



2452 Missouri Ave., P.O. Box 2707, Las Cruces, New Mexico 88004 • Phone: (575) 523-7444, Fax: (575) 527-0872

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, 2015

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

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VILLAGE OF WAGON MOUND HOUSING AUTHORITY

OFFICIAL ROSTER

JUNE 30, 2015

Board of Directors

<u>Name</u>	<u>Title</u>
<i>Laudente Quintana</i>	<i>Mayor</i>
<i>Esther Mondragon</i>	<i>Chair</i>
<i>Kathy Romero</i>	<i>Vice-Chair</i>
<i>Angie Romero</i>	<i>Board Member</i>
<i>Rita Armijo</i>	<i>Board Member</i>
<i>Christine Martinez</i>	<i>Board Member</i>

Administrative Officials

<i>Theresa Carmody</i>	<i>Executive Director</i>
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INDEPENDENT AUDITORS' REPORT

Mr. Tim Keller, 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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Village of Wagon Mound Housing Authority (Authority), a component unit of the Village of Wagon Mound (Village), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Government Accounting Standards Board for the year ended June 30, 2015 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Mr. Tim Keller, 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
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Village of Wagon Mound Housing Authority, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in conformity with budgetary basis required by the U.S. Department of Housing and Urban Development that is more fully described in Note 8 which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Reporting Entity

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and changes in its financial position and cash flows of only that portion of the Village that is attributable to the Authority. They do not purport to, and do not present fairly the financial position of the Village as of June 30, 2015, and the changes in its financial position or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 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.

Mr. Tim Keller, 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
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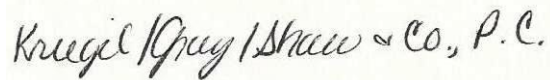
Other Information

Our audit was conducted for the purpose of forming opinions on the Authority's financial statements and the budgetary comparisons. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedule and *other schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 23, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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, 2015. 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 decreased from \$151,268 to \$128,695 a decrease of \$22,573 or 15%.
- The net position balance decreased from \$139,930 to \$115,246 at June 30, 2015. This represents a decrease of \$24,684 or 17.64% from the previous year. The unrestricted net position balance decreased from \$40,571 to \$29,849, a decrease of \$10,722 or 26.43%.
- Revenues decreased from \$99,573 to \$86,601 a decrease of \$12,972 or 13.03% from the previous year.
- Total expenses decreased from \$114,411 to \$111,285 a decrease of \$3,126 for the current year. This represents a decrease of 2.73%.

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, 2015. 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 Position provides information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving.
2. The Statement of Revenue, Expenses, and Changes in Fund Net Position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position 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, 2015

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 19 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, 2015 and June 30, 2014.

Statement of Net Position-Condensed June 30, 2015

	<u>2015</u>	<u>2014</u> <u>Restated</u>
ASSETS		
Current assets	\$40,090	\$48,051
Noncurrent assets	3,208	3,858
Capital assets (net of depreciation)	85,397	99,359
<i>Total assets</i>	128,695	151,268
Deferred outflows of resources	0	0
<i>Total assets and deferred outflows of resources</i>	\$128,695	\$151,268
LIABILITIES		
Current liabilities	\$9,602	\$7,480
Long-term liabilities	3,847	3,858
Net pension liability	0	0
<i>Total liabilities</i>	13449	11,338
Deferred inflows of resources	0	0
NET POSITION		
Unrestricted net position	29,849	40,571
Net investment in capital assets	85,397	99,359
<i>Total net position</i>	115,246	139,930
<i>Total liabilities, net position, and deferred outflows of resources</i>	\$128,695	\$151,268

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Cash and Investments

Unrestricted cash and investments totaled \$17,257, a decrease of \$21,497 from the previous year.

Current Assets

Current assets decreased 17%, from \$48,051 to \$40,090 due primarily to a decrease in cash at year end.

