



**KRIEGEL/GRAY/SHAW & CO., P.C.**

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**STATE OF NEW MEXICO**

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**

**(A COMPONENT UNIT OF THE VILLAGE OF WAGON MOUND)**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**JUNE 30, 2012**

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
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VILLAGE OF WAGON MOUND HOUSING AUTHORITY  
OFFICIAL ROSTER  
JUNE 30, 2012

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>Arthur Arguello</i>	<i>Mayor</i>
<i>Nancy Cruz</i>	<i>Chairperson</i>
<i>Adrian Clouthier</i>	<i>Board Member</i>
<i>Margie Woods</i>	<i>Board Member</i>
<i>Kathy Romero</i>	<i>Board Member</i>
<i>Angie Romero</i>	<i>Board Member</i>

**Administrative Officials**

<i>Alice M. Flies</i>	<i>Executive Director</i>
<i>Ricardo Valenzuela</i>	<i>Consultant</i>



**INDEPENDENT AUDITORS' REPORT**

Mr. Hector H. Balderas, State Auditor and  
To the Board of Directors  
Village of Wagon Mound Housing Authority  
(A Component Unit of the Village of Wagon Mound)  
Wagon Mound, New Mexico

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Village of Wagon Mound Housing Authority (a component unit of the Village of Wagon Mound), as of and for the year ended June 30, 2012, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the financial statements of the nonmajor enterprise fund and the budgetary comparisons of the Housing Authority presented as supplementary information in the individual fund financial statements as of and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of Village of Wagon Mound Housing Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wagon Mound Housing Authority, as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly in all material respects the budgetary comparisons of the major and nonmajor funds in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of the Village of Wagon Mound Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

To the Board of Directors  
Village of Wagon Mound Housing Authority  
(A Component Unit of the Village of Wagon Mound)  
Wagon Mound, New Mexico  
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements, and combining and individual fund financial statements. The Financial Data Schedule 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.

November 30, 2012

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

The following is an analysis for the Wagon Mound Housing Authority's financial performance. It is to provide the reader with an overview to the Authority's financial activities for the fiscal year ended June 30, 2012. The information contained here in this MD&A should be considered in conjunction with the Authority's basic financial statements.

## Financial Highlights

- The Wagon Mound Housing Authority's total assets increased from \$146,373 to \$155,553 an increase of \$9,180 or 6.27%.
- The net asset's balance increased from \$131,984 to \$146,948 at June 30, 2012. This represents an increase of \$14,964 or 11.34% from the previous year. The unrestricted net asset balance increased from \$1,533 to \$34,332, an increase of \$32,799 or 2139.53%.
- Revenues increased from \$109,896 to \$143,859 an increase of \$33,963 or 30.90% from the previous year.
- Total expenses increased by \$14,348, from \$110,152 to \$124,500 for the current year. This represents an increase of 13.03%.

## Using this Annual Report

This annual report consists of basic financial statements and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended June 30, 2012. The basic statements provide readers with a broad overview of the Authority's finances. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

The basic financial statements consist of three statements:

1. The Statement of Net Assets provides information on all the Authority's assets and liabilities, with the difference between the two 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.
2. The Statement of Activities presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.
3. The Statement of Cash Flows presents information showing how the Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
(A Component Unit of the Village of Wagon Mound)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
JUNE 30, 2012

The agency has two individual programs. These include the Low Rent Housing Program and the Capital Fund Program.

- The Low Rent Housing Program consists of the 21 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. Tenants typically pay dwelling rent, which is based on a formula that equates to 30 percent of the tenant's adjusted gross income.
- The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority Activities & Highlights**

The Housing 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 years ended June 30, 2012 and June 30, 2011.

**Statement of Net Assets-Condensed**  
**FYE June 30**

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u> <u>(restated)</u>	<u>Dollar Change</u>
Current Assets	\$39,347	\$12,578	\$26,769
Noncurrent Assets	3,590	3,344	246
Capital Assets (Net of Depreciation)	112,616	130,451	(17,835)
<i>Total Assets</i>	<u>155,553</u>	<u>146,373</u>	<u>9,180</u>
Current Liabilities	5,015	10,645	(5,560)
Long Term Liabilities	3,590	3,744	(154)
<i>Total Liabilities</i>	<u>8,605</u>	<u>14,389</u>	<u>(5,784)</u>
Unrestricted Net Assets	34,332	1,533	32,799
Investment in Net Capital Assets	112,616	130,451	(17,835)
<i>Total Net Assets</i>	<u>\$146,948</u>	<u>\$131,984</u>	<u>\$14,964</u>

*Cash & Investments*

Unrestricted cash and investments totaled \$30,679, an increase of \$23,607 from the previous year.

