
Income (loss) before transfers	(46,628)	31,102	(15,526)
Transfers in	51,155		51,155
Transfers out		(51,155)	(51,155)
Change in net assets	4,527	(20,053)	(15,526)
Fund net assets, at beginning of year	<u>108,211</u>	<u>20,053</u>	<u>128,264</u>
Fund net assets, at end of year	<u>\$ 112,738</u>	<u></u>	<u>112,738</u>

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

EXHIBIT 4

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2009**

	United States Department of Housing and Urban Development Programs		
	Low Rent Housing	Capital Funds Programs	Totals
Cash flows from operating activities:			
Cash received from HUD for operating purposes	\$ 54,931	31,102	86,033
Cash received from tenants and others for charges	26,448		26,448
Cash payments to and on behalf of employees	(29,704)		(29,704)
Cash payments to vendors for goods and services	(75,809)		(75,809)
Net cash flows from operating activities	<u>(24,134)</u>	<u>31,102</u>	<u>6,968</u>
Cash flows from noncapital financing activities:			
Interprogram net transfers	<u>31,102</u>	<u>(31,102)</u>	
Net cash flows from noncapital financing activities	<u>31,102</u>	<u>(31,102)</u>	
Cash flows from capital and related financing activities:			
HUD contributions for capital acquisitions			
Acquisition of capital assets			
Net cash flows from capital and related financing activities			
Cash flows from investing activities:			
Interest received	<u>267</u>		<u>267</u>
Net cash flows from investing activities	<u>267</u>		<u>267</u>
Net increase (decrease) in cash and cash equivalents	7,235		7,235
Cash and cash equivalents, at beginning of year	<u>8,163</u>		<u>8,163</u>
Cash and cash equivalents, end of year	<u>\$ 15,398</u>		<u>15,398</u>
Shown on Exhibit 3 as:			
Unrestricted cash and cash equivalents	\$ 12,747		12,747
Restricted cash and cash equivalents	<u>2,651</u>		<u>2,651</u>
	<u>\$ 15,398</u>		<u>15,398</u>
Noncash Capital and related financing activities:			
Transfer of capital assets	<u>\$ 20,053</u>	<u>(20,053)</u>	

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

EXHIBIT 5, continued

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS / ENTERPRISE FUNDS
STATEMENT OF CASH FLOWS, continued
For the Year Ended June 30, 2009

	United States Department of Housing and Urban Development Programs		
	<u>Low Rent Housing</u>	<u>Capital Funds Programs</u>	<u>Totals</u>
<u>Reconciliation Of Operating Income (loss) To Net Cash Flows From Operating Activities</u>			
Net operating income (loss)	\$ (46,895)	31,102	(15,793)
Adjustment to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	10,697		10,697
(Increase) decrease in assets:			
Account receivable, net	1,125		1,125
Prepaid expenses	522		522
Inventory, net	346		346
Increase (decrease) in liabilities:			
Accounts payable	4,879		4,879
Accrued salaries and benefits	2,927		2,927
Deferred revenue	1,562		1,562
Tenant security deposits	703		703
Cash flows from operating activities	\$ <u>(24,134)</u>	<u>31,102</u>	<u>6,968</u>

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

EXHIBIT 5

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

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STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A. PROGRAM GOAL AND THE PHA

The primary goal of the Low Income Housing (LIH) program is the provision of a decent home in a suitable living environment for families that cannot afford standard private housing. Under this program, decent, safe and sanitary housing is made available to families having incomes lower than those serviced by most other housing subsidy programs. The LIH program is administered by Public Housing Agencies (PHA) which are organized and authorized in accordance with State Law to engage or assist in the development of operation of a LIH Program. The PHA is a local housing authority (LHA) governed by an elected (Village Council) board of directors who employ an administrative staff headed by an executive director.

The Village of Wagon Mound Housing Authority, Village of Wagon Mound, New Mexico (Housing Authority) was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD). The contract provided for low-rent housing units, the construction of which was financed by bonds guaranteed by the U.S. Government. The terms of the agreement provided that HUD shall provide annual contributions to cover the debt service on bonds used for the construction and subsidies for operations of the program. The Village of Wagon Mound agreed to operate and maintain the Housing Authority in accordance with the requirements of HUD.