Current Liabilities

Current liabilities increased from \$7,480 to \$9,602 or 29 %. This increase was due to a variety of factors.

Net Position

The total net position balance decreased from \$139,930 to \$115,246 at June 30, 2015. Unrestricted net position is the amount of available funds for future appropriations. These funds are reserved for expenditures of the actual program. The Authority's unrestricted net position total of \$29,849 is a decrease of \$10,722 from the previous year.

Statement of Revenues & Expenses For the Year Ended June 30, 2015

	<u>2015</u>	<u>2014</u>
REVENUES		
Rental revenue	\$30,395	\$32,193
HUD operating grants	54,910	50,020
Capital grants	449	16,304
Interest income	35	79
Other revenue	812	977
<i>Total revenue</i>	<hr/> 86,601	<hr/> 99,573
EXPENSES		
Personnel	38,594	36,260
Operating	58,729	64,189
Depreciation	13,962	13,962
<i>Total expenses</i>	<hr/> 111,285	<hr/> 114,411
<i>Excess of revenue over expenses</i>	<hr/> (\$24,684)	<hr/> (\$14,838)

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015

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 decreased by \$12,972. Total expenses decreased by \$3,126 from the previous year. Revenues decreased from the previous year principally due to the decrease in activity noted in the CFP Program and HUD operating subsidies. Expenses decreased from the previous year principally due to a decrease in operating expenses due to the lack of CFP grant revenue.

Budgetary Highlights

The Authority prepares its budgets in accordance with HUD requirements. The budgets are utilized only as guidelines and have not been amended during the fiscal year.

Capital Assets

As of June 30, 2015, the Wagon Mound Housing Authority's net investment in capital assets was \$85,397. This investment includes land, building, building improvements, office equipment, maintenance equipment, and construction in process.

<u>Category</u>	<u>2015</u>	<u>2014</u>
Construction in process	\$2,140	\$2,140
Land	7,227	7,227
Buildings	838,245	838,245
Equipment	15,774	15,774
Non-dwelling Structures	20,865	20,865
Accumulated Depreciation	(798,854)	(784,892)
<i>Total Net Fixed Assets</i>	\$85,397	\$99,359

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2015.

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
Theresa Carmody, Executive Director
P.O. Box 311
Wagon Mound, New Mexico 87752

BASIC FINANCIAL STATEMENTS

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

PROPRIETARY FUNDS

STATEMENTS OF NET POSITION

JUNE 30, 2015

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$17,257	\$0	\$17,257
Prepaid insurance	1,548	0	1,548
Tenant receivable - net of allowance of \$890	1,009	0	1,009
Due from CFP	2,140	0	2,140
HUD receivable	9,330	2,140	11,470
Interest receivable	0	0	0
Inventory	6,666	0	6,666
<i>Total current assets</i>	37,950	2,140	40,090
Noncurrent Assets:			
Restricted cash - tenant security deposit	3,208	0	3,208
Net capital assets	83,257	2,140	85,397
<i>Total noncurrent assets</i>	86,465	2,140	88,605
<i>Total assets</i>	124,415	4,280	128,695
 LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	3,762	0	3,762
Wages payable and accrued payroll liabilities	3,369	0	3,369
Accrued compensation	0	0	0
Prepaid rent	331	0	331
Due to LR	0	2,140	2,140
<i>Total current liabilities</i>	7,462	2,140	9,602
Long-term Liabilities:			
Accrued compensated absences	0	0	0
Tenant security deposits	3,847	0	3,847
<i>Total long-term liabilities</i>	3,847	0	3,847
<i>Total liabilities</i>	11,309	2,140	13,449
Net Position:			
Net investment in capital assets	83,257	2,140	85,397
Unrestricted	29,849	0	29,849
<i>Total net position</i>	\$113,106	\$2,140	\$115,246