*Current Assets*

Current assets increased 212.82%, from \$12,578 to \$39,347 due primarily to a decrease in cash at year end.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2012

## *Current Liabilities*

Current liabilities decreased from \$6,743 to \$5,015 or 25.63%. This decrease was primarily a result of a decrease of \$1,404 in wages payable.

## *Net Assets*

The total net asset balance increased from \$131,004 to \$151,343 at June 30, 2012. Unrestricted net assets are the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net assets total \$34,332, an increase of \$28,897 from the previous year.

## Statement of Revenues & Expenses FYE June 30

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011</u>	<u>Dollar Change</u>
Rental Revenue	\$35,234	\$33,358	\$1,876
HUD Operating Grants	64,441	65,856	(1,415)
Capital Grants	41,918	10,621	31,297
Interest Income	86	61	25
Other Revenue	2,180	0	2,180
<i>Total Revenue</i>	<u>143,859</u>	<u>109,896</u>	<u>33,963</u>
Personnel	39,549	45,949	(6,400)
Operating	71,511	51,464	20,047
Depreciation	13,440	12,739	701
<i>Total Expenses</i>	<u>124,500</u>	<u>110,152</u>	<u>14,348</u>
<i>Excess of Revenue over Expenses</i>	<u>\$19,359</u>	<u>(\$256)</u>	<u>\$19,615</u>

## *Results of Operations*

Operating revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenues increased by \$33,963. Total expenses increased by \$14,348 from the previous year. Revenues increased from the previous year principally due to the increase in activity noted in the CFP Program. Expenses increased from the previous year principally due to increased operating costs related to personnel.

## *Budgets*

There were no budget adjustments during the year consistent with the HUD budgeting process. There were no significant variations from budget to actuals during the year.



**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
(A Component Unit of the Village of Wagon Mound)  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
JUNE 30, 2012

*Capital Assets*

As of June 30, 2012, the Wagon Mound Housing Authority's investment in capital assets was \$117,011. This investment includes land, building, building improvements, office equipment, and maintenance equipment.

<u>Category</u>	<u>FYE 2012</u>	<u>FYE 2011 (restated)</u>	<u>Dollar Change</u>
Land	\$7,227	\$7,227	\$0
Construction in process	0	4,709	(4,709)
Buildings	830,418	825,709	4,709
Equipment	15,774	15,774	0
Non-dwelling Structures	20,865	20,865	0
Accumulated Depreciation	(757,273)	(743,833)	(13,440)
<b>Total Net Fixed Assets</b>	<b>\$117,011</b>	<b>\$130,451</b>	<b>(\$13,440)</b>

There were no additions to capital assets during the year.

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2012.

**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  
P.O. Box 311  
Wagon Mound, New Mexico 87752

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## PROPRIETARY FUNDS

### STATEMENTS OF NET ASSETS

JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$30,679	\$0	\$30,679
Prepaid insurance	1,340	0	1,340
Tenant receivable - net of allowance	336	0	336
Interest receivable	4	0	4
Inventory	6,988	0	6,988
<i>Total current assets</i>	<i>39,347</i>	<i>0</i>	<i>39,347</i>
<b>Noncurrent Assets:</b>			
Restricted cash - Tenant security deposit	3,590	0	3,590
Net capital assets	112,616	4,395	117,011
<i>Total noncurrent assets</i>	<i>116,206</i>	<i>4,395</i>	<i>120,601</i>
<b>Total assets</b>	<b>\$155,553</b>	<b>\$4,395</b>	<b>\$159,948</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$2,432	\$0	\$2,432
Deferred revenue	0	0	0
Wages payable and accrued payroll liabilities	2,511	0	2,511
Accrued Compensation	0	0	0
Prepaid rent	72	0	72
Due to other funds	0	0	0
<i>Total current liabilities</i>	<i>5,015</i>	<i>0</i>	<i>5,015</i>
<b>Long-term Liabilities:</b>			
Accrued compensated absences	0	0	0
Tenant security deposits	3,590	0	3,590
<i>Total liabilities</i>	<i>8,605</i>	<i>0</i>	<i>8,605</i>
<b>Net Assets:</b>			
Invested in capital assets	112,616	4,395	117,011
Unrestricted	34,332	0	34,332
<i>Total net assets</i>	<i>146,948</i>	<i>4,395</i>	<i>151,343</i>
<b>Total liabilities and net assets</b>	<b>\$155,553</b>	<b>\$4,395</b>	<b>\$159,948</b>

