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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, 2017**

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

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**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**

OFFICIAL ROSTER

JUNE 30, 2017

**Board of Directors**

<b><u>Name</u></b>	<b><u>Title</u></b>
<i>Laudente Quintana</i>	<i>Mayor</i>
<i>Esther Mondragon</i>	<i>Chair</i>
<i>Angie Romero</i>	<i>Board Member</i>
<i>Norma Jean Vasquez</i>	<i>Board Member</i>
<i>Claudia Martinez</i>	<i>Board Member</i>

**Administrative Official**

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

Mr. Wayne Johnson, State Auditor and  
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, 2017, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Mr. Wayne Johnson, State Auditor and  
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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## **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, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *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, 2017, 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. Wayne Johnson, State Auditor and  
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. 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 30, 2017 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.*

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

November 30, 2017

## 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, 2017

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, 2017. 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 \$109,620 to \$158,711 an increase of \$49,091 or 44.8%.
- The net position balance increased from \$99,486 to \$148,382 at June 30, 2017. This represents an increase of \$48,896 or 49.1% from the previous year. The unrestricted net position balance increased from \$28,051 to \$38,256, an increase of \$10,205 or 36.4%.
- Revenues increased from \$113,435 to \$159,317 an increase of \$45,882 or 40.5% from the previous year.
- Total expenses decreased from \$129,195 to \$110,421 a decrease of \$18,774 for the current year. This represents a decrease of 14.5%.

## 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, 2017. 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, 2017

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 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 (HUD) 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, 2017 and June 30, 2016.

#### Statement of Net Position-Condensed June 30, 2017

	2017	2016
<b>ASSETS</b>		
Current assets	\$42,431	\$32,849
Noncurrent assets	6,154	5,336
Capital assets (net of depreciation)	110,126	71,435
<i>Total assets</i>	158,711	109,620
<b>Deferred outflows of resources</b>	0	0
<b><i>Total assets and deferred outflows of resources</i></b>	<b>\$158,711</b>	<b>\$109,620</b>
<b>LIABILITIES</b>		
Current liabilities	\$6,127	\$6,623
Long-term liabilities	4,202	3,511
Net pension liability	0	0
<i>Total liabilities</i>	10,329	10,134
<b>Deferred inflows of resources</b>	0	0
<b>NET POSITION</b>		
Unrestricted net position	38,256	28,051
Net investment in capital assets	110,126	71,435
<i>Total net position</i>	148,382	99,486
<b><i>Total liabilities, net position, and deferred outflows of resources</i></b>	<b>\$158,711</b>	<b>\$109,620</b>

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

## *Cash and Investments*

Unrestricted cash and investments totaled \$13,304, an increase of \$9,103 from the previous year.

## *Current Assets*

Current assets increased 29.2%, from \$32,849 to \$42,431 due primarily to an increase in cash at year end.

## *Current Liabilities*

Current liabilities decreased from \$6,623 to \$6,129 or 7.5%. This decrease was due to a variety of factors.

## *Net Position*

The total net position balance decreased from \$99,486 to \$148,382 at June 30, 2017. 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 \$38,296 is an increase of \$10,245 from the previous year.

### Statement of Revenues & Expenses For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Rental revenue	\$38,990	\$38,450
HUD operating grants	67,758	59,803
Capital grants	51,316	14,618
Interest income	19	16
Other revenue	1,234	548
<i>Total revenue</i>	<u>159,317</u>	<u>113,435</u>
<b>EXPENSES</b>		
Personnel	41,096	44,197
Operating	56,700	71,036
Depreciation	12,625	13,962
<i>Total expenses</i>	<u>110,421</u>	<u>129,195</u>
<i>Excess of revenue over expenses</i>	<u>\$48,896</u>	<u>(\$15,760)</u>

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

## *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 \$45,882. Total expenses decreased by \$18,774 from the previous year. Revenues increased from the previous year principally due to the increase 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.

## *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, 2017, the Wagon Mound Housing Authority's net investment in capital assets was \$148,382. This investment includes land, building, building improvements, office equipment, maintenance equipment, and construction in process.

<b>Category</b>	<b>2017</b>	<b>2016</b>
Construction in process	\$53,456	\$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	(825,441)	(812,816)
<b>Total Net Fixed Assets</b>	<b>\$110,126</b>	<b>\$71,435</b>

No significant changes in financial position or results of operations are anticipated for the fiscal year ending June 30, 2017.