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 POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
OPERATING REVENUES:			
Rental income	\$30,395	\$0	\$30,395
HUD operating subsidy	54,910	0	54,910
Other revenue	812	0	812
<i>Total operating revenues</i>	86,117	0	86,117
OPERATING EXPENSES:			
Personnel	38,594	0	38,594
Operating	58,729	0	58,729
Depreciation	13,962	0	13,962
<i>Total operating expenses</i>	111,285	0	111,285
<i>Net operating income (loss)</i>	(25,168)	0	(25,168)
NON-OPERATING REVENUE AND (EXPENSES)			
HUD capital grants	0	449	449
Interest	35	0	35
<i>Total non-operating revenue and (expenses)</i>	35	449	484
<i>Income (loss) before transfers</i>	(25,133)	449	(24,684)
Transfers in (out)	449	(449)	0
Capital transfers in (out)	0	0	0
	449	(449)	0
<i>Change in net position</i>	(24,684)	0	(24,684)
Total net position - beginning of year	137,790	2,140	139,930
<i>Total net position, end of year</i>	\$113,106	\$2,140	\$115,246

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, 2015

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$26,926	\$0	\$26,926
Grants - subsidies	45,580	0	45,580
Cash paid to suppliers	(57,693)	0	(57,693)
Cash paid to employees	(37,446)	0	(37,446)
<i>Net cash provided (used) by operating activities</i>	<u>(22,633)</u>	<u>0</u>	<u>(22,633)</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES			
Transfers in (out)	449	0	449
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital lease payments	0	0	0
Capital grant	0	0	0
Purchase of capital assets	0	0	0
<i>Net cash provided (used) by capital and related financing activities</i>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	37	0	37
<i>Net increase (decrease) in pooled cash and investments</i>	(22,147)	0	(22,147)
Cash and investments, beginning of year	42,612	0	42,612
<i>Cash and investments, end of year</i>	<u>\$20,465</u>	<u>\$0</u>	<u>\$20,465</u>

Non Cash Transactions:

Capital transfers in (out)	\$0	\$0	\$0
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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, 2015

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (loss)	(\$25,168)	\$0	(\$25,168)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	13,962	0	13,962
Change in assets and liabilities:			
Accounts receivable	(9,021)	0	(9,021)
Inventory	(4,639)	0	(4,639)
Prepaid expenses	122	0	122
Tenants prepaid rent	60	0	60
Accounts and contracts payable	914	0	914
Accrued payroll	1,148	0	1,148
Customer deposits	(11)	0	(11)
<i>Total adjustments</i>	2,535	0	2,535
<i>Net cash provided (used) by operating activities</i>	(\$22,633)	\$0	(\$22,633)

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, 2015

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, deferred outflows, liabilities, deferred inflows, 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.

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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. All assets, all liabilities and deferred outflows and inflows of resources associated with the operations are included on the statement of net position.

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. It is the Housing Authority's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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.

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

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

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, 2015 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.

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$1,000 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, 2015

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, 2015, 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>1st Community Bank</u>		
Public Fund – regular checking	\$8,277	\$5,635
CFP	0	0
Tenant security deposits – business checking	3,208	3,208
Savings	11,622	11,622
<i>Total cash</i>	\$23,107	\$20,465

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Housing Authority’s deposits may not be returned to it.

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

	First Community Bank
Amount held in bank	\$23,107
Less F.D.I.C.	23,107
<i>Amount uninsured</i>	\$0

100% Collateral requirement	\$0
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VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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 \$ 890.

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, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Non Depreciable Assets:					
Construction in process	\$2,140	\$0	\$0	\$0	\$2,140
Land	7,227	0	0	0	7,227
Depreciable Assets:					
Buildings	838,245	0	0	0	838,245
Non dwelling structures	20,865	0	0	0	20,865
Machinery and equipment	15,774	0	0	0	15,774
<i>Total</i>	884,251	0	0	0	884,251
Less Accumulated Depreciation:					
Buildings	(751,975)	(13,576)	0	0	(765,551)
Non dwelling structures	(17,143)	(386)	0	0	(17,529)
Machinery and equipment	(15,774)	0	0	0	(15,774)
<i>Total accumulated depreciation</i>	(784,892)	(13,962)	0	0	(798,854)
<i>Total net position</i>	\$99,359	(\$13,962)	\$0	\$0	\$85,397

Depreciation uses the straight-line method. Depreciation expense for the year was \$13,962.