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## PROPRIETARY FUNDS

### STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$35,234	\$0	\$35,234
Other revenue	2,180	0	2,180
<i>Total operating revenues</i>	<u>37,414</u>	<u>0</u>	<u>37,414</u>
<b>OPERATING EXPENSES:</b>			
Personnel	39,549	0	39,549
Operating	71,511	0	71,511
Depreciation	13,126	314	13,440
<i>Total operating expenses</i>	<u>124,186</u>	<u>314</u>	<u>124,500</u>
<i>Net operating income (loss)</i>	(86,772)	(314)	(87,086)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>			
HUD operating subsidy/capital grants	64,441	41,918	106,359
Interest	86	0	86
<i>Total non-operating revenue and (expenses)</i>	<u>64,527</u>	<u>41,918</u>	<u>106,445</u>
<i>Income (loss) before transfers</i>	(22,245)	41,604	19,359
Transfers in (out)	41,918	(41,918)	0
Capital transfers in (out)	0	0	0
	<u>41,918</u>	<u>(41,918)</u>	<u>0</u>
<i>Change in net assets</i>	19,673	(314)	19,359
Total net assets - beginning of year	126,295	4,709	131,004
Restatements	980	0	980
Total net assets - beginning of year, as restated	127,275	4,709	131,984
<b><i>Total net assets, end of year</i></b>	<b><u>\$146,948</u></b>	<b><u>\$4,395</u></b>	<b><u>\$151,343</u></b>

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## PROPRIETARY FUNDS

### STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers (including other funds)	\$36,996	\$0	\$36,996
Cash paid to suppliers	(74,729)	0	(74,729)
Cash paid to employees	(40,953)	0	(40,953)
<i>Net cash provided (used) by operating activities</i>	<i>(78,686)</i>	<i>0</i>	<i>(78,686)</i>
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Grants - subsidies	64,441	0	64,441
Transfers in (out)	41,918	(41,918)	0
<i>Net cash provided (used) by non capital financing activities</i>	<i>106,359</i>	<i>(41,918)</i>	<i>64,441</i>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital lease payments	(3,902)	0	(3,902)
Capital grant	0	41,918	41,918
Purchase of capital assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<i>(3,902)</i>	<i>41,918</i>	<i>38,016</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	82	0	82
<i>Net increase (decrease) in pooled cash and investments</i>	<i>23,853</i>	<i>0</i>	<i>23,853</i>
Pooled cash and investments, beginning of year	10,416	0	10,416
<b><i>Pooled cash and investments, end of year</i></b>	<b><i>\$34,269</i></b>	<b><i>\$0</i></b>	<b><i>\$34,269</i></b>

**Non Cash Transactions:**

Capital transfers in (out)

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## PROPRIETARY FUNDS

### STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Business-Type Activities		
	Low Rent	Nonmajor Fund	
		CFP	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (loss)	(\$86,772)	(\$314)	(\$87,086)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	13,126	314	13,440
Change in assets and liabilities:			
Accounts receivable	(336)	0	(336)
Inventory	(1,826)	0	(1,826)
Prepaid expenses	(996)	0	(996)
Tenants prepaid rent	72	0	72
Accounts and contracts payable	(396)	0	(396)
Accrued payroll	(1,404)	0	(1,404)
Customer deposits	(154)	0	(154)
<i>Total adjustments</i>	8,086	314	8,400
<b><i>Net cash provided (used) by operating activities</i></b>	<b><i>(\$78,686)</i></b>	<b><i>\$0</i></b>	<b><i>(\$78,686)</i></b>

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The function of the Village of Wagon Mound Housing Authority is to administer the Housing and Urban Development (HUD) programs to provide housing for qualified individuals in the Village of Wagon Mound Area.

This funding is provided through various grant programs.

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

#### Reporting Entity

The Housing Authority is a component unit of the Village of Wagon Mound. The accompanying financial statements present only the Village of Wagon Mound Housing Authority's financial information.

The Village of Wagon Mound Housing Authority is a Village organization created by Village Ordinance to provide housing for qualified Village residents. The Village has the ability to appoint management; influence operations, and influence the disposition of funds.

The Village of Wagon Mound Housing Authority has no component units.

#### Basis of Presentation

For financial reporting purposes, the accounts of the Village of Wagon Mound Housing Authority are organized into funds each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained earnings, revenues and expenses as appropriate. The various funds are summarized by type in the financial statements. All programs have been accounted for as proprietary funds under the HUD UFRS guidelines.