B. FINANCIAL REPORTING ENTITY

The Housing Authority is a component unit of the Village of Wagon Mound, New Mexico. The Housing Authority's basic financial statements include the accounts of all of the Housing Authority's operations. In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB 14. There were no component units of the Village of Wagon Mound Housing Authority during the year ended June 30, 2009.

**STATE OF NEW MEXICO
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(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

C. BASIS OF PRESENTATION

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The housing authority's funds are grouped into a single fund type (proprietary funds) and include the following individual funds / projects:

Low Rent Housing Program:

PHA Code: NM032

Project No. NM032-000000108D & NM032-000000109D

Capital Funds Program:

Project No. NM02P032501-08

D. BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The Village of Wagon Mound Housing Authority (Housing Authority) does not have any governmental, internal service or fiduciary funds and is a component unit Village of Wagon Mound, New Mexico.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

D. BASIS OF ACCOUNTING, continued

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet.

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing.

Charges for services include rental and other charges to tenants. Operating grants and contributions and capital grants and contributions are amounts paid to the Housing Authority by HUD that are used for operations and capital activities.

E. FUND FINANCIAL STATEMENTS

Major individual proprietary funds are normally reported as separate columns in the fund financial statements. The Housing Authority only had major funds, therefore each fund is presented in a separate column on the Statement of Revenues, Expenses and Changes in Fund Net Assets. The major enterprise funds are:

Low Rent Housing Project (LRH)
Capital Funds Program (CFP)

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

F. REVENUE RECOGNITION

The Low Rent Housing operating subsidy is recognized in the year approved by and received from, the U.S. Department of Housing and Urban Development. Reimbursements due from federally funded projects are accrued as revenue at the time the allowable expenditures are made, or when received in advance, deferred until expenditures are made.

Revenue from grants that are received for a restricted purpose are recognized when all of the requirements for expenditures have been met.

G. CASH AND CASH EQUIVALENTS

Amounts reflected as “cash and cash equivalents” on the Statement of Net Assets include amounts on hand and in demand deposits as well as short-term savings and investment accounts with maturity dates within three months of the date acquired by the Housing Authority.

H. INVENTORY

Inventory is reported in the Statement of Net Assets (department-wide statement) and balance sheet (fund financial statement) when purchased goods are not consumed during the current operating cycle and the consumable asset will benefit a future period. At June 30, 2009 the Housing Authority did not have any inventory.

I. CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Infrastructure such as streets, traffic signals and signs are capitalized. The minimum capitalization threshold is any individual item with a total cost greater than \$ 5,000. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized.

The valuation bases for proprietary fund capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

I. CAPITAL ASSETS AND DEPRECIATION, continued

Donated capital assets are capitalized at estimated fair market value on the date donated.

There was no interest to capitalize on construction.

The Housing Authority does not develop "internal use" software. Rather, purchased software is depreciated over its expected useful life using the straight-line method.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Building and Building Improvements	15-33 yrs.
Furniture, fixtures, and equipment	3-5 yrs.

J. UNPAID COMPENSATED ABSENCES

Accrued compensated absences of the Proprietary funds are recorded on their Statement of Net Assets. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, a liability has been recognized for all employees who have unused annual leave and for sick pay for only those employees who will be paid for unused sick leave upon termination. There were no unpaid compensated absences at June 30, 2009.

K. FASB PRONOUNCEMENTS - PROPRIETARY FUND ACCOUNTING

Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement No.'s 20 and 34 provided the Village the option of electing to apply FASB pronouncements issued after November 30, 1989. The Village has elected not to apply FASB pronouncements issued after November 30, 1989.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

L. OPERATING REVENUES AND EXPENSES

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

M. INTERFUND ACTIVITIES

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

At June 30, 2009 there were no interfund receivables/payables in the proprietary fund financial statements.

A schedule of transfers during the year ended June 30, 2009 is presented in Note 3.

N. EXPENDITURES OF RESTRICTED SOURCES

It is the Housing Authority's policy to expend restricted sources prior to unrestricted sources when both sources are available for expenditure.