## **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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$13,304	\$0	\$13,304
Prepaid insurance	2,482	0	2,482
Tenant receivable - net of allowance of \$375	430	0	430
Due from CFP	0	0	0
HUD receivable	20,182	0	20,182
Interest receivable	0	0	0
Inventory	6,033	0	6,033
<i>Total current assets</i>	42,431	0	42,431
<b>Noncurrent Assets:</b>			
Restricted cash - tenant security deposit	6,154	0	6,154
Net capital assets	58,810	51,316	110,126
<i>Total noncurrent assets</i>	64,964	51,316	116,280
<i>Total assets</i>	107,395	51,316	158,711
 <b>LIABILITIES AND NET POSITION</b>			
<b>Current Liabilities:</b>			
Accounts payable	2,028	0	2,028
Wages payable and accrued payroll liabilities	2,903	0	2,903
Accrued compensation	0	0	0
Prepaid rent	0	0	0
Accrued liabilities	1,196	0	1,196
<i>Total current liabilities</i>	6,127	0	6,127
<b>Long-term Liabilities:</b>			
Accrued compensated absences	0	0	0
Tenant security deposits	4,202	0	4,202
<i>Total long-term liabilities</i>	4,202	0	4,202
<i>Total liabilities</i>	10,329	0	10,329
<b>Net Position:</b>			
Net investment in capital assets	58,810	51,316	110,126
Unrestricted	38,256	0	38,256
<i>Total net position</i>	\$97,066	\$51,316	\$148,382

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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>OPERATING REVENUES:</b>			
Rental income	\$38,990	\$0	\$38,990
HUD operating subsidy	67,758	0	67,758
Other revenue	1,234	0	1,234
<i>Total operating revenues</i>	107,982	0	107,982
<b>OPERATING EXPENSES:</b>			
Personnel	41,096	0	41,096
Operating	56,700	0	56,700
Depreciation	12,625	0	12,625
<i>Total operating expenses</i>	110,421	0	110,421
<i>Net operating income (loss)</i>	(2,439)	0	(2,439)
<b>NON-OPERATING REVENUE AND (EXPENSES)</b>			
HUD capital grants	0	51,316	51,316
Interest	19	0	19
<i>Total non-operating revenue and (expenses)</i>	19	51,316	51,335
<i>Income (loss) before transfers</i>	(2,420)	51,316	48,896
Transfers in (out)	0	0	0
Capital transfers in (out)	0	0	0
	0	0	0
<i>Change in net position</i>	(2,420)	51,316	48,896
Total net position - beginning of year	99,486	0	99,486
<b><i>Total net position, end of year</i></b>	<b>\$97,066</b>	<b>\$51,316</b>	<b>\$148,382</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, 2017

	Business-Type Activities		
	Low Rent	Nonmajor Fund CFP	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$43,671	\$0	\$43,671
Grants - subsidies	65,363	0	65,363
Cash paid to suppliers	(57,154)	0	(57,154)
Cash paid to employees	(41,978)	0	(41,978)
<i>Net cash provided (used) by operating activities</i>	9,902	0	9,902
<b>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</b>			
Transfers in (out)	0	0	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital lease payments - due from HUD	0	0	0
Capital grant	0	51,316	51,316
Purchase of capital assets	0	(51,316)	(51,316)
<i>Net cash provided (used) by capital and related financing activities</i>	0	0	0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	19	0	19
<i>Net increase (decrease) in pooled cash and investments</i>	9,921	0	9,921
Cash and investments, beginning of year	9,537	0	9,537
<b><i>Cash and investments, end of year</i></b>	<b>\$19,458</b>	<b>\$0</b>	<b>\$19,458</b>

**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, 2017

	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)	(\$2,439)	\$0	(\$2,439)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	12,625	0	12,625
Change in assets and liabilities:			
Accounts receivable	(1,585)	0	(1,585)
Inventory	2,693	0	2,693
Prepaid expenses	(1,587)	0	(1,587)
Tenants prepaid rent	(747)	0	(747)
Accounts and contracts payable	1,133	0	1,133
Accrued payroll	(882)	0	(882)
Customer deposits	691	0	691
<i>Total adjustments</i>	12,341	0	12,341
<b><i>Net cash provided (used) by operating activities</i></b>	<b>\$9,902</b>	<b>\$0</b>	<b>\$9,902</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, 2017

### **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, 2017

### 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, 2017

### 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, 2017 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, 2017

### 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, 2017

### 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, 2017, 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	\$13,610	\$12,176
CFP	0	0
Tenant security deposits – business checking	6,154	6,154
Savings	1,128	1,128
<b>Total cash</b>	<b>\$20,892</b>	<b>\$19,458</b>

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	\$20,892
Less F.D.I.C.	(20,892)
<b>Amount uninsured</b>	<b>\$0</b>
100% Collateral requirement	\$0

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### 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 \$375.