#### Proprietary Fund Type

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including amortization and depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary activities have applied all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB statements and Interpretations, APB opinions, and ARB's of Committee on Accounting Procedure. FASB statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements, have also been applied.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Proprietary Funds are as follows:

Low Income Housing Project - To account for the rental activities of the Village-owned low income housing project.

Public Housing Capital Fund Program -To account for HUD's new Public Housing Capital Fund Program, which replaces CIAP and CGP. Provides funds for capital improvements for Housing Authority-owned housing.

#### **Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied. The financial statements of the Village of Wagon Mound Housing Authority are recorded using the economic resources measurement focus and the accrual basis of accounting.

Proprietary fund types are reported on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

#### **Budgets and Budgetary Accounting**

The Housing Authority adopts budgets for Proprietary Funds in accordance with the Housing and Urban Development program agreements.

Budgetary Compliance - Budgetary control is required to be maintained at the individual fund level.

Actual fund revenues may be either over or under the budgeted amounts; however, the variance is required to be reasonable, particularly in the case of over-budgeted revenues. Major over-budgeted revenues require a budget amendment as soon as the extent of the shortage is reasonably ascertainable.

Budget Amendments - Budget increases and decreases can only be accomplished by Commission resolution, followed by DFA approval. Similarly, budget transfers must follow the same procedure.

Budgetary Basis - State law prescribes that the Village's budget be prepared on the basis of cash receipts and cash expenses. Therefore, budgetary comparisons shown in exhibits are prepared on a cash basis to compare actual revenues and expenses with a cash basis budget as amended.

#### **Income Taxes**

As a local government entity, the Village is not subject to federal or state income taxes.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

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

#### Compensated Absences

The Village allows employees to accrue annual leave based on years of service. Upon termination, accrued annual leave is paid in full. Employees are eligible to be paid half of their accrued sick leave up to 240 hours upon termination.

The accrual for compensated absences made as of June 30, 2012 is \$0.

#### Cash and Cash Equivalents

For the purpose of the statement of cash flows the proprietary fund considers all highly liquid investments to be cash equivalents.

#### Interfund Transactions

There are transactions that constitute reimbursements to a fund for expenditures initially expended from one fund that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Interfund payables and receivables are reflected in the appropriate fund.

#### Capital Assets

Purchase or constructed capital assets are reported at cost or estimated historical cost. The Housing Authority defines capital assets as assets with lives of greater than one-year and a cost or donated value of \$5,000 or greater.

Donated capital assets are recorded at their estimated fair value at the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Non Dwelling Structures	15
Machinery and Equipment	5 -7

Software is capitalized in the machinery and equipment category.

#### Inventory

Inventory is valued at cost, which approximates market using the first-in/first-out (FIFO) method. Inventory is recorded as expenditures when consumed rather than when purchased.



**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**

(A Component Unit of the Village of Wagon Mound)

**NOTES TO FINANCIAL STATEMENTS**

JUNE 30, 2012

**NOTE 2. CASH**

Cash consists of United States currency and financial institution checking accounts. The Housing Authority follows state law in regard to deposits and investments. At June 30, 2012, the Housing Authority held only short term certificates of deposit and therefore, they were shown as cash equivalents.

Restricted cash is cash from tenants being held as security deposits.

All financial institutions in which the Housing Authority has an account are covered by Federal Deposit Insurance Corporation (FDIC) insurance.

**Cash on Deposit**

	Bank Balance	Carrying Amounts
<u>1<sup>st</sup> Community Bank</u>		
Public Fund – regular checking	\$10,256	\$10,256
Tenant security deposits – business checking	3,590	3,590
Savings	20,423	20,423
<b><i>Total cash</i></b>	<b>\$34,269</b>	<b>\$34,269</b>

There were no uninsured bank deposits (not covered by F.D.I.C).

	First Community Bank
Amount held in bank	\$34,269
Less F.D.I.C.	(34,269)
<b><i>Amount uninsured</i></b>	<b>\$0</b>
100% Collateral requirement	\$0

**NOTE 3. ACCOUNTS RECEIVABLE AND MORTGAGES RECEIVABLE**

Accounts receivable are reported at their gross value. Those amounts considered doubtful have been recorded as allowance for doubtful accounts in the amount of \$2,517.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 4. CHANGES IN CAPITAL ASSETS

Capital Assets are stated at historical cost. The following is a summary of changes in Capital Assets for the fiscal year in the proprietary funds:

	Balance June 30, 2011	Restatement	Additions	Deletions	Transfers	Balance June 30, 2012
<b>Non Depreciable Assets:</b>						
Land	\$7,227	\$0	\$0	\$0	\$0	\$7,227
Construction in progress	4,709	0	0	0	(4,709)	0
<b>Depreciable Assets:</b>						
Buildings	825,709	0	0	0	4,709	830,18
Non dwelling structures	15,065	5,800	0	0	0	20,865
Machinery and equipment	15,774	0	0	0	0	15,774
<b>Total</b>	<b>868,484</b>	<b>5,800</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>874,284</b>
<b>Less Accumulated Depreciation:</b>						
Buildings	(712,076)	0	(13,053)	0	0	(725,129)
Non dwelling structures	(15,065)	(918)	(387)	0	0	(16,370)
Machinery and equipment	(15,774)	0	0	0	0	(15,774)
<b>Total accumulated depreciation</b>	<b>(742,915)</b>	<b>(918)</b>	<b>(13,440)</b>	<b>0</b>	<b>0</b>	<b>(757,273)</b>
<b>Total Net Assets</b>	<b>\$125,569</b>	<b>\$4,882</b>	<b>(\$13,440)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$117,011</b>

Depreciation uses the straight-line method. Depreciation expense for the year was \$13,126. Buildings are depreciated over forty years and equipment over five years.

### NOTE 5. NET ASSETS

The unreserved Retained Earnings represent the amounts available for budgeting future operations (i.e., current).

#### Net Assets

Net assets are displayed in three components:

Invested in Capital Assets, net of related debt – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets – Net assets are reported as restricted when constraints placed on net asset use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Net assets that do not meet the definition of “restricted” and “Invested in capital assets, net of related debt.”

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

### NOTE 6. PARTICIPATION IN PUBLIC ENTITY RISK POOL

The Village is a member of the New Mexico Self-Insurers' Fund (the "Fund"). The Fund was created to formulate, develop, and administer a program of modified self-funding for the Fund's membership, obtain lower costs for insurance coverage, and develop a comprehensive loss control program. The Village pays an annual premium to the Fund for its workers' compensation liability, general liability, auto liability, auto physical damage, and property coverage. The Village's agreement with the Fund provides that the Fund will be self-sustaining through member premiums, and will provide, through commercial companies reinsurance contracts, individual stop loss coverage for member cities.

### NOTE 7. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the basic financial statements, of certain information concerning individual funds including:

A.	<b>Net Working Capital:</b>	
	Proprietary Funds	\$34,332

### NOTE 8. PENSION PLAN – PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

The Housing Authority employees participate in a public employee retirement system through the Village of Wagon Mound. For further disclosures, see the Village of Wagon Mound's financial statements.

### NOTE 9. TRANSFERS

Transfers between funds were as follows:

	Operating Transfers Out		
	Low Rent	CFP	Totals
Operating Transfers In:			
Low Rent	\$0	\$41,918	\$41,918
CFP	0	0	0
<i>Total</i>	\$0	\$41,918	\$41,918

Transfers are used to move the portion of CFP funding allotted for operating expenditures to the Low Rent Fund.

	Capital Transfers Out		
	Low Rent	CFP	Totals
Capital Transfers In:			
Low Rent	\$0	\$0	\$0
CFP	0	0	0
<i>Total</i>	\$0	\$0	\$0

Capital transfers arose from the purchase or construction of capital assets in one fund, which were then transferred to another fund where they are being utilized.

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
(A Component Unit of the Village of Wagon Mound)  
**NOTES TO FINANCIAL STATEMENTS**  
JUNE 30, 2012

**NOTE 10. RESTATEMENTS**

Prior year balances were restated to correct the purchase of a shed on a lease contract. The shed was added to capital assets (\$5,800), a beginning lease payable was recognized and the net effect to beginning net assets was \$980.

**SUPPLEMENTARY INFORMATION**

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

LOW RENT

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Rental income	\$32,350	\$32,350	\$35,234	\$2,884
Other	1,730	1,730	2,180	450
<i>Total revenues</i>	<u>34,080</u>	<u>34,080</u>	<u>37,414</u>	<u>3,334</u>
<b>OPERATING EXPENSES:</b>				
Tenant services	400	400	0	400
Personnel	36,860	36,860	39,549	(2,689)
Admin expenses	23,280	23,280	23,158	122
Operating and maintenance	40,550	40,550	32,950	7,600
Capital outlay	0	0	0	0
Utilities	16,500	16,500	15,403	1,097
<i>Total operating expenses</i>	<u>117,590</u>	<u>117,590</u>	<u>111,060</u>	<u>6,530</u>
<i>Operating income (loss)</i>	<u>(83,510)</u>	<u>(83,510)</u>	<u>(73,646)</u>	<u>9,864</u>
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	64,441	64,441	64,441	0
Interest	170	170	86	(84)
Transfers in	41,920	41,920	41,918	(2)
<i>Total non-operating revenue (expenses)</i>	<u>106,531</u>	<u>106,531</u>	<u>106,445</u>	<u>(86)</u>
<i>Net income</i>	<u>\$23,021</u>	<u>\$23,021</u>	<u>\$32,799</u>	<u>\$9,778</u>

