

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY**

**A COMPONENT UNIT OF
SOCORRO COUNTY, NEW MEXICO**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018**



INTRODUCTORY SECTION

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
Board of Commissioners and Management
June 30, 2018**

Board of Commissioners

| | |
|--------------|--------------------|
| Chairperson | Lonnie Marquez |
| Commissioner | Michael Hawks |
| Commissioner | Wayne Gallegos |
| Commissioner | Jose (Lencho) Vega |
| Commissioner | Marcel Abeyta |

Administrative Officials

| | |
|--------------------|----------------------|
| Executive Director | Maryann Chavez-Lopez |
|--------------------|----------------------|

**STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
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FOR THE YEAR ENDED JUNE 30, 2018**

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FINANCIAL SECTION



Griego Professional Services, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
To the Commissioners and County Commissioners
El Camino Real Housing Authority, Socorro, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the El Camino Real Housing Authority (the Authority), as of and for the year ended June 30, 2018, 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 financial statements of each of the Authority's nonmajor business-type, component unit, and the budgetary comparisons for the major business-type funds, presented as supplementary information, as defined by the Government Accounting Standards Board (GASB), in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2018, 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 controls 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 of 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

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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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the proprietary funds and component unit for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Authority are intended to present the financial position and the changes in financial position of only that portion of business-type activities, each major fund, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Socorro County that are attributable to the transactions of the Authority. They do not purport to, and do not, present fairly the financial position of Socorro County as of June 30, 2018, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Require Supplementary Information

Management has omitted *Management’s Discussion and Analysis* that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the Authority’s financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, introductory, the Financial Data Schedule (FDS) and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of federal awards, the Financial Data Schedule (FDS) and other schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of federal awards, the Financial Data Schedule (FDS) 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 12, 2018 on our consideration of 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.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 12, 2018

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018

Exhibit A

| | Primary Unit El Camino Real | Component Unit Socorro Village |
|---|-----------------------------------|--------------------------------------|
| ASSETS | | |
| <i>Current assets:</i> | | |
| Cash and cash equivalents | \$ 215,014 | \$ 64,820 |
| Accounts receivable - tenants | 57,642 | 7,410 |
| Accounts receivable - governments | 135,819 | 27,158 |
| Prepaid assets | 900 | - |
| Restricted cash and cash equivalents | 39,881 | 299,002 |
| <i>Non-current assets:</i> | | |
| Land, structures, and equipment (net of accumulated depreciation) | 7,855 | 1,425,551 |
| <i>Total assets</i> | 457,111 | 1,823,941 |
| LIABILITIES | | |
| <i>Current liabilities :</i> | | |
| Accounts payable | \$ 9,829 | \$ 63,978 |
| Accrued salaries and benefits | 13,960 | - |
| Accrued interest payable | - | 1,531 |
| Compensated absences | 12,381 | - |
| Note payable, due within one year | - | 16,635 |
| <i>Current liabilities (payable from restricted assets)</i> | | |
| Tenant deposits | 39,881 | 9,965 |
| <i>Non-current liabilities :</i> | | |
| Note payable, due in more than one year | - | 1,258,260 |
| <i>Total liabilities</i> | 76,051 | 1,350,369 |
| NET POSITION | | |
| Net investment in capital assets | 7,855 | 150,656 |
| Restricted | 54,556 | 283,935 |
| Unrestricted | 318,649 | 38,981 |
| <i>Total net position</i> | 381,060 | 473,572 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit B

| | Primary Unit El Camino Real | Component Unit Socorro Village |
|---|-----------------------------------|--------------------------------------|
| <i>Operating revenues:</i> | | |
| Charges for services | \$ 240,298 | \$ 113,676 |
| Miscellaneous | 35,762 | - |
| <i>Total operating revenues</i> | 276,060 | 113,676 |
| <i>Operating expenses:</i> | | |
| Administration | 599,443 | 83,955 |
| Tenant services | 331,061 | - |
| Utilities | - | 47,247 |
| Ordinary maintenance and operations | - | 26,968 |
| Contract expenses | - | 123,348 |
| Interest expense | - | 18,527 |
| Insurance expense | - | 6,903 |
| Other general expenses | - | 4,039 |
| Depreciation | 6,201 | 72,639 |
| <i>Total operating expenses</i> | 936,705 | 383,626 |
| <i>Operating loss</i> | (660,645) | (269,950) |
| <i>Non-operating revenues(expenses):</i> | | |
| Interest income (expense) | 11 | 141 |
| Gain on asset disposal | | |
| Operating grants | 3,064,559 | 190,550 |
| Housing assistance payments | (2,271,276) | - |
| <i>Total non-operating revenues</i> | 793,294 | 190,691 |
| <i>Change in net position</i> | 132,649 | (79,259) |
| <i>Total net position - beginning of year</i> | 248,411 | 552,831 |
| <i>Total net position - end of year</i> | \$ 381,060 | \$ 473,572 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

Exhibit D

| | <u>Primary Unit El Camino Real</u> | <u>Component Unit Socorro Village</u> |
|--|--|---|
| <i>Cash flows from operating activities:</i> | | |
| Cash received from customers | \$ (55,598) | \$ 140,621 |
| Cash paid to suppliers and employees | <u>(663,613)</u> | <u>(312,178)</u> |
| <i>Net cash used for operating activities</i> | <u>(719,211)</u> | <u>(171,557)</u> |
| <i>Cash flows used by noncapital financing activities:</i> | | |
| Intergovernmental HUD operating subsidy | 3,064,559 | - |
| Housing assistance payments | <u>(2,271,276)</u> | <u>-</u> |
| <i>Net cash provided by noncapital financing activities</i> | <u>793,283</u> | <u>-</u> |
| <i>Cash flows used by capital financing activities:</i> | | |
| Acquisition and construction of capital assets | - | - |
| Intergovernmental HUD capital subsidy | - | - |
| Interest payment on notes | - | (28) |
| Gain on asset disposal | - | - |
| Principal payments on notes | - | (16,297) |
| Operating grants | - | 190,549 |
| <i>Net cash used for capital financing activities</i> | <u>-</u> | <u>174,224</u> |
| <i>Cash flows from investing activities:</i> | | |
| Interest received | <u>11</u> | <u>141</u> |
| <i>Net decrease in cash and cash equivalents</i> | 74,083 | 2,808 |
| <i>Cash and cash equivalents - beginning of year</i> | <u>180,811</u> | <u>361,014</u> |
| <i>Cash and cash equivalents - end of year</i> | <u>\$ 254,894</u> | <u>\$ 363,822</u> |
| <i>Reconciliation of operating loss to net cash used for operating activities:</i> | | |
| Operating loss | \$ (660,645) | \$ (269,950) |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 6,201 | 72,639 |
| Increase in accounts receivable | (55,598) | (23,187) |
| Increase in unearned revenue | (900) | - |
| Increase (decrease) in accounts payable | (4,920) | 49,066 |
| Increase (decrease) in accrued expenses | (2,796) | - |
| Decrease in accrued interest | - | - |
| Increase in tenant security deposits | (3,989) | (125) |
| Increase in compensated absences | 3,436 | - |
| <i>Net cash used for operating activities</i> | <u>\$ (719,211)</u> | <u>\$ (171,557)</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies

The El Camino Real Housing Authority (the Authority) was organized pursuant to an agreement with the United States Department of Housing and Urban Development (HUD). The agreement is to provide a conduit for housing funds for disadvantaged New Mexicans. Socorro County agreed to operate and maintain the Authority in accordance with the requirements of HUD. The Authority is component unit of Socorro County, New Mexico.

The primary purpose of the El Camino Real Housing Authority is to manage the Section 8 Housing Vouchers program provided by the Department of Housing and Urban Development to aid low income families to obtain decent, safe and sanitary housing. The program provides housing assistance payments to participating owners on behalf of eligible tenants. Housing payments are generally the difference between local payment standard or rent charged (if lower) and 30 percent of the family's adjusted income.

In addition, the Authority provides other housing related services in the communities it serves. Services provided include, but are not limited to, Shelter Plus Care, Continuum of Care, Housing Rehabilitation, and management of its component unit, Socorro Village.

The financial statements present only the financial position, results of operations and cash flows of the Authority, and its component unit, Socorro Village, LLC, and are not intended to present fairly the County's financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principals generally accepted in the United States of America (GAAP) as applied to governmental units.