O. MANAGEMENT ESTIMATES AND ASSUMPTIONS

The accompanying financial statements include estimates and assumptions by management that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

P. EQUITY CLASSIFICATIONS

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

a. Invested in capital assets, net of related debt:

This account represents the total of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net assets:

Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. There weren't any restricted net assets at June 30, 2009.

c. Unrestricted net assets:

All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Q. OTHER POLICIES

GASB continues to issue Statements that may or may not have a bearing on the accounting and financial reporting of individual governments. The following recap of recently issued GASB Statements shows their applicability or non-applicability to the Housing Authority.

GASB Statement No. 50 *Pension Disclosures* effective for periods beginning after June 15, 2007 (FY '08). (Not applicable to the Village of Wagon Mound Housing Authority as employees are not covered by a pension plan (Part-Time employees only).

GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets* effective for periods beginning after June 15, 2009 (FY 10) (Applicable to Housing Authority beginning July 1, 2009 should the Housing Authority have, purchase or acquire any intangible assets)

GASB Statement No. 52 *Land and Other Real Estate Held as Investments by Endowments* effective for financial statements for periods beginning after June 15, 2008 (FY 09) (Not applicable to Housing Authority as Housing Authority does not have an endowment fund nor hold Real Estate as an investment).

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VILLAGE OF WAGON MOUND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

Q. OTHER POLICIES, continued

GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* issued June 2008 effective for periods beginning after June 15, 2009 (FY 2010) (Not applicable to Housing Authority as Housing Authority did not enter into any derivative instruments as defined in the Statement).

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* issued February 2009 effective for periods beginning after June 2010 (FY2011) (Not applicable to Housing Authority as Housing Authority does not have Government Fund Type funds).

GASB Statement No. 55 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* issued March 2009 effective immediately (March 2009) (Applicable to Housing Authority as it establishes the hierarchy of Generally Accepted Accounting Principles for State and Local Governments in a GASB document). This pronouncement should not result in a change from current practice.

GASB Statement No. 56 *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* issued March 2009 effective immediately (March 2009) (Applicable to Housing Authority as it establishes accounting and financial reporting standards for related party transactions, subsequent events, and going concern considerations that were previously in authoritative literature). This pronouncement should not result in a change from current practice.

GASB Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* issued December 2009 effective immediately as it relates to the alternative measurement method. The provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in Other Post Employee Benefit (OPEB) plan financial statements for periods beginning after June 15, 2010. (Not applicable to Housing Authority)

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES, continued

Q. OTHER POLICIES, continued

GASB Statement No. 58 *Accounting and Financial Reporting for Chapter 9 Bankruptcies* issued December 2009 effective for reporting periods beginning after June 15, 2009 (FY 2010) (Applicable to Housing Authority if the Housing Authority seeks protection from creditors under Chapter 9 of the U.S. bankruptcy Code at some future date).

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a federally funded Housing Authority, the Village of Wagon Mound Housing Authority is subject to various federal and contractual regulations. An analysis of the Housing Authority's compliance with significant laws and regulations and demonstration of its stewardship over its resources follows:

A. DEPOSITS AND INVESTMENTS, LAWS AND REGULATIONS

The Village of Wagon Mound Housing Authority (Housing Authority) is authorized under its investment policy to deposit its money in banks, savings and loan associations, and/or credit unions where accounts are insured by an agency of the United States.

All monies not immediately necessary for the public uses of the Housing Authority may be invested in:

1. Fully collateralized certificates of deposit that are also FDIC insured.
2. Securities of the United States, its agencies or instrumentalities
3. Securities of the State of New Mexico, its agencies, instrumentalities, counties, municipalities, or other subdivisions
4. Securities, including student loans that are guaranteed by the United States or the State of New Mexico
5. Revenue bonds that are under written by a member of the National Association of Securities Dealers, (NASD) and rated BAA or better.

The maximum authorized maturity for these securities will be one year or less.

During the year ended June 30, 2009 the Housing Authority had complied with its investment policy and all deposits were insured.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY, continued

B. REVENUE RESTRICTIONS

The Housing Authority has various restrictions placed over its revenue sources by the U.S. Housing and Urban Development Department. The primary restricted revenue sources include:

<u>Revenue Source:</u>	<u>Legal Restrictions of Use</u>
Low Rent Housing Program: LRH Operating subsidy and tenant rental income	Funds are available to achieve and maintain adequate operating and maintenance services and reserves.
Public Housing Capital Fund: Federal (HUD) grant	Funds available to public housing agencies to carry out capital and management improvement activities.