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2012, is presented below:

Net income (budgetary basis)	\$32,799
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(13,126)
<b>Change in net assets (GAAP basis)</b>	<b>\$19,673</b>

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

CFP FUND - 2010

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Operating income (loss)</i>	0	0	0	0
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	30,806	30,806	21,114	(9,692)
Interest	0	0	0	0
Transfers (out)	(30,806)	(30,806)	(21,114)	9,692
<i>Total non-operating revenue (expenses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net income</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2012, is presented below:

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	0
<b>Change in net assets (GAAP basis)</b>	<b>\$0</b>

The Notes to Financial Statements are an integral part of these statements.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

CFP FUND - 2009

PROPRIETARY FUND

## STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
<b>REVENUES:</b>				
Intergovernmental	\$0	\$0	\$0	\$0
Rental income	0	0	0	0
Other	0	0	0	0
Gain/loss on sale of asset	0	0	0	0
<i>Total revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OPERATING EXPENSES:</b>				
Operations	0	0	0	0
Audit costs	0	0	0	0
Capital outlay	0	0	0	0
Management improvements	0	0	0	0
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Operating income (loss)</i>	0	0	0	0
<b>NON-OPERATING REVENUE (EXPENSES):</b>				
HUD grants and subsidy	20,804	20,804	20,804	0
Interest	0	0	0	0
Transfers (out)	(20,804)	(20,804)	(20,804)	0
<i>Total non-operating revenue (expenses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net income</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Since accounting principles applied for *purposes* of developing data on a *budgetary* basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America, a reconciliation of resultant basis, timing, perspective, and entity differences in excess (deficiency) of revenues over expenditures for the year ended June 30, 2012, is presented below:

Net income (budgetary basis)	\$0
Adjustments for revenue accruals, transfers, earnings on investments	0
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(314)
<b>Change in net assets (GAAP basis)</b>	<b>(\$314)</b>

The Notes to Financial Statements are an integral part of these statements.



**OTHER SUPPLEMENTARY INFORMATION**

Housing Authority of the Village of Wound Mound  
Wagon Mound, NM  
Financial Data Schedule  
6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
111	Cash - Unrestricted	30,679	-	30,679
113	Cash - Other Restricted	-	-	-
114	Cash - Tenant Security Deposits	3,590	-	3,590
100	Total Cash	<u>34,269</u>	-	<u>34,269</u>
122	Accounts Receivable - HUD Other Projects	-	-	-
124	Accounts Receivable - Other Government	-	-	-
125	Accounts Receivable - Miscellaneous	-	-	-
126	Accounts Receivable - Tenants	297	-	297
126.1	Allowance for Doubtful Accts - Tenants	(89)	-	(89)
126.2	Allowance for Doubtful Accts - Other	-	-	-
128	Fraud Recovery	2,556	-	2,556
128.1	Allowance for Doubtful Accts - Fraud	(2,428)	-	(2,428)
129	Accrued Interest Receivable	4	-	4
120	Total Receivables, Net of Allowance for Doubtfull Accts	<u>340</u>	-	<u>340</u>
131	Investments - Unrestricted	-	-	-
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	1,340	-	1,340
143	Inventories	7,764	-	7,764
143.1	Allowance for Obsolete Inventories	(776)	-	(776)
150	Total Current Assets	<u>42,937</u>	-	<u>42,937</u>
161	Land	7,227	-	7,227
162	Buildings	846,574	4,709	851,283
163	Furniture, Equipment & Machinery - Dwellings	14,304	-	14,304
164	Furniture, Equipment & Machinery - Administration	1,470	-	1,470
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(756,959)	(314)	(757,273)
160	Total Capital Assets, Net of Accumulated Depreciation	<u>112,616</u>	<u>4,395</u>	<u>117,011</u>
180	Total Non-Current Assets	<u>112,616</u>	<u>4,395</u>	<u>117,011</u>
<b>190</b>	<b>Total Assets</b>	<b><u>155,553</u></b>	<b><u>4,395</u></b>	<b><u>159,948</u></b>
311	Bank Overdraft	-	-	-
312	Accounts Payable <= 90 Days	2,432	-	2,432
321	Accrued Wages / Payroll Taxes Payable	2,511	-	2,511
322	Accrued Compensated Absences - Current Portion	-	-	-
341	Tenant Security Deposits	3,590	-	3,590
342	Deferred Revenue	72	-	72
346	Accrued Liabilities - Other	-	-	-
310	Total Current Liabilities	<u>8,605</u>	-	<u>8,605</u>
354	Accrued Compensated Absences - Non Current	-	-	-
350	Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
300	Total Liabilities	<u>8,605</u>	-	<u>8,605</u>