This summary of significant accounting policies of the Authority is presented to assist in the understanding of the Authority's financial statements. The financial statements and notes are the representation of the Authority's management, who is responsible for their integrity and objectivity. The Authority has implemented Governmental Accounting Standards Board (GASB) statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* for the year ended June 30, 2014. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The financial statements have incorporated all applicable GASB pronouncements as well as Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures unless those pronouncements conflict with or contradict GASB pronouncements.

The more significant of the Authority's accounting policies are described below.

The following programs are maintained as major enterprise funds by the Authority:

- **Section 8 Programs** – These programs, funded through direct grants from HUD, provide rental and utilities assistance to qualified families through rent subsidies paid directly to third-party landlords.
- **Property Management** – Fund reflects assets, liabilities and operations associated with providing management and administrative services to low-income and elderly housing complexes in Socorro, New Mexico as well as other administrative income and expenses not related to Section 8 Housing Vouchers program.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

- **Continuum of Care Program** – Funds provided by HUD pursuant to Subtitle C of Title IV USDA Rural Development (RD) provides Federal subsidy to the McKinney-Vento Homeless Assistance Act and federal regulations at 24 CFR 578. The program is designed to 1) promote community-wide commitment to the goal of ending homelessness; 2) providing funding for efforts by non-profit providers, states, and local governments to quickly re-house homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families and communities by homelessness; 3) promote access to and effective utilization of mainstream programs by homeless individuals and families; and 4) optimize self-sufficiency among individuals and families experiencing homelessness.

A. *Financial Reporting Entity*

In evaluating how to define the Authority for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the financial reporting entity was made by applying the criteria set forth in GASB #14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the Authority has one component unit, Socorro Village and the Authority is a discretely presented component unit of Socorro County.

B. *Basis of Presentation*

All of the Authority's programs are accounted for as business-type activities using proprietary (enterprise) funds for financial reporting purposes. This financial statement presentation provides an indication of the financial performance of the Authority as a whole. Enterprise designations are used to account for activities (a) which are financed with debt that is solely secured by a pledge of the net revenues from fees and charges of the activity; (b) which are governed by laws or regulations that require that the activity's costs of providing services be recovered with fees and charges, rather than taxes or similar revenues; or (c) that the pricing policies of the activity establish fees and charges designed to recover its costs.

The Authority uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Encumbrance accounting is not used for budgetary or normal financial reporting purposes.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The Authority classifies all funds into one category: proprietary. That category, in turn, is divided into separate “funds”.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

GASB No. 63 amends GASB 34 to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

Deferred outflows of resources – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

Deferred inflows of resources – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

Net Position – The residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority’s principal ongoing operations. The Authority’s operating revenues consist primarily of charges for services and operating grants. Operating expenses include administration, utilities and ordinary repairs and maintenance expenses as well as general expenses, housing assistance payments, and depreciation expense. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

As a general rule, the effect of interfund activity has been eliminated from the proprietary financial statements.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed. Under the HCV program amounts received from HUD to housing assistance payments (HAP) can only be used to pay for current year activities.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity*

Cash and Cash Equivalents

The Authority considers cash in operating bank accounts, cash on hand and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. State statutes authorize the Authority to invest in obligations of the U.S. Treasury, certified financial institution time deposits, and New Mexico political subdivision obligations.

New Mexico Statutes require that financial institutions with public monies on deposit to pledge collateral to the owner of such public monies in an amount not less than 50% of the public monies held on deposit. Collateral pledged is held in safekeeping by other financial institutions, with safekeeping receipts held by the Authority (Note 2).

Accounts Receivable

All trade receivables and tenant receivables are shown net of an allowance for doubtful accounts. The allowance is comprised of all accounts receivable which management estimates to be uncollectible.

Inventory

Inventories are valued at cost.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services that are applicable to future accounting periods.

Land, Structures and Equipment

Proprietary fund property and equipment acquisitions are recorded at cost or, if contributed property, at their fair market value at the time the contribution is made. Repairs and maintenance are recorded as expenses, while renewals and betterments are capitalized. Assets capitalized have an original cost of \$5,000 or more, per section 12-6-10 NMSA 1978, and a useful life of more than one year. Pursuant to the implementation of GASB Statement No. 34, the historical costs of infrastructure assets, (retroactive to 1979) are included as part of the Authority's capital assets reported in the basic financial statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

| | |
|----------------------|------------|
| Vehicles & Equipment | 3-10 years |
|----------------------|------------|

Accounts Payable

Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred.

Accrued Expenses

Accrued expenses are comprised of accrued salaries, wages, related employment taxes and current maturities of compensated absences, discussed more fully below.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity (Continued)*

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Authority has elected not to participate in PERA.

Compensated Absences

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement. Vested or accumulated vacation leave is reported as an expenditure and a liability of the program that will pay it.

The maximum amount of unused leave cannot exceed 720 hours. Unused leave up to 400 hours is paid upon termination less any time used and paid within six months of separation. The liability related to outstanding leave at June 30, 2018 totaled \$12,381 which accounted for a \$3,436 increase from previous year. Compensated absences are accounted for in the Section 8 and Property Management funds.

Cash Flows

For the purpose of the statement of cash flows, the Authority and its component unit consider all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenses. Transactions that constitute reimbursements to a fund for expenses initially made from it that are properly applicable to another fund are recorded as expenses in the reimbursing fund and as a reduction of expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Authority's financial statements include management's estimate of the useful lives of capital assets.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

D. *Assets, Liabilities, and Equity (Continued)*

Net Position

Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position are classified in the following three components: invested in capital assets, net of related debt; restricted; and unrestricted net position. Invested in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction and improvement of the assets: debt related to the unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net position consists of net assets for which constraints are placed thereon by external parties, such as: lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consist of all other net assets not included in the above categories.

Restricted Assets

Certain resources set aside for modernization and development, as well as security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited. The Authority's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Revenue Recognition

Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned. The Authority has entered into annual contributions contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as operating grants in the accompanying financial statements.

E. *Budgets*

The Authority adheres to the following regarding the budget:

1. The executive director and the fee accountant prepare the budget in accordance with HUD guidelines.
2. Capital expenditures are budgeted for grant purposes. Expenditures capitalized are reflected as increases to capital assets and reported on the statement of net position. The Authority does not budget for depreciation expense.
3. HUD reviews the proposed budget and makes corrections, revisions and amendments as necessary.
4. The executive director submits the budget to the Authority's Board of Directors for approval.
5. The Board of Directors approves the budget.

The Authority does not budget depreciation expense; therefore, the budget is not prepared in accordance with generally accepted accounting principles. The budget is a guideline to operations and is not a legally enforceable document. The Authority's level of budgetary control is at the total fund level and the individual capital projects level. The Authority submitted its budget to the State of New Mexico Department of Finance and Administration. Socorro Village (a component unit of the housing authority) is not legally required to adopt a budget.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

F. *Component Unit*

Nature of Organization. Socorro Village Apartments is a forty-unit apartment facility for the elderly and low income, located at 444 Eaton Avenue, Socorro, New Mexico. It is operated under Section 202 of the National Housing Act and regulated by the U.S. Department of Housing and Urban Development (HUD) with respect to rental charges and operating methods. The project is owned by Socorro Village, LLC. There is no capital stock issued. Socorro Village, LLC is an organization exempt from income tax under provisions of Section 501 (c)(4) of the Internal Revenue Code. Socorro Village, LLC is owned equally by El Camino Real Housing Authority and Pioneer Socorro, LLC.

Socorro Village, LLC, is a component unit of El Camino Real Housing Authority. El Camino Real Housing Authority is a political subdivision of the State of New Mexico and a component unit of Socorro County, New Mexico. There are not component units of Socorro Village, LLC.

Rent Income. Socorro Village has a Housing Assistance Payment (HAP) contract with HUD. Under the contract, Socorro Village receives rental assistance for their tenants from HUD. HUD approves the maximum allowable monthly rents that can be charged. There are forty income producing rental units within Socorro Village. The HUD rental subsidy for the year ended June 30, 2018 was \$113,676.

Capital Assets. The component unit property and equipment acquisitions are recorded at cost or, if contributed property, at their fair market value at the time the contribution is made. Assets capitalized have an original cost of \$5,000 or more and a useful life of more than one year. Contributed capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

| | |
|-----------------------------------|-------------|
| Buildings & Building Improvements | 10-40 years |
| Vehicles & Equipment | 3-10 years |

Unrestricted Net Position. The net position of Socorro Village, LLC totaled \$38,981 as of June 30, 2018. When both restricted and unrestricted resources are available, it is Socorro Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Rental Increases. According to regulatory agreement with HUD, the project may not increase rents to tenants without prior approval.