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS

A. CASH AND INVESTMENTS

The Housing Authority's policies regarding deposits of cash are discussed in notes 1G and 2A. The Housing Authority attempts to limit its exposure to various risks inherent to its cash and investments as follows:

Interest rate risk – The Housing Authority attempts to maximize its rate of return while insuring that the investment vehicle is either fully insured or fully collateralized by investments of the Federal Government. During the year ended June 30, 2009 the Housing Authority had not made any investments and retained its accounts with a local bank in checking and savings accounts.

Credit risk – State law limits the types of investments allowed by the Housing Authority (See Note 2A). As stated above, the Housing Authority complied with the restrictions imposed by the State of New Mexico in an effort to limit its credit risk.

**STATE OF NEW MEXICO
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NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

A. CASH AND INVESTMENTS, continued

Concentration of credit risk – During the year ended June 30, 2009 the Housing Authority limited its concentration of credit risk by depositing its funds in a local bank where its accounts were fully insured.

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the Housing Authority's deposits may not be returned to it. In order to limit this exposure, the Housing Authority deposits its funds in a local bank and monitors the bank's collateralization of its deposits. At June 30, 2009, none of the Housing Authority's deposits of \$ 16,524 were subject to custodial credit risk because they were fully insured.

Custodial credit risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Housing Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Housing Authority did not have any custodial credit risk – Investments.

B. RESTRICTED ASSETS

The amounts reported as restricted cash and cash equivalents are amounts held for tenant's security deposits.

C. ACCOUNTS RECEIVABLE, NET

Accounts receivable consists of unpaid tenant charges for rent and related charges and is net of an allowance for doubtful accounts of \$ 160.

D. TRANSFERS

During the year ended June 30, 2009 the Capital Funds Project (CFP) transferred \$31,102 to the Low Rent Housing Project (LRH) for operating costs. In addition, assets with a net book value of \$20,053 were transferred from CFP to LRH during the FYE June 30, 2009.

**STATE OF NEW MEXICO
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(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

3. DETAIL NOTES ON TRANSACTION CLASSES / ACCOUNTS, continued

E. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009, was as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>
Assets not being depreciated				
Land	\$ <u>7,227</u>	<u> </u>	<u> </u>	<u>7,227</u>
Assets being depreciated				
Building and building improvements	807,395			807,395
Machinery and equipment	<u>23,198</u>		<u>(7,424)</u>	<u>15,774</u>
Sub-total	<u>830,593</u>		<u>(7,424)</u>	<u>823,169</u>
Less accumulated depreciation:				
Building and building improvements	691,013	10,697		701,710
Machinery and equipment	<u>23,199</u>		<u>(7,425)</u>	<u>15,774</u>
Sub-total	<u>714,212</u>	<u>10,697</u>	<u>(7,425)</u>	<u>717,484</u>
Net capital assets	\$ <u>123,608</u>	<u>(10,697)</u>	<u>1</u>	<u>112,912</u>

4. OTHER NOTES

A. ECONOMIC DEPENDENCY

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

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
NOTES TO FINANCIAL STATEMENTS, continued
June 30, 2009**

4. OTHER NOTES, continued

B. RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of property, injury to staff or others, errors and omissions and natural disasters. The housing authority insures itself against these losses through commercial insurance carriers.

The New Mexico Tort Claims Act limits the housing authority's risk for torts.

C. 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.

D. EXPENDITURES IN EXCESS OF BUDGET

During the year ended June 30, 2009 expenditures in the Low Rent Housing Program exceeded the authorized budget by \$11,258.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS/ENTERPRISE FUNDS
LOW RENT HOUSING
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Final	Budget	
Revenues:					
Intergovernmental - Federal	\$ 40,469	55,162	54,931	14,693	(231)
Charges for services	1,910	3,300	24,619	1,390	21,319
Interest	210	210	267		57
	<u>42,589</u>	<u>58,672</u>	<u>79,817</u>	<u>16,083</u>	<u>21,145</u>
Expenses:					
Current:					
Housing expenses:					
Administration	43,390	49,100	53,394	(5,710)	(4,294)
Tenant services	400	200	79	200	121
Utilities	36,910	17,110	17,879	19,800	(769)
Maintenance	34,520	29,500	41,053	5,020	(11,553)
Insurance	8,180	8,180			8,180
General	200	400	3,343	(200)	(2,943)
	<u>123,600</u>	<u>104,490</u>	<u>115,748</u>	<u>19,110</u>	<u>(11,258)</u>
Revenues over (under) expenses	(81,011)	(45,818)	(35,931)	35,193	9,887
Other financing sources (uses):					
Transfers in	<u>28,500</u>	<u>31,100</u>	<u>31,102</u>	<u>2,600</u>	<u>2</u>
	<u>\$ (52,511)</u>	<u>(14,718)</u>	<u>(4,829)</u>	<u>37,793</u>	<u>9,889</u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Capital assets transferred in			20,053		
Depreciation			<u>(10,697)</u>		
Change in net assets			\$ <u>4,527</u>		