### 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, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Non Depreciable Assets:					
Construction in process	\$2,140	\$51,316	\$0	\$0	\$53,456
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
<b>Total</b>	<b>884,251</b>	<b>51,316</b>	<b>0</b>	<b>0</b>	<b>935,567</b>
Less Accumulated Depreciation:					
Buildings	(779,126)	(12,238)	0	0	(791,364)
Non dwelling structures	(17,916)	(387)	0	0	(18,303)
Machinery and equipment	(15,774)	0	0	0	(15,774)
<b>Total accumulated depreciation</b>	<b>(812,816)</b>	<b>(12,625)</b>	<b>0</b>	<b>0</b>	<b>(825,441)</b>
<b>Total net position</b>	<b>\$71,435</b>	<b>\$38,691</b>	<b>\$0</b>	<b>\$0</b>	<b>\$110,126</b>

Depreciation uses the straight-line method. Depreciation expense for the year was \$12,625.

# VILLAGE OF WAGON MOUND HOUSING AUTHORITY

(A Component Unit of the Village of Wagon Mound)

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

### 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.	<b>Net Working Capital:</b>	
	Proprietary Funds	\$36,304

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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, 2017

**NOTE 8. TRANSFERS**

Transfers between funds were as follows:

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

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

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

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 are part-time and therefore, do not qualify to participate.

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.



OTHER SUPPLEMENTARY INFORMATION

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
**(A Component Unit of the Village of Wagon Mound)**  
**Financial Data Schedule**  
**June 30, 2017**

Line Item #	Account Description	Public Housing Low Rent 14.850	Public Housing Capital Fund Program 14.872	Total
111	Cash - Unrestricted	13,304	-	13,304
114	Cash - Tenant Security Deposits	6,154	-	6,154
100	Total Cash	<u>19,458</u>	-	<u>19,458</u>
122	Accounts Receivable - HUD Other Projects	20,182	-	20,182
124	Accounts Receivable - Other Government	-	-	-
126	Accounts Receivable - Tenants	805	-	805
126.1	Allowance for Doubtful Accts - Tenants	(375)	-	(375)
129	Accrued Interest Receivable	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accts	<u>20,612</u>	-	<u>20,612</u>
131	Investments - Unrestricted	-	-	-
132	Investments - Restricted	-	-	-
142	Prepaid Expenses and Other Assets	2,482	-	2,482
143	Inventories	6,703	-	6,703
143.1	Allowance for Obsolete Inventories	(670)	-	(670)
144	Inter-program - due from	-	-	-
150	Total Current Assets	<u>48,585</u>	-	<u>48,585</u>
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	(825,441)	-	(825,441)
167	Construction in Progress	2,140	51,316	53,456
160	Total Capital Assets, Net of Accumulated Depreciation	<u>58,810</u>	<u>51,316</u>	<u>110,126</u>
180	Total Non-Current Assets	<u>58,810</u>	<u>51,316</u>	<u>110,126</u>
190	Total Assets	107,395	51,316	158,711
200	Deferred Outflow of Resources	-	-	-
<b>290</b>	<b>Total Assets and Deferred Outflow of Resources</b>	<b><u>107,395</u></b>	<b><u>51,316</u></b>	<b><u>158,711</u></b>
312	Accounts Payable <= 90 Days	2,028	-	2,028
321	Accrued Wage/Payroll Taxes Payable	2,903	-	2,903
322	Accrued Compensated Absences - Current Portion	-	-	-
341	Tenant Security Deposits	4,202	-	4,202
342	Deferred Revenue	-	-	-
346	Accrued Liabilities - Other	1,196	-	1,196
347	Inter-Program - Due To	-	-	-
310	Total Current Liabilities	<u>10,329</u>	-	<u>10,329</u>
354	Accrued Compensated Absences - Non-Current	-	-	-
357	Accrued Pension and OPEB Liabilities	-	-	-
350	Total Noncurrent Liabilities	-	-	-
300	Total Liabilities	<u>10,329</u>	-	<u>10,329</u>
400	Deferred Inflow of Resources	-	-	-
508.1	Net Investment of Capital Assets	58,810	51,316	110,126
511.4	Restricted Net Position	-	-	-
512.4	Unrestricted Net Position	38,256	-	38,256
513	Total Equity - Net Position	<u>97,066</u>	<u>51,316</u>	<u>148,382</u>
<b>600</b>	<b>Total Liabilities, Deferred Inflows of Resources and</b>	<b><u>107,395</u></b>	<b><u>51,316</u></b>	<b><u>158,711</u></b>
70300	Net Tenant Rental Revenue	38,990	-	38,990
70400	Tenant Revenue - Other	1,234	-	1,234
70500	Total Tenant Revenue	<u>40,224</u>	-	<u>40,224</u>
70600	HUD PHA Operating Grants	67,758	-	67,758
70610	Capital Grants	-	51,316	51,316
70700	Total Fee Revenue	<u>67,758</u>	<u>51,316</u>	<u>119,074</u>
71100	Investment Income - Unrestricted	19	-	19
71500	Other Revenue	-	-	-
70000	Total Revenue	<u>108,001</u>	<u>51,316</u>	<u>159,317</u>