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 5. NET POSITION

The unrestricted net position represent the amounts available for budgeting future operations (i.e., current).

Net Position

Net position is displayed in three components:

Net Investment in Capital Assets – 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 Position – Net position is reported as restricted when constraints placed on net position 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 Position – Net position that does not meet the definition of “restricted” and “Net investment in capital assets.”

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.	Net Working Capital:	
	Proprietary Funds	\$30,488

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 8. TRANSFERS

Transfers between funds were as follows:

	<u>Operating Transfers Out</u>		
	<u>Low Rent</u>	<u>CFP</u>	<u>Totals</u>
Operating Transfers In:			
Low Rent	\$0	\$449	\$449
CFP	0	0	0
<i>Total</i>	\$0	\$449	\$449

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

	<u>Capital Transfers Out</u>		
	<u>Low Rent</u>	<u>CFP</u>	<u>Totals</u>
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.

NOTE 9. RETIREMENT AND POST EMPLOYMENT BENEFITS

The Public Employees Retirement Fund (PERA Fund) is a cost-sharing, multiple employer defined benefit pension plan. Eligibility for membership in the PERA fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The employees have elected out of participation in the fund.

The Retiree Health Care Act, Chapter IV, Article 7C, NMSA 1978 provides a comprehensive care group health insurance for persons who have retired from certain public service in New Mexico. The Authority has elected not to participate in the post-employment health insurance plan.

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, 2015

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Rental income	\$32,380	\$32,380	\$30,146	(\$2,234)
HUD operating subsidy	54,910	54,910	54,910	0
Other	880	880	812	(68)
<i>Total revenues</i>	88,170	88,170	85,868	(2,302)
OPERATING EXPENSES:				
Tenant services	200	200	0	200
Personnel	35,390	35,390	37,447	(2,057)
Admin expenses	13,000	13,000	12,347	653
Operating and maintenance	31,680	31,680	23,705	7,975
Capital outlay	0	0	0	0
Utilities	22,270	22,270	21,669	601
<i>Total operating expenses</i>	102,540	102,540	95,168	7,372
<i>Operating income (loss)</i>	(14,370)	(14,370)	(9,300)	5,070
NON-OPERATING REVENUE (EXPENSES):				
HUD grants	0	0	0	0
Interest	50	50	37	(13)
Transfers in	4,450	4,450	449	(4,001)
<i>Total non-operating revenue (expenses)</i>	4,500	4,500	486	(4,014)
<i>Net income</i>	(9,870)	(9,870)	(\$8,814)	(\$4,014)
<i>Budgeted cash and investment carryover</i>	9,870	9,870		
	\$0	\$0		

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, 2015, is presented below:

Net income (budgetary basis)	(\$8,814)
Adjustments for revenue accruals, transfers, earnings on investments	247
Adjustments for expenditures for payables, inventory, capital outlay, capital transfers and depreciation	(16,117)
<i>Change in net position (GAAP basis)</i>	(\$24,684)

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 - 2011

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
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>	0	0	0	0
OPERATING EXPENSES:				
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>	0	0	0	0
<i>Operating income (loss)</i>	0	0	0	0
NON-OPERATING REVENUE (EXPENSES):				
HUD grants	0	0	0	0
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	0	0	0	0
<i>Net income</i>	\$0	\$0	\$0	\$0

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, 2015, 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
<i>Change in net position (GAAP basis)</i>	\$0