Management Fee. The project expenses include management and administrative fees to El Camino Real Housing Authority in the amounts of \$18,000 and \$12,000, respectively. In addition, Socorro Village, LLC reimbursed the Authority for maintenance wages and benefits in the amount of \$102,020.

Income Taxes. Socorro Village, LLC is exempt from income taxes.

Distributions. The project's regulatory agreement with HUD stipulates that the project will not make distributions of assets of income to any of its officers or directors.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the Project's financial statements include management's estimate of the useful lives of capital assets.

Note 2. Cash and Cash Equivalents

State statutes authorize the investment of the Authority's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Authority properly followed State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Deposits

NM State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Authority for a least one half of the amount on deposit with the institution. The schedule listed below discloses the State of New Mexico, Office of the State Auditor's requirements on reporting the insured portion of the Authority's deposits.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 2. Cash and Cash Equivalents (Continued)

The pledged collateral requirements for the Authority and Socorro Village are detailed below:

| | Housing Authority Wells Fargo Bank | Socorro Village First State Bank | Socorro Village NMFA | Total |
|---|---|---|-------------------------------------|--------------------------|
| Total amount of deposits | \$ 266,054 | \$ 177,841 | \$ 190,000 | \$ 633,895 |
| FDIC Coverage | (250,000) | (177,841) | (190,000) | (617,841) |
| Total uninsured public funds | 16,054 | 0 | 0 | 16,054 |
| Pledged collateral held by pledging bank's trust department or agent but not in agency's name | (9,479) | 0 | 0 | (9,479) |
| Uninsured and uncollateralized | <u>\$ 6,575</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 6,575</u> |
| Collateral requirement (50% of uninsured public funds) | \$ 8,027 | \$ 0 | \$ 0 | \$ 8,027 |
| Total pledged collateral | (9,479) | 0 | 0 | (9,479) |
| Total (over) under requirement | <u><u>\$ (1,452)</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ 0</u></u> | <u><u>\$ (1,452)</u></u> |

At June 30, 2018, the carrying amount of the Authority's deposits was \$254,895 for the Authority and \$363,822 for Socorro Village.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2018, \$16054 of the Authority's bank balance of \$633,895 was exposed to custodial credit risk because the amount uninsured was collateralized by collateral held by the pledging bank's trust department in the Authority's name.

Note 3. Accounts Receivable

The Authority considers all receivable balances collectable. The Authority's accounts receivable at June 30, 2018, are as follows:

| | <u>Accounts Receivable</u> | <u>Allowance</u> | <u>Net</u> |
|---|--------------------------------|------------------|-------------------|
| El Camino Real Housing Authority | | | |
| Accounts receivable – Tenants | \$ 4,553 | \$ 0 | \$ 4,553 |
| Accounts receivable – Component unit | 57,642 | 0 | 57,642 |
| Accounts receivable – HUD | 131,266 | 0 | 131,266 |
| Total | <u>\$ 193,461</u> | <u>\$ 0</u> | <u>\$ 193,461</u> |
| Socorro Village (component unit) | | | |
| Accounts receivable – Tenants | 7,410 | 0 | 7,410 |
| Accounts receivable – HUD | 27,158 | 0 | 27,158 |
| Total | <u>\$ 34,568</u> | <u>\$ 0</u> | <u>\$ 34,568</u> |

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 4. Interfund Receivables, Payables and Transfers

During the course of operations, numerous transactions occur between individual funds for loans. These loans are reported as “due from other funds” or “due to other funds” on the balance sheet.

As of June 30, 2018, the Authority maintained balances due between funds as follows:

| | Interfund Receivables | Interfund Payables |
|-------------------------------|--------------------------|-----------------------|
| Section 8 | \$ 31,524 | \$ — |
| Property Management | 122,869 | — |
| Rehabilitation | — | 900 |
| Continuum of Care | — | 153,493 |
| Total Governmental Activities | \$ 154,393 | \$ 154,393 |

Note 5. Land, Structures, and Equipment

A summary of capital assets and changes occurring during the year ended June 30, 2018 follows. Land is not subject to depreciation.

| | Balance 6/30/2017 | Additions | Deletions | Adjustments | Balance 6/30/2018 |
|---|----------------------|------------|-----------|-------------|----------------------|
| Primary Unit – El Camino Real | | | | | |
| Capital Assets, Being Depreciated: | | | | | |
| Furniture, fixtures, & equipment | \$ 47,143 | \$ — | \$ — | \$ — | \$ 47,143 |
| Total Capital Assets being Depreciated | 47,143 | — | — | — | 47,143 |
| Accumulated Depreciation: | | | | | |
| Furniture, fixtures, & equipment | (33,087) | (6,201) | — | — | (39,288) |
| Total Accumulated Depreciation | (33,087) | (6,201) | — | — | (39,288) |
| Total Capital Assets, Net of Depreciation: | \$ 14,056 | \$ (6,201) | \$ — | \$ — | 7,855 |

The Authority has continued to maintain the cost of its buildings and equipment and update its depreciation schedule as information becomes available. Depreciation expense for the year ended June 30, 2018, totaled \$6,201.

Socorro Village (component unit)

| | Balance 6/30/2017 | Additions | Deletions | Transfers | Balance 6/30/2018 |
|---|----------------------|-------------|-----------|-----------|----------------------|
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 53,210 | \$ — | \$ — | \$ — | \$ 53,210 |
| Total Capital Assets, Not Being Depreciated: | 53,210 | — | — | — | 53,210 |
| Capital Assets, Being Depreciated: | | | | | |
| Buildings | 2,412,360 | — | — | — | 2,412,360 |
| Capital improvements | 362,934 | — | — | — | 362,934 |
| Furniture, fixtures, & equipment | 109,442 | — | — | — | 109,442 |
| Total Capital Assets, Being Depreciated | 2,884,736 | — | — | — | 2,884,736 |
| Total Capital Assets | 2,937,946 | — | — | — | 2,937,946 |
| Accumulated Depreciation: | | | | | |
| Buildings | (1,060,456) | (42,609) | — | — | (1,103,065) |
| Capital improvements | (272,860) | (29,601) | — | — | (302,461) |
| Furniture, fixtures, & equipment | (106,440) | (429) | — | — | (106,869) |
| Total Public Housing Program | (1,439,756) | (72,639) | — | — | (1,512,395) |
| Total Capital Assets, Net of Depreciation: | \$ 1,498,190 | \$ (72,639) | \$ — | \$ — | 1,425,551 |

Depreciation expense for the year ended June 30, 2018, totaled \$72,639.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 6. Long-Term Debt

The Housing Authority did not maintain long-term liabilities during the year ended June 30, 2018.

Socorro Village (component unit)

The following summarizes changes in long-term liabilities during the year ended June 30, 2018.

| | Balance <u>6/30/2017</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>6/30/2018</u> | Due Within <u>One Year</u> |
|--------------|-----------------------------|------------------|--------------------|-----------------------------|-------------------------------|
| Note Payable | \$ 1,291,192 | - | (16,297) | 1,274,895 | 16,635 |
| Total | \$ 1,291,192 | \$ - | \$ (16,297) | \$ 1,274,895 | \$ 16,635 |

Compensated Absences

| | Balance <u>6/30/2017</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>6/30/2018</u> | Due Within <u>One Year</u> |
|----------------------|-----------------------------|------------------|------------------|-----------------------------|-------------------------------|
| Compensated Absences | \$ 8,945 | 23,061 | (19,625) | 12,381 | 12,381 |

The Authority's policy allows employees to accumulate limited amounts of vacation and sick pay, which vacation is payable to the employee upon termination or retirement. The amount due within one year is \$8,945.

Note Payable

Home Program Loan - On October 22, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority for an \$800,000 Home Loan Program. The loan proceeds are from federally appropriated funds made available under the lender's HOME program, pursuant to Title II of the National Affordable Housing Act of 1990, as amended and federal regulations at 24 CFR Part 92. The proceeds were used on the development of the project. The loan is secured by a first mortgage on the property. The mortgage loan is a non-amortizing loan with interest payments at 1%. Principal is due at the earlier of sale or re-financing of the project or on the maturity date of the note which is December 1, 2048. Borrower shall make 456 monthly interest only payments beginning on the 1st day of the twenty-fifth month following the closing date and on the 1st day of each month thereafter until maturity.