Housing Authority of the Village of Wound Mound  
Wagon Mound, NM  
Financial Data Schedule  
6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
508.1	Invested in Capital Assets, Net of Related Debt	112,616	4,395	117,011
511.1	Restricted Net Assets	-	-	-
512.1	Unrestricted Net Assets	34,332	-	34,332
513	Total Equity/Net Assets	<u>146,948</u>	<u>4,395</u>	<u>151,343</u>
<b>600</b>	<b>Total Liabilities and Equity/Net Assets</b>	<b><u>155,553</u></b>	<b><u>4,395</u></b>	<b><u>159,948</u></b>
70300	Net Tenant Rental Revenue	35,234	-	35,234
70400	Tenant Revenue - Other	670	-	670
70500	Total Tenant Revenue	<u>35,904</u>	<u>-</u>	<u>35,904</u>
70600	HUD PHA Operating Grants	64,441	-	64,441
70610	Capital Grants	-	41,918	41,918
70700	Total Fee Revenue	<u>64,441</u>	<u>41,918</u>	<u>106,359</u>
71100	Investment Income - Unrestricted	86	-	86
71400	Fraud Recovery	-	-	-
71500	Other Revenue	1,510	-	1,510
70000	Total Revenue	<u>101,941</u>	<u>41,918</u>	<u>143,859</u>
91100	Administrative Salaries	23,744	-	23,744
91200	Auditing Fees	5,525	-	5,525
91300	Management Fees	-	-	-
91310	Bookkeeping Fee	6,150	-	6,150
91400	Advertising & Marketing	169	-	169
91500	Employee Benefit Contributions - Administrative	1,967	-	1,967
91600	Office Expenses	6,545	-	6,545
91700	Legal Expenses	-	-	-
91800	Travel	3,941	-	3,941
91900	Other	828	-	828
91000	Total Operating - Administrative	<u>48,869</u>	<u>-</u>	<u>48,869</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	<u>-</u>	<u>-</u>	<u>-</u>
93100	Water	3,210	-	3,210
93200	Electricity	1,662	-	1,662
93300	Gas	6,426	-	6,426
93600	Sewer	4,105	-	4,105
93800	Other Utilities	-	-	-
93000	Total Utilities	<u>15,403</u>	<u>-</u>	<u>15,403</u>
94100	Ordinary Maintenance and Operations - Labor	12,617	-	12,617
94200	Ordinary Maintenance and Operations - Materials & Other	15,131	-	15,131
94300	Ordinary Maint and Operations - Contract Costs	7,774	-	7,774
94500	Employee Benefit Contributions - Ordinary Maintenance	1,221	-	1,221
94000	Total Maintenance	<u>36,743</u>	<u>-</u>	<u>36,743</u>

Housing Authority of the Village of Wound Mound  
Wagon Mound, NM  
Financial Data Schedule  
6/30/2012

Line Item #	Account Description	Low Rent Public Housing	Public Housing Capital Fund Program	Total
96110	Property Insurance	4,159	-	4,159
96120	Liability Insurance	708	-	708
96130	Workmen's Compensation	1,586	-	1,586
96140	All Other Insurance	1,023	-	1,023
96100	Total Insurance Premiums	<u>7,476</u>	-	<u>7,476</u>
96200	Other General Expenses	27	-	27
96210	Compensated Absences	-	-	-
96300	Payments in Lieu of Taxes	-	-	-
96400	Bad debt - Tenant Rents	2,542	-	2,542
96000	Total Other General Expenses	<u>2,569</u>	-	<u>2,569</u>
96900	Total Operating Expenses	<u>111,060</u>	-	<u>111,060</u>
97000	Excess Operating Revenue over Operating Expenses	(9,119)	41,918	32,799
97400	Depreciation Expense	13,126	314	13,440
90000	Total Expenses	<u>124,186</u>	314	<u>124,500</u>
10010	Operating Transfers In	41,918	-	41,918
10020	Operating Transfers Out	-	(41,918)	(41,918)
10100	Total Other Financing Sources (Uses)	41,918	(41,918)	-
<b>10000</b>	<b>Excess (Deficiency) of Total Rev Over (Under) Total Exp</b>	<u><b>19,673</b></u>	<u><b>(314)</b></u>	<u><b>19,359</b></u>
11030	Beginning Equity	\$ 126,295	\$ 4,709	\$ 131,004
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ 980	\$ -	\$ 980
11050	Changes in Compensated Absence Balance	\$ -	\$ -	\$ -
11190	Unit Months Available	252	-	252
11210	Number of Unit Months Leased	204	-	204