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 - 2012

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES
BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
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>	0	0	0	0
OPERATING EXPENSES:				
Operations	(3,300)	(2,700)	449	(3,149)
Audit costs	2,300	2,300	0	2,300
Capital outlay	11,067	10,467	0	10,467
Management improvements	1,000	1,000	0	1,000
Administration	0	0	0	0
Fees and costs	0	0	0	0
<i>Total operating expenses</i>	11,067	11,067	449	10,618
<i>Operating income (loss)</i>	(11,067)	(11,067)	(449)	10,618
NON-OPERATING REVENUE (EXPENSES):				
HUD grants	11,067	11,067	449	(10,618)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	11,067	11,067	449	(10,618)
<i>Net income</i>	\$0	\$0	\$0	\$0

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, 2015, 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
Change in net position (GAAP basis)	\$0

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 - 2013

PROPRIETARY FUND

STATEMENT OF REVENUES AND EXPENSES BUDGET (NON-GAAP) AND ACTUAL (CASH BASIS) FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Approved Budget	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
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>	0	0	0	0
OPERATING EXPENSES:				
Operations	0	4,000	0	4,000
Audit costs	0	2,000	0	2,000
Capital outlay	15,332	13,000	0	13,000
Management improvements	4,380	1,000	0	1,000
Administration	0	(288)	0	(288)
Fees and costs	(2,140)	(2,140)	0	(2,140)
<i>Total operating expenses</i>	17,572	17,572	0	17,572
<i>Operating income (loss)</i>	(17,572)	(17,572)	0	17,572
NON-OPERATING REVENUE (EXPENSES):				
HUD grants	17,572	17,572	0	(17,572)
Interest	0	0	0	0
Transfers (out)	0	0	0	0
<i>Total non-operating revenue (expenses)</i>	17,572	17,572	0	(17,572)
<i>Net income</i>	\$0	\$0	\$0	\$0

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, 2015, 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
<i>Change in net position (GAAP basis)</i>	\$0

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

VILLAGE OF WAGON MOUND HOUSING AUTHORITY
SCHEDULE OF VENDOR INFORMATION for Purchases Exceeding \$60,000 (excluding GRT)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prepared by Agency Staff Name: _____ Theresa Carmody _____

Title: _____ Executive Director _____ Date: _____

RFB#/RFP# / State-Wide Price Agreement #	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract	\$ Amount of Amended Contract	Name and Physical Address of <u>ALL</u> Vendor(s) that responded	In-State/Out-of- State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in- state and chose Veteran's preference (Y or N)	Brief Description of the Scope of Work
NA								

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A Component Unit of the Town of Clayton)
Financial Data Schedule
June 30, 2015