Energy Savers and Home Trust – On November 6, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority for a \$250,000 Energy Saver Loan to be used for the acquisition and installation of eligible energy efficient improvements to the unit housing project. The promissory note bears interest at one percent (1%) per annum from the date of each disbursement of the loan funds. Borrower shall make 360 monthly principal and interest payments on the outstanding balance, beginning on the 1st day of the twenty-fourth month following the closing date and on the 1st day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and payable on December 1, 2040, the maturity date. The loan is secured by a second mortgage on the 40 unit housing project.

On November 6, 2008, Socorro Village, LLC entered into a loan agreement with New Mexico Mortgage Finance Authority for a \$340,000 Home Trust Loan to be used for the acquisition and rehabilitation of the 40 unit housing project. The promissory note bears interest at three percent (3%) per annum from the date of each disbursement of the loan funds. Borrower shall make 360 monthly principal and interest payments on the outstanding balance, beginning on the 1st day of the twenty-fourth month following the closing date and on the 1st day of each month thereafter until maturity. The entire principal amount, plus all accrued interest, will be due and payable on December 1, 2040, the maturity date. The loan is secured by a second mortgage on the 40 unit housing project.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 6. Long-Term Debt (Continued)

The Energy Savers and Home Trust Loan agreement requires that a Replacement Reserve Account be established with the Lender, to be held in trust. The initial reserve was established in the amount of \$250 per unit, for a total of \$10,000. In addition, the borrower will make a deposit into the Replacement Reserve concurrent with the first payment of principal and with each monthly payment thereafter, equally to one-twelfth of \$250 per unit per year. Interest earned on the reserve account will become part of the reserve. Disbursement from the reserve may be made only with prior written consent of the lender. In the event of default, the lender may apply the reserve fund to payment due on the loan.

In accordance with the provisions of the loan agreement, restricted cash is held by New Mexico Mortgage Finance Authority to be used for replacement of capital assets or for operations upon the prior approval of NMMFA. The balance of the Replacement Reserve Account at June 30, 2018 is \$99,349.

The following schedule shows the aggregate maturities of the indebtedness owed to NMFA over the life of the loans based upon current estimated debt subsidies:

| | <u>Principal</u> | <u>Total Interest</u> | <u>Total</u> |
|--------------|---------------------|---------------------------|---------------------|
| 2019 | 16,635 | 18,215 | 34,850 |
| 2020 | 16,983 | 17,867 | 34,850 |
| 2021 | 17,340 | 17,510 | 34,850 |
| 2022 | 17,706 | 17,144 | 34,850 |
| 2023 | 18,083 | 16,767 | 34,850 |
| 2024-2028 | 96,400 | 77,850 | 174,250 |
| 2029-2033 | 107,398 | 66,852 | 174,250 |
| 2034-2038 | 120,115 | 54,135 | 174,250 |
| Thereafter | <u>864,235</u> | <u>85,910</u> | <u>950,145</u> |
| Total | <u>\$ 1,274,895</u> | <u>\$ 372,250</u> | <u>\$ 1,647,145</u> |

Accrued interest - Mortgage interest payable is accrued for the monthly mortgage payments.

Note 8. Unearned Revenue

El Camino Real Housing Authority recognizes administrative fee revenue when earned as defined by HUD.

Note 9. Risk Management

El Camino Real Housing Authority and Socorro Village, LLC are exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has joined together with other housing authorities throughout the Country and obtained insurance through the Housing Authority Insurance Group, a housing Authority risk pool currently operating as a common risk management and insurance program for member units. The Authority pays an annual premium to the Housing Authority Insurance Group for its general insurance coverage and all risk of loss is transferred.

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 10. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although Authority expects such amounts, if any, to be immaterial.

Note 11. Concentrations

Approximately 90% percent of the Authority's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Authority.

Note 12. Other Required Individual Fund Disclosures

Generally accepted accounting principles require disclosures of certain information concerning individual funds including:

Excess of expenditures over appropriations: There were no funds which exceeded approved budgetary authority for the year ended June 30, 2018.

Note 13. Subsequent Events

The date to which events occurring after June 30, 2018, the date of the most recent balance sheet, has been evaluated for possible adjustment to the financial statements or disclosures is November 12, 2018. There were no events noted as of this date.

Note 14. Subsequent Accounting Standard Pronouncements

In November 2016, GASB Statement No. 83 *Certain Asset Retirement Obligations*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In April 2018, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

Note 15. Tax Abatements

The Authority does not receive and is not included in the property tax assessment or related abatements which would require disclosure under GASB 77 – *Tax Abatement Disclosures*.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
COMBINING BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2018

| ASSETS | Major Funds | | |
|--|-------------|------------------------|----------------|
| | Section 8 | Property Management | Rehabilitation |
| Cash and cash equivalents | \$ 136,972 | \$ 55,815 | \$ - |
| Accounts receivable - tenants | - | 57,642 | - |
| Accounts receivable - governments | 4,553 | - | - |
| Prepaid assets | - | - | 900 |
| Due from other funds | 31,524 | 122,869 | - |
| Restricted cash and cash equivalents | 39,881 | - | - |
| Land, structures and equipment (net of depreciation of \$ | 7,855 | - | - |
| <i>Total assets</i> | 220,785 | 236,326 | 900 |
| LIABILITIES | | | |
| <i>Current liabilities (payable from current assets):</i> | | | |
| Accounts payable | 9,829 | - | - |
| Accrued salaries & benefits | 13,960 | - | - |
| Due to other funds | - | - | 900 |
| Compensated absences | 7,682 | 4,699 | - |
| <i>Current liabilities (payable from restricted assets):</i> | | | |
| Tenant deposits | 39,881 | - | - |
| <i>Total liabilities</i> | 71,352 | 4,699 | 900 |
| NET POSITION | | | |
| Net investment in capital assets | 7,855 | - | - |
| Restricted | 54,556 | - | - |
| Unrestricted | 87,022 | 231,627 | - |
| <i>Total net position</i> | 149,433 | 231,627 | - |

The accompanying notes are an integral part of these financial statements

Statement A-1

| Non-Major Fund Continuum of Care | Total |
|---|----------------|
| \$ 22,227 | \$ 215,014 |
| - | 57,642 |
| 131,266 | 135,819 |
| - | 900 |
| - | 154,393 |
| - | 39,881 |
| - | 7,855 |
| <u>153,493</u> | <u>611,504</u> |
| \$ - | 9,829 |
| - | 13,960 |
| 153,493 | 154,393 |
| - | 12,381 |
| - | 39,881 |
| <u>153,493</u> | <u>230,444</u> |
| - | 7,855 |
| - | 54,556 |
| - | 318,649 |
| <u>-</u> | <u>381,060</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
MBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Major Funds | | |
|--|-------------------|---------------------|----------------|
| | Section 8 | Property Management | Rehabilitation |
| <i>Operating revenues:</i> | | | |
| Charges for services | \$ - | \$ 240,298 | \$ - |
| Miscellaneous | 23,229 | 12,533 | - |
| <i>Total operating revenues</i> | <u>23,229</u> | <u>252,831</u> | <u>-</u> |
| <i>Operating expenses:</i> | | | |
| Administration | 295,238 | 201,004 | - |
| Tenant services | - | - | - |
| Ordinary maintenance and operations | - | - | - |
| Depreciation | 6,201 | - | - |
| <i>Total operating expenses</i> | <u>301,439</u> | <u>201,004</u> | <u>-</u> |
| <i>Operating income/(loss)</i> | <u>(278,210)</u> | <u>51,827</u> | <u>-</u> |
| <i>Non-operating revenues (expenses):</i> | | | |
| Interest income | 9 | 2 | - |
| Operating grants | 2,630,297 | - | - |
| Capital grants | - | - | - |
| Housing assistance payments | (2,271,276) | - | - |
| <i>Total non-operating revenues (expenses)</i> | <u>359,030</u> | <u>2</u> | <u>-</u> |
| <i>Net income (loss)</i> | 80,820 | 51,829 | - |
| <i>Total net position - beginning of year</i> | <u>68,613</u> | <u>179,798</u> | <u>-</u> |
| <i>Total net position - end of year</i> | <u>\$ 149,433</u> | <u>\$ 231,627</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements

Statement A-2

| Non-Major Fund | Continuum of Care | Total |
|-------------------|----------------------|-------------|
| \$ - | - | \$ 240,298 |
| - | - | 35,762 |
| - | - | 276,060 |
| 103,201 | - | 599,443 |
| 331,061 | - | 331,061 |
| - | - | - |
| - | - | 6,201 |
| 434,262 | - | 936,705 |
| (434,262) | - | (660,645) |
| - | - | 11 |
| 434,262 | - | 3,064,559 |
| - | - | - |
| - | - | (2,271,276) |
| 434,262 | - | 793,294 |
| - | - | 132,649 |
| - | - | 248,411 |
| \$ - | - | \$ 381,060 |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Major Funds | | |
|--|---------------------|------------------------|-----------------|
| | Section 8 | Property Management | Rehabilitation |
| <i>Cash flows from operating activities:</i> | | | |
| Cash received from customers | \$ 892 | \$ (50,257) | \$ - |
| Cash paid to suppliers and employees | (275,103) | 48,812 | (900) |
| <i>Net cash provided by (used for) operating activities</i> | <u>(274,211)</u> | <u>(1,445)</u> | <u>(900)</u> |
| <i>Cash flows used by noncapital financing activities:</i> | | | |
| Intergovernmental HUD operating subsidy | 2,630,297 | - | - |
| Increase in interfund | 27,713 | 22,885 | (24,444) |
| Housing assistance payments | (2,271,276) | - | - |
| <i>Net cash provided by noncapital financing activities</i> | <u>386,734</u> | <u>22,885</u> | <u>(24,444)</u> |
| <i>Cash flows used by capital financing activities:</i> | | | |
| Acquisition and construction of capital assets | - | - | - |
| Intergovernmental HUD capital subsidy | - | - | - |
| Loss on asset disposal | - | - | - |
| Principal payments on notes | - | - | - |
| Interest payments on notes | - | - | - |
| <i>Net cash provided by capital financing activities</i> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Cash flows from investing activities:</i> | | | |
| Interest received | 9 | 2 | - |
| <i>Net increase/(decrease) in cash and cash equivalents</i> | 112,532 | 21,442 | (25,344) |
| <i>Cash and cash equivalents - beginning of year</i> | <u>64,320</u> | <u>34,373</u> | <u>25,344</u> |
| <i>Cash and cash equivalents - end of year</i> | <u>\$ 176,852</u> | <u>\$ 55,815</u> | <u>\$ -</u> |
| <i>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</i> | | | |
| Operating income (loss) | \$ (278,210) | \$ 51,827 | \$ - |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | | |
| Depreciation | 6,201 | - | - |
| (Increase) Decrease in accounts receivable | 892 | (50,257) | - |
| (Increase) Decrease in prepaid assets | - | - | (900) |
| Increase (Decrease) in accounts payable | (2,760) | - | - |
| Increase (Decrease) in accrued expenses | 2,307 | (5,103) | - |
| Increase in deferred outflows | - | - | - |
| Increase in deferred inflow | - | - | - |
| Increase in pension liability | - | - | - |
| Increase/(decrease) in tenant security deposits | (3,989) | - | - |
| Increase in compensated absences | 1,348 | 2,088 | - |
| <i>Net cash provided by (used for) operating activities</i> | <u>\$ (274,211)</u> | <u>\$ (1,445)</u> | <u>\$ (900)</u> |

Statement A-3

| Non-Major Fund Continuum of Care | Total |
|---|---------------------|
| \$ (6,233) | \$ (55,598) |
| <u>(436,422)</u> | <u>(663,613)</u> |
| <u>(442,655)</u> | <u>(719,211)</u> |
| | |
| 434,262 | 3,064,559 |
| (26,154) | - |
| - | <u>(2,271,276)</u> |
| <u>408,108</u> | <u>793,283</u> |
| | |
| - | - |
| - | - |
| - | - |
| - | - |
| <u>-</u> | <u>-</u> |
| <u>-</u> | <u>-</u> |
| | |
| <u>-</u> | <u>11</u> |
| (34,547) | 74,083 |
| <u>56,774</u> | <u>180,811</u> |
| <u>\$ 22,227</u> | <u>\$ 254,894</u> |
| | |
| \$ (434,262) | \$ (660,645) |
| | |
| - | 6,201 |
| (6,233) | (55,598) |
| - | (900) |
| (2,160) | (4,920) |
| - | (2,796) |
| - | - |
| - | - |
| - | - |
| - | (3,989) |
| - | 3,436 |
| <u>\$ (442,655)</u> | <u>\$ (719,211)</u> |

STATE OF NEW MEXICO

Statement A-4

EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTYSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
HOUSING CHOICE VOUCHERS SECTION 8 PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Tenant rent | \$ - | \$ - | \$ - | \$ - |
| Other operating revenue | 23,229 | 23,229 | 23,229 | - |
| <i>Total revenues</i> | <u>23,229</u> | <u>23,229</u> | <u>23,229</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current | | | | |
| Administration | 295,238 | 295,238 | 295,238 | - |
| Tenant services | - | - | - | - |
| Ordinary maintenance and operations | - | - | - | - |
| Utilities | - | - | - | - |
| Insurance expenses | - | - | - | - |
| Depreciation expense | - | - | 6,201 | (6,201) |
| General expenses | - | - | - | - |
| <i>Total expenditures</i> | <u>295,238</u> | <u>295,238</u> | <u>301,439</u> | <u>(6,201)</u> |
| <i>Operating Income (loss)</i> | <u>(272,009)</u> | <u>(272,009)</u> | <u>(278,210)</u> | <u>(6,201)</u> |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Designated cash | (4,629,573) | (87,021) | - | 87,021 |
| Gain on asset disposal | - | - | - | - |
| HUD operating subsidy | 2,630,297 | 2,630,297 | 2,630,297 | - |
| Housing assistance payments | 2,271,276 | (2,271,276) | (2,271,276) | - |
| Investment income | 9 | 9 | 9 | - |
| <i>Total non-operating revenues (expenses)</i> | <u>272,009</u> | <u>272,009</u> | <u>359,030</u> | <u>87,021</u> |
| <i>Change in net position</i> | <u>\$ -</u> | <u>\$ -</u> | <u>80,820</u> | <u>\$ 80,820</u> |
| <i>Net position - beginning of year</i> | | | <u>68,613</u> | |
| <i>Net position - end of year</i> | | | <u>\$ 149,433</u> | |

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

STATE OF NEW MEXICO

Statement A-5

EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTYSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
PROPERTY MANAGEMENT PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Favorable (Unfavorable) |
|--|------------------|-----------------|-------------------|--|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Tenant rent | \$ 240,298 | \$ 240,298 | \$ 240,298 | \$ - |
| Other operating revenue | 12,533 | 12,533 | 12,533 | - |
| <i>Total revenues</i> | <u>252,831</u> | <u>252,831</u> | <u>252,831</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current | | | | |
| Administration | 201,004 | 201,004 | 201,004 | - |
| Tenant services | - | - | - | - |
| Ordinary maintenance and operations | - | - | - | - |
| Utilities | - | - | - | - |
| Insurance expense | - | - | - | - |
| Depreciation expense | - | - | - | - |
| Other general expenses | - | - | - | - |
| <i>Total expenditures</i> | <u>201,004</u> | <u>201,004</u> | <u>201,004</u> | <u>-</u> |
| <i>Operating Income (loss)</i> | <u>51,827</u> | <u>51,827</u> | <u>51,827</u> | <u>-</u> |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Designated cash | (51,829) | (51,829) | - | 51,829 |
| Gain on asset disposal | - | - | - | - |
| HUD operating subsidy | - | - | - | - |
| Housing assistance payments | - | - | - | - |
| Investment income (expense) | 2 | 2 | 2 | - |
| <i>Total non-operating revenues (expenses)</i> | <u>(51,827)</u> | <u>(51,827)</u> | <u>2</u> | <u>51,829</u> |
| <i>Change in net position</i> | <u>\$ -</u> | <u>\$ -</u> | 51,829 | <u>\$ 51,829</u> |
| <i>Net position - beginning of year</i> | | | <u>179,798</u> | |
| <i>Net position - end of year</i> | | | <u>\$ 231,627</u> | |

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

STATE OF NEW MEXICO

Statement A-6

EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTYSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - BUDGET AND ACTUAL
REHABILITATION PROGRAM PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- |
|--|------------------|-------------|-------------------|--------------------------------|
| | Original | Final | | Favorable (Unfavorable) |
| <i>Revenues:</i> | | | | |
| Tenant rent | \$ - | \$ - | \$ - | \$ - |
| Other operating revenue | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current | | | | |
| Administration | - | - | - | - |
| Tenant services | - | - | - | - |
| Ordinary maintenance and operations | - | - | - | - |
| Utilities | - | - | - | - |
| Insurance expense | - | - | - | - |
| Depreciation expense | - | - | - | - |
| Other general expenses | - | - | - | - |
| <i>Total expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Operating Income (loss)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Designated cash | - | - | - | - |
| Gain on asset disposal | - | - | - | - |
| HUD operating subsidy | - | - | - | - |
| Housing assistance payments | - | - | - | - |
| Investment income (expense) | - | - | - | - |
| <i>Total non-operating revenues (expenses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Change in net position</i> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| <i>Net position - beginning of year</i> | | | - | |
| <i>Net position - end of year</i> | | | <u>\$ -</u> | |