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

STATEMENT 1

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
PROPRIETARY FUNDS/ENTERPRISE FUNDS
CAPITAL FUNDS PROGRAMS
STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL (NON-GAAP BASIS)
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual (Budgetary Basis)	Variances	
	Original	Final		Original	Actual to
	Budget	Budget		Budget to	Final
			Final	Budget	
Revenues:					
Operating grants	\$ 31,100	31,100	31,102		2
	<u>31,100</u>	<u>31,100</u>	<u>31,102</u>		<u>2</u>
Expenses:					
Current:					
Housing expenses:					
Administration	2,600			2,600	
	<u>2,600</u>			<u>2,600</u>	
Revenues over (under) expenses	28,500	31,100	31,102	2,600	2
Other financing sources (uses):					
Transfers out	<u>(31,102)</u>	<u>(31,102)</u>	<u>(31,102)</u>		
	\$ <u><u>(2,602)</u></u>	<u><u>(2)</u></u>		<u><u>2,600</u></u>	<u><u>2</u></u>
Reconciliation to GAAP Basis Statement:					
Non-budgeted income/expense:					
Capital assets transferred (out)			<u>(20,053)</u>		
Change in net assets			\$ <u><u>(20,053)</u></u>		

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

STATEMENT 2

OTHER SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)
WAGON MOUND, NEW MEXICO
SCHEDULE OF BANK DEPOSITORIES
JUNE 30, 2009

<u>Bank Name</u>	<u>Account Name</u>	<u>Acct. Type</u>	<u>Bank Balance</u>	<u>Deposits in Transit</u>	<u>Outstanding Checks</u>	<u>Other Adjustments</u>	<u>Book Balance</u>
Bank of Las Vegas:							
	Low Rent Housing Operating	1	\$ 6,274		(1,126)		5,148
	Savings	2	5,734				5,734
	Resident Council	1	1,816				1,816
	Tenant Security Deposits	1	2,701				2,701
	Total with financial institutions		\$ 16,525		(1,126)		15,399

Shown on Statement of Net Assets as:							
	Cash and cash equivalents					\$	12,748
	Current restricted assets:						
	Cash and cash equivalents						2,651
						\$	15,399

Account Types:
1 Demand Deposits
2 Savings

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

SCHEDULE 1

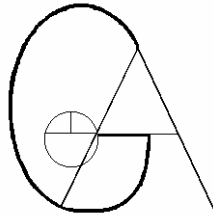
STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
FINANCIAL DATA SCHEDULE
June 30, 2009

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
ASSETS:				
111	Cash - Unrestricted	12,748		12,748
114	Cash - Tenant Security Deposits	2,651		2,651
100	Total Cash	<u>15,399</u>		<u>15,399</u>
126	Accounts Receivable - Tenants - Dwelling Rents	550		550
126.1	Allowance for Doubtful Accounts - Dwelling Rents	(160)		(160)
129	Accrued interest receivable	7		7
120	Total Receivables, net of allowances for doubtful accounts	<u>397</u>		<u>397</u>
142	Prepaid Expenses and Other Assets	211		211
150	Total Current Assets	<u>16,007</u>		<u>16,007</u>
161	Land	7,227		7,227
162	Buildings	807,395		807,395
164	Furniture, Equipment & Machinery - Administration	15,774		15,774
166	Accumulated Depreciation	(717,484)		(717,484)
160	Total Fixed Assets, Net of Accumulated Depreciation	<u>112,912</u>		<u>112,912</u>
180	Total Non-Current Assets	<u>112,912</u>		<u>112,912</u>
190	Total Assets	<u>128,919</u>		<u>128,919</u>
LIABILITIES:				
312	Accounts payable < 90 days	8,211		8,211
321	Accrued wage/payroll taxes payable	3,755		3,755
341	Tenant Security Deposits	2,651		2,651
342	Deferred Revenue	1,564		1,564
310	Total Current Liabilities	<u>16,181</u>		<u>16,181</u>
300	Total Liabilities	<u>16,181</u>		<u>16,181</u>
508.1	Invested in Capital Assets, Net of Related Debt	112,912		112,912
512.1	Unrestricted Net Assets	(174)		(174)
513	Total Equity/Net Assets	<u>112,738</u>		<u>112,738</u>
600	Total Liabilities and Equity/Net Assets	<u>128,919</u>		<u>128,919</u>

STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
FINANCIAL DATA SCHEDULE
June 30, 2009

FDS Line #	Accounts Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
REVENUE:				
703	Net Tenant Rental Revenue	20,480		20,480
704	Tenant Revenue -Other	4,140		4,140
705	Total Tenant Revenue	<u>24,620</u>		<u>24,620</u>
706	HUD PHA Operating Grants	54,931	31,102	86,033
706.1	Capital Grants			
711	Investment Income - Unrestricted	267		267
700	Total Revenue	<u>79,818</u>	<u>31,102</u>	<u>110,920</u>
EXPENSES:				
911	Administrative salaries	29,376		29,376
912	Auditing fees	4,821		4,821
913	Management fees	1,451		1,451
914	Advertising and marketing	559		559
915	Employee benefit contributions - administrative	3,255		3,255
916	Office expense	3,859		3,859
917	Legal expense	259		259
918	Travel expense	5,223		5,223
919	Other administrative expenses	4,591		4,591
921	Tenant services	80		80
931	Water	5,233		5,233
932	Electricity	2,905		2,905
933	Gas	8,219		8,219
938	Other utilities expense	1,522		1,522
942	Ordinary maintenance and operations - materials and other	16,920		16,920
943.01	Garbage & trash removal contracts	3,843		3,843
943.05	Landscaping and grounds contracts	350		350
943.08	Plumbing contracts	45		45
943.12	Miscellaneous contracts	19,895		19,895
961.1	Property insurance	3,991		3,991
961.2	Liability insurance	830		830
961.3	Workman's compensation insurance	844		844
961.4	All other insurance	1,484		1,484
964	Bad debt/recoveries - tenant rents	(3,806)		(3,806)
969	Total Operating Expenses	<u>115,749</u>		<u>115,749</u>
970	Excess Operating Revenue over Operating Expenses	<u>(35,931)</u>	<u>31,102</u>	<u>(4,829)</u>
971	Extraordinary Maintenance			
974	Depreciation Expenses	10,697		10,697
900	Total Expenses	<u>126,446</u>		<u>126,446</u>
OTHER FINANCING SOURCES (USES):				
1001	Operating Transfers In	31,102		31,102
1002	Operating Transfers Out		(31,102)	(31,102)
1010	Total Other Financing Sources (Uses)	<u>31,102</u>	<u>(31,102)</u>	
1000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(15,526)</u>		<u>(15,526)</u>
1102	Debt Principal Payments - Enterprise Funds			
1103	Beginning Equity	128,264		128,264
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors			
1120	Unit Months Available	228		
1121	Number of Unit Months Leased	190		

COMPLIANCE SECTION



Gary E. Gaylord, 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 PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mr. Hector H. Balderas, State Auditor
Bonito Armijo, Mayor
And Board of Trustees
Village of Wagon Mound Housing Authority
Village of Wagon Mound, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

I have audited the financial statements of the business type activities, each major fund, and the budgetary comparisons for each major fund presented as supplemental information of the Village of Wagon Mound Housing Authority, Village of Wagon Mound, New Mexico (Housing Authority) (a component unit of the Village of Wagon Mound, New Mexico) as of and for the year ended June 30, 2009, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents and have issued my report thereon dated June 2, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Housing Authority's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS, continued**

Authority's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority's internal control. I consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