Line Item #	Account Description	Public Housing Low Rent 14,850	Public Housing Capital Fund Program 14,872	Total
111	Cash - Unrestricted	17,257	-	17,257
114	Cash - Tenant Security Deposits	3,208	-	3,208
100	Total Cash	20,465	-	20,465
122	Accounts Receivable - HUD Other Projects	9,330	2,140	11,470
124	Accounts Receivable - Other Government	-	-	-
126	Accounts Receivable - Tenants	1,899	-	1,899
126.1	Allowance for Doubtful Accts - Tenants	(890)	-	(890)
129	Accrued Interest Receivable	-	-	-
120	Total Receivables, Net of Allowance for Doubtfull Accts	10,339	2,140	12,479
131	Investments - Unrestricted	-	-	-
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	1,548	-	1,548
143	Inventories	7,407	-	7,407
143.1	Allowance for Obsolete Inventories	(741)	-	(741)
144	Inter-program - due from	2,140	-	2,140
150	Total Current Assets	41,158	2,140	43,298
161	Land	7,227	-	7,227
162	Buildings	859,110	-	859,110
163	Furniture, Equipment & Machinery - Dwellings	-	-	-
164	Furniture, Equipment & Machinery - Administration	15,774	-	15,774
165	Leasehold Improvements	-	-	-
166	Accumulated Depreciation	(798,854)	-	(798,854)
167	Construction in Progress	-	2,140	2,140
160	Total Capital Assets, Net of Accumulated Depreciation	83,257	2,140	85,397
180	Total Non-Current Assets	83,257	2,140	85,397
190	Total Assets	124,415	4,280	128,695
200	Deferred Outflow of Resources	-	-	-
290	Total Assets and Deferred Outflow of Resources	124,415	4,280	128,695
312	Accounts Payable <= 90 Days	3,762	-	3,762
321	Accrued Wage/Payroll Taxes Payable	3,369	-	3,369
322	Accrued Compensated Absences - Current Portion	-	-	-
341	Tenant Security Deposits	3,847	-	3,847
342	Deferred Revenue	331	-	331
347	Inter-Program - Due To	-	2,140	2,140
310	Total Current Liabilities	11,309	2,140	13,449
354	Accrued Compensated Absences - Non-Current	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-
350	Total Noncurrent Liabilities	-	-	-
300	Total Liabilities	11,309	2,140	13,449
400	Deferred Inflow of Resources	-	-	-
508.1	Net Investment of Capital Assets	83,257	2,140	85,397
511.4	Restricted Net Position	-	-	-
512.4	Unrestricted Net Position	29,849	-	29,849
513	Total Equity - Net Position	113,106	2,140	115,246
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	124,415	4,280	128,695
70300	Net Tenant Rental Revenue	30,395	-	30,395
70400	Tenant Revenue - Other	812	-	812
70500	Total Tenant Revenue	31,207	-	31,207
70600	HUD PHA Operating Grants	54,910	-	54,910
70610	Capital Grants	-	449	449
70700	Total Fee Revenue	54,910	449	55,359

VILLAGE OF WAGON MOUND HOUSING AUTHORITY
(A Component Unit of the Town of Clayton)
Financial Data Schedule
June 30, 2015

Line Item #	Account Description	Public Housing Low Rent 14.850	Public Housing Capital Fund Program 14.872	Total
71100	Investment Income - Unrestricted	35		35
71500	Other Revenue	-		-
70000	Total Revenue	<u>86,152</u>	<u>449</u>	<u>86,601</u>
91100	Administrative Salaries	23,345	-	23,345
91200	Auditing Fees	5,580	-	5,580
91400	Advertising & Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	2,684	-	2,684
91600	Office Expenses	4,646	-	4,646
91700	Legal Expenses	-	-	-
91800	Travel	-	-	-
91900	Other	2,736	-	2,736
91000	Total Operating - Administrative	<u>38,991</u>	<u>-</u>	<u>38,991</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	<u>-</u>	<u>-</u>	<u>-</u>
93100	Water	3,240	-	3,240
93200	Electricity	928	-	928
93300	Gas	13,427	-	13,427
93600	Sewer	4,149	-	4,149
93800	Other Utilities	-	-	-
93000	Total Utilities	<u>21,744</u>	<u>-</u>	<u>21,744</u>
94100	Ordinary Maintenance and Operations - Labor	11,184	-	11,184
94200	Ordinary Maintenance and Operations - Materials & Other	3,167	-	3,167
94300	Ordinary Maintenance and Operations Contracts	13,686	-	13,686
94500	Employee Benefit Contributions - Ordinary Maintenance	1,381	-	1,381
94000	Total Maintenance	<u>29,418</u>	<u>-</u>	<u>29,418</u>
96110	Property Insurance	4,475	-	4,475
96120	Liability Insurance	663	-	663
96130	Workmen's Compensation	1,149	-	1,149
96140	All Other Insurance	938	-	938
96100	Total Insurance Premiums	<u>7,225</u>	<u>-</u>	<u>7,225</u>
96200	Other General Expenses	-	-	-
96210	Compensated Absences	-	-	-
96600	Bad Debt - Other	(55)	-	(55)
96000	Total Other General Expenses	<u>(55)</u>	<u>-</u>	<u>(55)</u>
96900	Total Operating Expenses	<u>97,323</u>	<u>-</u>	<u>97,323</u>
97000	Excess Revenue over Operating Expenses	(11,171)	449	(10,722)
97400	Depreciation Expense	13,962	-	13,962
90000	Total Expenses	<u>111,285</u>	<u>-</u>	<u>111,285</u>
10010	Operating Transfers In	449	-	449
10020	Operating Transfers Out	-	(449)	(449)
10100	Total Other Financing Sources (Uses)	<u>449</u>	<u>(449)</u>	<u>-</u>
10000	Excess (Deficiency) of Total Rev Over (Under) Total Exp	<u>(24,684)</u>	<u>-</u>	<u>(24,684)</u>
11030	Beginning Equity	\$ 137,790	\$ 2,140	\$ 139,930
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ -	\$ -	\$ -
11190	Unit Months Available	228	-	228
11210	Number of Unit Months Leased	228	-	228