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

STATE OF NEW MEXICO

Statement A-7

EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTYSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
CONTINUUM OF CARE PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Tenant rent | \$ - | \$ - | \$ - | \$ - |
| Other operating revenue | - | - | - | - |
| <i>Total revenues</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| Current | | | | |
| Administration | 103,201 | 103,201 | 103,201 | - |
| Tenant services | 331,061 | 331,061 | 331,061 | - |
| Ordinary maintenance and operations | - | - | - | - |
| Utilities | - | - | - | - |
| Insurance expenses | - | - | - | - |
| Other general expenses | - | - | - | - |
| Depreciation expense | - | - | - | - |
| Capital fund operating costs | - | - | - | - |
| <i>Total expenditures</i> | <u>434,262</u> | <u>434,262</u> | <u>434,262</u> | <u>-</u> |
| <i>Operating Income (loss)</i> | <u>(434,262)</u> | <u>(434,262)</u> | <u>(434,262)</u> | <u>-</u> |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Designated cash | - | - | - | - |
| Gain on asset disposal | - | - | - | - |
| HUD operating subsidy | 434,262 | 434,262 | 434,262 | - |
| HUD capital project grants | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total non-operating revenues (expenses)</i> | <u>434,262</u> | <u>434,262</u> | <u>434,262</u> | <u>-</u> |
| <i>Change in net position</i> | <u>\$ -</u> | <u>\$ -</u> | - | <u>\$ -</u> |
| <i>Net position - beginning of year</i> | | | <u>-</u> | |
| <i>Net position - end of year</i> | | | <u>\$ -</u> | |

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

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
COMBINING BALANCE SHEET - PROPRIETARY FUNDS
JUNE 30, 2018

Statement B-1

| | <u>Socorro Village</u> |
|---|----------------------------|
| ASSETS | |
| <i>Current assets:</i> | |
| Cash and cash equivalents | \$ 64,820 |
| Accounts receivable - tenants | 7,410 |
| Accounts receivable - governments | 27,158 |
| Restricted cash and cash equivalents | 299,002 |
| <i>Non-current assets:</i> | |
| Land, structures and equipment (net of depreciation of \$1,512,396) | 1,425,551 |
| <i>Total assets</i> | <u><u>1,823,941</u></u> |
| LIABILITIES | |
| <i>Current liabilities (payable from current assets):</i> | |
| Accounts payable | 6,336 |
| Accrued interest | 1,531 |
| Due to property management | 57,642 |
| <i>Current liabilities (payable from restricted assets):</i> | |
| Tenant deposits | 9,965 |
| <i>Non-current liabilities:</i> | |
| Note payable, due within one year | 16,635 |
| Notes payable, due in more than one year | 1,258,260 |
| <i>Total liabilities</i> | <u><u>1,350,369</u></u> |
| NET POSITION | |
| Net investment in capital assets | 150,656 |
| Restricted | 283,935 |
| Unrestricted | 38,981 |
| <i>Total net position</i> | <u><u>473,572</u></u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTYCOMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

| | Socorro Village |
|--|-----------------------------|
| | <u> </u> |
| <i>Operating revenues:</i> | |
| Charges for services | \$ 113,676 |
| <i>Total operating revenues</i> | <u>113,676</u> |
| <i>Operating expenses:</i> | |
| Administration | 83,955 |
| Utilities | 47,247 |
| Ordinary maintenance and operations | 26,968 |
| Contract expenses | 123,348 |
| Interest expense | 18,527 |
| Insurance expense | 6,903 |
| Other expense | 4,039 |
| Depreciation | 72,639 |
| <i>Total operating expenses</i> | <u>383,626</u> |
| <i>Operating income/(loss)</i> | <u>(269,950)</u> |
| <i>Non-operating revenues (expenses):</i> | |
| Interest income | 141 |
| Operating grants | 190,550 |
| <i>Total non-operating revenues (expenses)</i> | <u>190,691</u> |
| <i>Net income (loss)</i> | (79,259) |
| <i>Total net position - beginning of year</i> | 552,831 |
| <i>Prior period adjustment</i> | - |
| <i>Total net position - beginning of year (adjusted)</i> | <u>552,831</u> |
| <i>Total net position - end of year</i> | <u>\$ 473,572</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
 EL CAMINO REAL HOUSING AUTHORITY
 A COMPONENT UNIT OF SOCORRO COUNTY
 COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

Statement B-3

| | Socorro Village |
|--|--------------------|
| <i>Cash flows from operating activities:</i> | |
| Cash received from customers | \$ 140,621 |
| Cash paid to suppliers and employees | (312,178) |
| <i>Net cash provided by (used for) operating activities</i> | (171,557) |
| <i>Cash flows used by capital financing activities:</i> | |
| Intergovernmental HUD capital subsidy | 190,549 |
| Principal payments on notes | (16,297) |
| Interest payments on notes | (28) |
| <i>Net cash provided by capital financing activities</i> | 174,224 |
| <i>Cash flows from investing activities:</i> | |
| Interest received | 141 |
| <i>Net increase/(decrease) in cash and cash equivalents</i> | 2,808 |
| <i>Cash and cash equivalents - beginning of year</i> | 361,014 |
| <i>Cash and cash equivalents - end of year</i> | \$ 363,822 |
| <i>Reconciliation of operating (loss) to net cash provided by (used for) operating activities:</i> | |
| Operating income (loss) | \$ (269,950) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | |
| Depreciation | 72,639 |
| (Increase) Decrease in accounts receivable | (23,187) |
| Increase (Decrease) in accounts payable | 49,066 |
| Increase (Decrease) in accrued interest | - |
| Increase/(decrease) in tenant security deposits | (125) |
| <i>Net cash provided by (used for) operating activities</i> | \$ (171,557) |

STATE OF NEW MEXICO

Statement B-4

EL CAMINO REAL HOUSING AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
SOCORRO VILLAGE COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2018

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget- Favorable (Unfavorable) |
|--|------------------|------------------|-------------------|--|
| | Original | Final | | |
| <i>Revenues:</i> | | | | |
| Tenant rent | \$ 113,676 | \$ 113,676 | \$ 113,676 | \$ - |
| Other operating revenue | - | - | - | - |
| <i>Total revenues</i> | <u>113,676</u> | <u>113,676</u> | <u>113,676</u> | <u>-</u> |
| <i>Expenses:</i> | | | | |
| Current | | | | |
| Administration | 83,955 | 83,955 | 83,955 | - |
| Ordinary maintenance and operations | 26,968 | 26,968 | 26,968 | - |
| Utilities | 47,247 | 47,247 | 47,247 | - |
| Insurance expenses | 123,348 | 123,348 | 123,348 | - |
| Other general expenses | 6,903 | 6,903 | 6,903 | - |
| Depreciation expense | 72,639 | 72,639 | 72,639 | - |
| Capital fund operating costs | 18,527 | 18,527 | 18,527 | - |
| <i>Total expenses</i> | <u>379,587</u> | <u>379,587</u> | <u>379,587</u> | <u>-</u> |
| <i>Operating Income (loss)</i> | <u>(265,911)</u> | <u>(265,911)</u> | <u>(265,911)</u> | <u>-</u> |
| <i>Non-operating revenues (expenses):</i> | | | | |
| Designated cash | 75,220 | 75,220 | - | (75,220) |
| Operating grant | 190,550 | 190,550 | 190,550 | - |
| Investment income | 141 | 141 | 141 | - |
| <i>Total non-operating revenues (expenses)</i> | <u>265,911</u> | <u>265,911</u> | <u>190,691</u> | <u>(75,220)</u> |
| <i>Change in net position</i> | <u>\$ -</u> | <u>\$ -</u> | <u>(75,220)</u> | <u>\$ (75,220)</u> |
| <i>Net position - beginning of year</i> | | | <u>548,792</u> | |
| <i>Net position - end of year</i> | | | <u>\$ 473,572</u> | |