09-01	Late Audit report
09-02	Late Filing with REAC
09-03	Review of fee accountant work
09-04	Expenditures in Excess of Budget

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Schedule of Findings and Responses* as items:

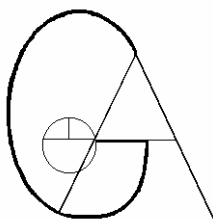
09-01	Late Audit report
09-02	Late Filing with REAC
09-04	Expenditures in Excess of Budget

The Housing Authority's responses to the findings identified in my audit are described in the accompanying *Schedule of Findings and Responses*. I did not audit the Housing Authority's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Office of the New Mexico State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration – Local Government Division, Mayor, Board of Trustees, management, others within the organization, and the U.S. Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



June 2, 2010



Gary E. Gaylord, C.P.A.

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**INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION**

Hector H. Balderas, State Auditor
Bonito Armijo, Mayor
And Board of Trustees
Village of Wagon Mound Housing Authority
Village of Wagon Mound, New Mexico

Regional Inspector General for Audit
Department of Housing and Urban
Development
Ft. Worth, Texas

My report on the audit of the basic financial statements of the Village of Wagon Mound Housing Authority, Village of Wagon Mound, New Mexico, (Housing Authority) (a component unit of the Village of Wagon Mound, New Mexico), for the year ended June 30, 2009 appears on pages 4 and 5. The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Financial Data Schedule (FDS) submitted electronically to United States Department of Housing and Urban Development Real Estate Assessment Center (HUD/REAC) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The FDS has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in my opinion, presents fairly, in all material respects, the financial position of the Village of Wagon Mound Housing Authority as of June 30, 2009, and the results of its operations for the year then ended in conformity with the accounting practices prescribed or permitted by HUD/REAC.

June 2, 2010

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW
MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ending June 30, 2009**

PRIOR YEAR FINDINGS

STATUS

2008-01	Failure to Deposit Funds Timely	Resolved
2008-02	Failure to Properly Dispose of Fixed Assets	Resolved
2006-02	Processing of Payroll	Resolved
2006-03	No Documentation in Personnel File	Resolved
2002-04	Failure by Village's Housing Authority to Maintain Adequate Control over its Capital Assets	Resolved

CURRENT YEAR FINDINGS

09-01	Late Audit report
09-02	Late Filing with REAC
09-03	Review of Work Performed by Fee Accountant
09-04	Expenditures in Excess of Budget

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW
MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-01 Late Audit Report

Condition:

The New Mexico State Auditor required the audit to be completed and submitted to his office by December 1, 2009. The report is past due. The report was submitted to the Office of the State Auditor for review on June 3, 2010.

Criteria:

The State Auditor Rule 2.2.2.9 A. (1) (d) establishes the due date of December 1 for audit reports for Municipalities, Special Districts, and Local Work Force Investment Boards. Since the Housing Authority is a component unit of the Village of Wagon Mound the due date for the audit report of the Housing Authority is also December 1.

Effect:

State Auditor Rule 2.2.2.9 A. (1) (d) deadline has not been met. As a result, the Village of Wagon Mound's audit report could not have been submitted in a timely manner had the auditors' of the Village been ready to submit their report.

Cause:

The Housing Authority was unable to obtain an auditor in a timely manner due to lack of response from auditing firms when the RFP was issued. The housing authority requested, and was granted, an ability to contract its own audit (separate from the Village). However, the request was not made, nor granted, until after the due date set by the New Mexico State Auditor. The independent auditor chosen to perform the separate audit did not receive the signed contract from the Office of the State Auditor until after it was approved on March 31, 2010. After the audit field work was completed on April 28, 2010 additional time was required by the auditor to draft the report and to schedule an exit conference and for management to respond to the findings and for the fee accountant to prepare the MD&A.

Recommendation:

Contracting for audit services should be made one of the top priorities of management.

Agency Response:

The Executive Director will contract for an Auditor with no less than a three year contract for stability and consistency. We will personally strive to maintain timely commitments in all submissions to HUD.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW
MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-02 Late Filing with REAC

Condition:

The FDS submission to HUD/REAC was not made in a timely manner, as required by 24 CFR part 5, Subpart H (Uniform Financial Reporting Standards).