**VILLAGE OF WAGON MOUND HOUSING AUTHORITY**  
**(A Component Unit of the Village of Wagon Mound)**  
**Financial Data Schedule**  
**June 30, 2017**

Line Item #	Account Description	Public Housing Low Rent 14.850	Public Housing Capital Fund Program 14.872	Total
91100	Administrative Salaries	22,251	-	22,251
91200	Auditing Fees	6,439	-	6,439
91400	Advertising & Marketing	-	-	-
91500	Employee Benefit Contributions - Administrative	2,635	-	2,635
91600	Office Expenses	5,647	-	5,647
91700	Legal Expenses	-	-	-
91800	Travel	1,210	-	1,210
91900	Other	3,493	-	3,493
91000	Total Operating - Administrative	<u>41,675</u>	-	<u>41,675</u>
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	-	-	-
93100	Water	3,052	-	3,052
93200	Electricity	2,176	-	2,176
93300	Gas	5,150	-	5,150
93600	Sewer	3,905	-	3,905
93800	Other Utilities	-	-	-
93000	Total Utilities	<u>14,283</u>	-	<u>14,283</u>
94100	Ordinary Maintenance and Operations - Labor	14,473	-	14,473
94200	Ordinary Maintenance and Operations - Materials & Other	10,622	-	10,622
94300	Ordinary Maintenance and Operations Contracts	7,344	-	7,344
94500	Employee Benefit Contributions - Ordinary Maintenance	1,737	-	1,737
94000	Total Maintenance	<u>34,176</u>	-	<u>34,176</u>
96110	Property Insurance	4,705	-	4,705
96120	Liability Insurance	707	-	707
96130	Workmen's Compensation	1,576	-	1,576
96140	All Other Insurance	674	-	674
96100	Total Insurance Premiums	<u>7,662</u>	-	<u>7,662</u>
96200	Other General Expenses	-	-	-
96210	Compensated Absences	-	-	-
96600	Bad Debt - Other	-	-	-
96000	Total Other General Expenses	<u>-</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>97,796</u>	-	<u>97,796</u>
97000	Excess Revenue over Operating Expenses	10,205	51,316	61,521
97400	Depreciation Expense	<u>12,625</u>	-	<u>12,625</u>
90000	Total Expenses	<u>110,421</u>	-	<u>110,421</u>
10010	Operating Transfers In	-	-	-
10020	Operating Transfers Out	-	-	-
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
<b>10000</b>	<b>Excess (Deficiency) of Total Rev Over (Under) Total Exp</b>	<b><u>(2,420)</u></b>	<b><u>51,316</u></b>	<b><u>48,896</u></b>
11030	Beginning Equity	\$ 99,486	\$ -	\$ 99,486
11040	Prior Period Adj, Equity Transfers, Correction of Errors	\$ -	\$ -	-
11190	Unit Months Available	228	-	228
11210	Number of Unit Months Leased	224	-	224

**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. Wayne Johnson, State Auditor and  
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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 30, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Mr. Wayne Johnson, State Auditor and  
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 the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

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

November 30, 2017

**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, 2017**

**CURRENT YEAR FINDINGS:**

None.

**CURRENT STATUS ON PRIOR YEAR FINDINGS:**

**2016-001 Missing Forms I-9 – 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, 2017**

### **EXIT CONFERENCE:**

The exit conference was held October 20, 2017 and was attended by the following:

#### **Representing the Village of Wagon Mound Housing Authority:**

Theresa Carmody, Executive Director

Claudia Martinez, Board Member

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

Ken Shaw, CPA/Shareholder

### **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.