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

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF CASH AND CASH EQUIVALENTS BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2018

| Financial Institution | Wells Fargo Bank | First State Bank | Total |
|---|---------------------|---------------------|-------------------|
| <i>BALANCE PER BANK</i> | | | |
| Checking - General Operating Fund | \$ 39,278 | \$ - | \$ 39,278 |
| FSS Escrow Deposits | 39,881 | - | 39,881 |
| Rehab Checking | 2 | - | 2 |
| Section 8 Checking | 146,885 | - | 146,885 |
| Checking - Shelter Care Plus | 2,435 | - | 2,435 |
| Checking - Continuum of Care | 21,036 | - | 21,036 |
| Certificate of Deposit - El Camino Real Housing | 16,537 | - | 16,537 |
| NMMFA - Replacement Reserve | - | 190,000 | 190,000 |
| Checking - Socorro Village Security Deposits | - | 9,653 | 9,653 |
| Checking - Socorro Village | - | 68,839 | 68,839 |
| Checking - Socorro Village Reserve Account | - | 99,349 | 99,349 |
| | | | |
| Total on Deposit | 266,054 | 367,841 | 633,895 |
| | | | |
| Reconciling Items | (11,159) | (4,019) | (15,178) |
| | | | |
| Reconciled Balance, June 30, 2018 | <u>\$ 254,895</u> | <u>\$ 363,822</u> | 618,717 |
| | | | |
| Petty Cash | | | - |
| | | | |
| Total Cash per Government-wide Financial Statements | | | <u>\$ 618,717</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF DEPOSITORY COLLATERAL
PUBLIC FUNDS
JUNE 30, 2018

Schedule II

| Name of Depository | CUSIP Number | Fair Market Value June 30, 2018 | Maturity Date | Name and Location of Safekeeper |
|----------------------------|-----------------|---------------------------------------|------------------|------------------------------------|
| Wells Fargo Bank, N.A. | | | | |
| FMAC FGPC 4.000% - Housing | 3128MCPV1 | 3,655 | 6/1/2025 | Bank of New York Mellon |
| FMAC FGPC 4.000% - Housing | 31292K5Q6 | 5,460 | 11/1/2040 | Bank of New York Mellon |
| FMAC FGPC 3.500% - Housing | 3132GRGN5 | <u>364</u> | 2/1/2042 | Bank of New York Mellon |
| Total - Wells Fargo | | <u>\$ 9,479</u> | | |

The accompanying notes are an integral part of these financial statements

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Preserted | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|--|---|---|---------------|--|---|
| 111 Cash - Unrestricted | \$ 60,296 | \$ 64,508 | \$ 55,815 | \$ 22,227 | \$ 2 |
| 112 Cash - Restricted - Modernization and Development | | | | | |
| 113 Cash - Other Restricted | 116,557 | 289,349 | | | |
| 114 Cash - Tenant Security Deposits | | 9,965 | | | |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | |
| 100 Total Cash | \$ 176,853 | \$ 363,822 | \$ 55,815 | \$ 22,227 | \$ 2 |
| 121 Accounts Receivable - PHA Projects | \$ - | \$ - | \$ - | \$ 131,266 | |
| 122 Accounts Receivable - HUD Other Projects | | 27,158 | | | |
| 124 Accounts Receivable - Other Government | 4,553 | | | | |
| 125 Accounts Receivable - Miscellaneous | | | 57,642 | | |
| 126 Accounts Receivable - Tenants | | 11,550 | | | |
| 126.1 Allowance for Doubtful Accounts - Tenants | | (4,140) | | | |
| 126.2 Allowance for Doubtful Accounts - Other | | | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | - | - | - | - | |
| 128 Fraud Recovery | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | - | - | - | - | |
| 129 Accrued Interest Receivable | - | - | - | - | |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$ 4,553 | \$ 34,568 | \$ 57,642 | \$ 131,266 | \$ - |
| 131 Investments - Unrestricted | \$ - | \$ - | \$ - | \$ - | |
| 132 Investments - Restricted | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | |
| 142 Prepaid Expenses and Other Assets | | | | | \$ 900 |
| 143 Inventories | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | |
| 144 Inter Program Due From | 31,524 | | 136,489 | | |
| 145 Assets Held for Sale | | | | | |
| 150 Total Current Assets | \$ 212,930 | \$ 398,390 | \$ 249,946 | \$ 153,493 | \$ 902 |
| 161 Land | | \$ 53,210 | | | |
| 162 Buildings | | 2,775,296 | | | |
| 163 Furniture, Equipment & Machinery - Dwellings | | 109,442 | | | |
| 164 Furniture, Equipment & Machinery - Administration | 47,143 | | | | |
| 165 Leasehold Improvements | | | | | |
| 166 Accumulated Depreciation | (39,288) | (1,512,397) | | | |
| 167 Construction in Progress | | | | | |
| 168 Infrastructure | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$ 7,855 | \$ 1,425,551 | \$ - | \$ - | \$ - |

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

| Subtotal | ELIM | Total |
|----------------|--------------|----------------|
| \$ 202,848 | | \$ 202,848 |
| \$ - | | \$ - |
| \$ 405,906 | | \$ 405,906 |
| \$ 9,965 | | \$ 9,965 |
| \$ - | | \$ - |
| \$ 618,719 | \$ - | \$ 618,719 |
| | | \$ - |
| 27,158 | | \$ 27,158 |
| 4,553 | | \$ 4,553 |
| 57,642 | | \$ 57,642 |
| 11,550 | | \$ 11,550 |
| (4,140) | | \$ (4,140) |
| - | | \$ - |
| - | | \$ - |
| - | | \$ - |
| - | | \$ - |
| 228,029 | \$ - | \$ 228,029 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 900 | | \$ 900 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 168,013 | -\$168,013 | \$ - |
| \$ - | | \$ - |
| \$ 1,015,661 | \$ (168,013) | \$ 847,648 |
| \$ 53,210 | | \$ 53,210 |
| \$ 2,775,296 | | \$ 2,775,296 |
| \$ 109,442 | | \$ 109,442 |
| \$ 47,143 | | \$ 47,143 |
| \$ - | | \$ - |
| \$ (1,551,685) | | \$ (1,551,685) |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 1,433,406 | | \$ 1,433,406 |

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

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Preserted | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|---|---|---|---------------|--|---|
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$ - | \$ - | \$ - | \$ - | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | - | - | - | - | |
| 173 Grants Receivable - Non Current | - | - | - | - | |
| 174 Other Assets | - | - | - | - | |
| 176 Investments in Joint Ventures | - | - | - | - | |
| 180 Total Non-Current Assets | \$ 7,855 | \$ 1,425,551 | \$ - | \$ - | |
| 290 Total Assets and Deferred Outflow of Resources | \$ 220,785 | \$ 1,823,941 | \$ 249,946 | \$ 153,493 | \$ 902 |
| 311 Bank Overdraft | \$ - | \$ - | \$ - | | |
| 312 Accounts Payable <= 90 Days | 11,358 | 63,978 | | | |
| 313 Accounts Payable >90 Days Past Due | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | 12,431 | | | | |
| 322 Accrued Compensated Absences - Current Portion | 7,682 | | 4,699 | | |
| 324 Accrued Contingency Liability | | | | | |
| 325 Accrued Interest Payable | | 1,531 | | | |
| 331 Accounts Payable - HUD PHA Programs | | | | | |
| 332 Account Payable - PHA Projects | | | | | |
| 333 Accounts Payable - Other Government | | | | | |
| 341 Tenant Security Deposits | | 9,965 | | | |
| 342 Deferred Revenues | | | | | |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | |
| 345 Other Current Liabilities | | 16,635 | | | |
| 346 Accrued Liabilities - Other | | | | | |
| 347 Inter Program - Due To | | | 13,620 | 153,493 | \$ 900 |
| 348 Loan Liability - Current | | | | | |
| 310 Total Current Liabilities | \$ 31,471 | \$ 92,109 | \$ 18,319 | \$ 153,493 | \$ 900 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | \$ - | \$ - | \$ - | \$ - | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | - | - | - | - | |
| 353 Non-current Liabilities - Other | 39,881 | 1,258,261 | | | |
| 354 Accrued Compensated Absences - Non Current | | | | | |
| 355 Loan Liability - Non Current | | | | | |
| 356 FASB 5 Liabilities | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | |
| 350 Total Non-Current Liabilities | \$ 39,881 | \$ 1,258,261 | \$ - | \$ - | \$ - |
| 300 Total Liabilities | \$ 71,352 | \$ 1,350,370 | \$ 18,319 | \$ 153,493 | \$ 900 |
| 508.4 Invested in Capital Assets | \$ 7,855 | \$ 150,655 | \$ - | | |
| 509.2 Fund Balance Reserved | - | - | - | - | |
| 511.4 Restricted Net Position | 76,676 | 289,349 | - | | |
| 511.1 Restricted Net Assets | | | | | |
| 512.4 Unrestricted Net Position | 64,902 | 33,567 | 231,627 | | \$ 2 |
| 512.2 Unreserved, Undesignated Fund Balance | - | - | - | - | |
| 513 Total Equity/Net Assets/Position | \$ 149,433 | \$ 473,571 | \$ 231,627 | \$ - | \$ 2 |
| 600 Total Liabilities, eDeferred Inflows of Resources and Equity | \$ 220,785 | \$ 1,823,941 | \$ 249,946 | \$ 153,493 | \$ 902 |