Criteria:

Audited financial statements are required to be submitted electronically through the internet, or in such other electronic format designated by HUD, or in such non-electronic format as HUD may allow, to HUD/REAC no later than 9 (nine) months after the PHA's fiscal year end.

Effect:

The Housing Authority may be designated as a troubled housing authority by HUD.

Cause:

All parties involved in the audit contracting process acted untimely and were busy with other commitments.

Recommendation:

Contracting for audit services and the required filing with HUD/REAC should be made one of the top priorities of management.

Agency Response:

Although the original due date was not met, HUD has extended the due date several times and the submission to REAC will be made as soon as possible (after approval of the report by the NM State Auditor's Office)

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW
MEXICO)
SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-03 Review of Work Performed by Fee Accountant

Condition:

The Housing Authority utilizes the services of a fee accountant who prepares, on behalf of the housing authority, the accounting records, associated reports, and filings required by HUD and generally accepted accounting principles. At the same time, personnel of the housing authority are preparing rent registers and check disbursements listings. The detail schedules and accounting records prepared by the personnel of the housing authority are not matched to the accounting records of the fee accountant.

Criteria:

Fee Accountant and the Housing Authority's financial records should be identical. The Fee Accountant and Housing Authority should have procedures for procuring accurate financials records that both maintain.

Effect:

The Housing Authority does not keep accurate and updated financial records, which hinders their ability to properly use funds available.

Cause:

Both Fee Accountant and the Executive Director have not acquired proper communication in regard to the maintenance of the financial record keeping.

Recommendation:

Maintaining accurate financial records should be made one of the top priorities of management.

Agency Response:

During FY-09 the current acting Executive Secretary was unable to continuously cross foot balances from one month to another. As a result many changes had to be implemented for past months thus leaving a trail of inconsistencies in actual balances due the tenants. The Fee accountant has developed his own work sheet for the monthly budget of income and balances per the Rental and Damage Deposit registers.

Effective immediately the new acting Executive Director will put in place the Fee Accountants own form with our monthly Rental and Damage Deposit registers on a monthly basis. I will insure that she obtains whatever training necessary to accomplish this area of concern and maintain the same balance in compliance with the Fee Accountant.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
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SCHEDULE OF FINDINGS AND RESPONSES, continued
For the Year Ended June 30, 2009**

09-04 Expenditures in Excess of Budget

Condition:

Housing Authority of the Village of Wagon Mound had expenditures in excess of the approved budget in the Low Rent Housing Program during the year ended June 30, 2009 in the amount of \$11,258.

The Housing Authority experienced a significant increase in its administrative costs due to the need to train the new Executive Director. The training required that the housing authority hire an experienced Executive Director to conduct the training.

The utility budget was reduced from \$36,910 to \$17,110 to adjust for billing issues, although a significant savings was anticipated in utilities, because billings by the Village were closely monitored and corrected, when possible, the savings was not as great as anticipated.

Although Maintenance expense was less than Fiscal Year 2008 of \$45,731 the Housing Authority under budgeted, due to significant cost savings being anticipated but not realized.

Criteria:

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

Cause:

Budgets were not adjusted as operating costs were incurred.

Effect:

The Housing Authority violated its budget constraints.

Recommendation:

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

Agency Response:

During the FY ending June 30, 2009 the Housing Authority Staff had many issues including management and financial. Management agrees a budget revision should have been presented and approved prior to any cost exceeding the budgeted line items. Management will put in place proceeds to review budget to actual monthly, and if required, prepare budget revisions as needed.

**STATE OF NEW MEXICO
VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND, NEW MEXICO)
EXIT CONFERENCE
For the Year Ended June 30, 2009**

Preparation of Financial Statements:

The Village of Wagon Mound Housing Authority is responsible for the form and content of the accompanying financial statements which have been prepared by Gary E. Gaylord, Ltd.

Exit Conference

On June 2, 2010, an exit conference was held at the offices of the Village of Wagon Mound Housing Authority. In attendance were the following:

Representing the Village of Wagon Mound Housing Authority:

Arthur Arguello	Mayor
Adrian Clouthier	Vice Chairperson
Ricardo Valenzuela	Executive Director
Tammi Hernandez	Executive Director (in training)

Representing Gary E. Gaylord, Ltd:

Gary E. Gaylord, CPA	Auditor-in-Charge
Sunraina S. Carrillo	Staff Auditor