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

Independent Auditor's Report

Mr. Tim Keller, 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Village of Wagon Mound Housing Authority, a component unit of the Village of Wagon Mound as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and the related budgetary comparisons of the Authority, presented as supplemental information, and have issued our report thereon dated November 23, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Mr. Tim Keller, 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

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

Compliance and Other Matters

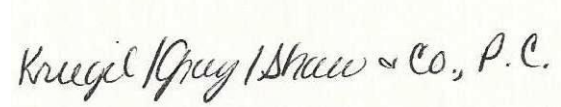
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 one 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 responses as item 2015-001.

The Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Kriegel/Gray/Shaw & Co., P.C.
Las Cruces, New Mexico
November 23, 2015

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, 2015

CURRENT YEAR SIGNIFICANT DEFICIENCIES:

2015-001 Security Deposits Not Matching the Restricted Cash Accounts – Non Compliance

Statement of Condition – The restricted cash tenant security deposits account does not match the liability account balance for the respective deposits. The restricted cash tenant security deposits account is specifically set up for tenants' deposits that are owed to the individual tenants upon cancellation of service.

Criteria – Good accounting practices require that security deposit liabilities should match the related tenant security deposits account. Tenant security deposits are restricted funds held on behalf of the tenant and should not be utilized for operations.

Effect – The restricted cash tenant security deposits account is understated by \$639.

Cause – The monies in the restricted cash tenant security deposits account were inappropriately transferred to the cash unrestricted account to fund operating expenditures.

Recommendation – We recommend that the Housing Authority transfer the understated amount of \$639 from the cash unrestricted account to the restricted cash tenant security deposits account and further prohibit utilizing monies from the restricted cash tenant security deposits account to fund operating expenditures.

Management's Response – The Wagon Mound Housing Authority's Executive Director and the Wagon Mound Housing Authority's Board of Commissioners assures that the restricted cash tenant security deposits account will be corrected to match the security deposits respective liability account balance as soon as possible and will no longer utilize restricted cash to fund operating expenditures.

CURRENT STATUS ON PRIOR YEAR FINDINGS:

2013-005 Late Independent Public Accountant Recommendation – Non Compliance

Resolved and not repeated.

VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

EXIT CONFERENCE

JUNE 30, 2015

EXIT CONFERENCE:

The exit conference was held October 30, 2015 and was attended by the following:

From the Village of Wagon Mound Housing Authority:

Theresa Carmody, Executive Director
Esther Mondragon, Chairperson

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

Ken Shaw, CPA/Shareholder
Crystal Martinez, Staff Auditor

FINANCIAL STATEMENTS PREPARATION

Preparation of financial statements is the responsibility of management. Although, the Village of Wagon Mound Housing Authority's personnel provided significant assistance in the preparation, the statements and related footnotes were prepared by Kriegel/Gray/Shaw & Co., P.C.