**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 and  
To the Board of Directors  
Village of Wagon Mound Housing Authority  
(A Component Unit of the Village of Wagon Mound)  
Wagon Mound, New Mexico

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information and the related budgetary comparisons presented as supplementary information of Village of Wagon Mound Housing Authority (a component unit of the Village of Wagon Mound), as of and for the year ended June 30, 2012, and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the Village of Wagon Mound Housing Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Village of Wagon Mound Housing Authority's internal control over financial reporting as a basis for designating our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Wagon Mound Housing Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Wagon Mound Housing Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2012-01. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Hector H. Balderas, State Auditor and  
To the Board of Directors  
Village of Wagon Mound Housing Authority  
(A Component Unit of the Village of Wagon Mound)  
Wagon Mound, New Mexico  
Page Two

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Wagon Mound Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2011-01.

Village of Wagon Mound Housing Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Wagon Mound Housing Authority's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, the Village of Wagon Mound, the State Auditor, the New Mexico Legislature, the New Mexico Department of Finance and Administration, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kriegel/Gray/Shaw & Co., P.C.*

Kriegel/Gray/Shaw & Co., P.C.

November 30, 2012

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### CURRENT YEAR SIGNIFICANT DEFICIENCIES:

#### **2012-01 Travel Per Diem Incorrectly Applied – Significant Deficiency (Compliance)**

**Statement of Condition** – Employees were reimbursed per diem amounts in excess of maximum amounts described in the New Mexico Mileage and Per Diem Act.

**Criteria** – Reimbursement of travel expenses to employees of all state agencies and local public bodies must comply with the New Mexico Mileage and Per Diem Act (2.42.2 NMAC).

**Cause** – The client has developed a form for employees to complete when traveling on behalf of the Housing Authority. The section for Per Diem, (in addition to actual hotel costs) allows for \$29.75 per quarter of a day. This calculation would generate meal per diem of \$199.00 per 24 hour period in addition to actual hotel costs.

**Effect** – Employees have followed the form and were reimbursed in excess of the maximum amount per the Mileage and Per Diem Act.

**Recommendation** – Management should review the New Mexico Mileage and Per Diem Act and modify forms to ensure compliance.

**Management's Response** – We concur and will modify forms to insure compliance.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## SCHEDULE OF FINDINGS AND RESPONSES FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### CURRENT STATUS ON PRIOR YEAR FINDINGS:

#### **2011-01 Timely Filing with Proper Documentation – Significant Deficiency**

Repeated with modifications.

**Statement of Condition** – The quarterly 941 and 903b forms and payments for third quarter (September 30, 2011 quarter ending) were not submitted by the deadline which is the last day of the month following the end of the quarter, so penalty and interest expense incurred. Additionally, payment for first quarter (January 31, 2012 quarter ending) was incorrect resulting in penalty and interest.

**Criteria** – Filings and payments to IRS and State of New Mexico for taxes must be submitted by the last day of the month following the end of the quarter.

**Cause** – Lack of clear communication between the fee accountant and the Housing Authority.

**Effect** – The Village is not in compliance with IRS rules regarding to the 941 and 903b form filing and payments.

**Recommendation** – Management should ensure that the preparing and paying taxes be done on a timely manner so that the tax report and payment will be submitted on or before the deadline and for the correct amount.

**Management's Response** – We will work with the fee accountant to insure timely filing and payment.



**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**

(A Component Unit of the Village of Wagon Mound)

**EXIT CONFERENCE**

**JUNE 30, 2012**

**EXIT CONFERENCE:**

The exit conference was held October 30, 2012 and was attended by the following:

**From the Village of Wagon Mound Housing Authority:**

Alice Files, Executive Director

Ricardo Valenzuela, Consultant

**From Kriegel/Gray/Shaw & Co., P.C.:**

Ken Shaw, CPA/Shareholder

Kristi Granados, CPA, Staff Auditor

**FINANCIAL STATEMENTS PREPARATION**

The financial statements were prepared by Kriegel/Gray/Shaw & Co., P.C.