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

| Subtotal | ELIM | Total |
|--------------|------------|--------------|
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 1,433,406 | | \$ 1,433,406 |
| \$ 2,449,067 | -\$168,013 | \$ 2,281,054 |
| \$ - | | \$ - |
| \$ 75,336 | | \$ 75,336 |
| \$ - | | \$ - |
| \$ 12,431 | | \$ 12,431 |
| \$ 12,381 | | \$ 12,381 |
| \$ - | | \$ - |
| \$ 1,531 | | \$ 1,531 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 9,965 | | \$ 9,965 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 16,635 | | \$ 16,635 |
| \$ - | | \$ - |
| \$ 168,013 | -\$168,013 | \$ - |
| \$ - | | \$ - |
| \$ 296,292 | -\$168,013 | \$ 128,279 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 1,298,142 | | \$ 1,298,142 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 1,298,142 | | \$ 1,298,142 |
| \$ - | | \$ - |
| \$ 1,594,434 | -\$168,013 | \$ 1,426,421 |
| \$ - | | \$ - |
| \$ 158,510 | | \$ 158,510 |
| \$ - | | \$ - |
| \$ 366,025 | | \$ 366,025 |
| \$ - | | \$ - |
| \$ 330,098 | | \$ 330,098 |
| \$ - | | \$ - |
| \$ 854,633 | | \$ 854,633 |
| \$ - | | \$ - |
| \$ 2,449,067 | -\$168,013 | \$ 2,281,054 |

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

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|---|---|---|---------------|---|--|
| 70300 Net Tenant Rental Revenue | | \$ 113,676 | | | |
| 70400 Tenant Revenue - Other | | | | | |
| 70500 Total Tenant Revenue | \$ - | \$ 113,676 | \$ - | \$ - | \$ - |
| 70600 HUD PHA Operating Grants | \$ 2,619,080 | \$ 138,657 | | \$ 434,262 | \$ 68,912 |
| 70610 Capital Grants | | | | | |
| 70710 Management Fee | | | | | |
| 70720 Asset Management Fee | | | | | |
| 70730 Book Keeping Fee | | | | | |
| 70740 Front Line Service Fee | | | | | |
| 70750 Other Fees | | | | | |
| 70700 Total Fee Revenue | | | | | |
| 70800 Other Government Grants | \$ 25,541 | \$ 51,893 | | | |
| 71100 Investment Income - Unrestricted | 9 | - | 2 | - | \$ 2 |
| 71200 Mortgage Interest Income | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | |
| 71310 Cost of Sale of Assets | | | | | |
| 71400 Fraud Recovery | 2,568 | | | | |
| 71500 Other Revenue | 6,337 | | 252,832 | | |
| 71600 Gain or Loss on Sale of Capital Assets | | | | | |
| 72000 Investment Income - Restricted | - | 141 | - | | |
| 70000 Total Revenue | \$ 2,653,535 | \$ 304,367 | \$ 252,834 | \$ 434,262 | \$ 68,914 |
| 91100 Administrative Salaries | \$ 45,621 | | \$ 155,822 | \$ 3,854 | |
| 91200 Auditing Fees | 14,832 | 9,328 | | | |
| 91300 Management Fee | - | 18,000 | | | |
| 91310 Book-keeping Fee | | | | | |
| 91400 Advertising and Marketing | 910 | 1,076 | | | |
| 91500 Employee Benefit contributions - Administrative | 47,326 | | 31,472 | | |
| 91600 Office Expenses | 59,999 | 17,027 | | | |
| 91700 Legal Expense | | | | | |
| 91800 Travel | 23,284 | | | | |
| 91810 Allocated Overhead | | | | | |
| 91900 Other | 51,940 | 63,893 | 2,565 | 14,936 | \$ 12,303 |
| 91000 Total Operating - Administrative | \$ 243,912 | \$ 109,324 | \$ 189,859 | \$ 18,790 | \$ 12,303 |

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

| Subtotal | ELIM | Total |
|--------------|------|--------------|
| \$ 113,676 | | \$ 113,676 |
| \$ - | | \$ - |
| \$ 113,676 | | \$ 113,676 |
| \$ 3,260,911 | | \$ 3,260,911 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 77,434 | | \$ 77,434 |
| \$ 13 | | \$ 13 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 2,568 | | \$ 2,568 |
| \$ 259,169 | | \$ 259,169 |
| \$ - | | \$ - |
| \$ 141 | | \$ 141 |
| \$ 3,713,912 | | \$ 3,713,912 |
| \$ 205,297 | | \$ 205,297 |
| \$ 24,160 | | \$ 24,160 |
| \$ 18,000 | | \$ 18,000 |
| \$ - | | \$ - |
| \$ 1,986 | | \$ 1,986 |
| \$ 78,798 | | \$ 78,798 |
| \$ 77,026 | | \$ 77,026 |
| \$ - | | \$ - |
| \$ 23,284 | | \$ 23,284 |
| \$ - | | \$ - |
| \$ 145,637 | | \$ 145,637 |
| \$ 574,188 | | \$ 574,188 |

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

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|---|---|---|---------------|---|--|
| 92000 Asset Management Fee | \$ - | \$ - | \$ - | \$ - | |
| 92100 Tenant Services - Salaries | 25,541 | | | 84,410 | |
| 92200 Relocation Costs | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | |
| 92400 Tenant Services - Other | | - | | | |
| 92500 Total Tenant Services | \$ 25,541 | \$ - | \$ - | \$ 84,410 | \$ - |
| 93100 Water | | \$ 28,383 | | | |
| 93200 Electricity | | 18,863 | | | |
| 93300 Gas | | | | | |
| 93400 Fuel | - | - | - | - | |
| 93500 Labor | - | - | - | - | |
| 93600 Sewer | - | - | - | - | |
| 93700 Employee Benefit Contributions - Utilities | - | - | - | - | |
| 93800 Other Utilities Expense | | 433 | | | |
| 93000 Total Utilities | \$ 433 | \$ 47,246 | \$ - | \$ - | \$ - |
| 94100 Ordinary Maintenance and Operations - Labor | | | | | |
| 94200 Ordinary Maintenance and Operations - Materials and Other | 948 | 26,969 | | | \$ 56,609 |
| 94300 Ordinary Maintenance and Operations Contracts | | 102,020 | | | |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | - | - | - | - | |
| 94000 Total Maintenance | \$ 948 | \$ 128,989 | \$ - | \$ - | \$ 56,609 |
| 95100 Protective Services - Labor | \$ - | \$ - | \$ - | \$ - | |
| 95200 Protective Services - Other Contract Costs | - | - | - | - | |
| 95300 Protective Services - Other | - | - | - | - | |
| 95500 Employee Benefit Contributions - Protective Services | - | - | - | - | |
| 95000 Total Protective Services | \$ - | \$ - | \$ - | \$ - | |
| 96110 Property Insurance | | \$ 6,903 | | | |
| 96120 Liability Insurance | 9,652 | - | 6,434 | | |
| 96130 Workmen's Compensation | 7,068 | | 4,712 | | |
| 96140 All Other Insurance | | | | | |
| 96100 Total insurance Premiums | \$ 16,720 | \$ 6,903 | \$ 11,146 | \$ - | \$ - |
| 96200 Other General Expenses | \$ - | \$ - | \$ - | \$ - | |
| 96210 Compensated Absences | 7,682 | | | | |
| 96300 Payments in Lieu of Taxes | - | | | | |
| 96400 Bad debt - Tenant Rents | - | | | | |
| 96500 Bad debt - Mortgages | - | | | | |
| 96600 Bad debt - Other | - | | | | |
| 96800 Severance Expense | - | | | | |
| 96000 Total Other General Expenses | \$ 7,682 | \$ - | \$ - | \$ - | \$ - |

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

| Subtotal | ELIM | Total |
|------------|------|------------|
| \$ - | | \$ - |
| \$ 109,951 | | \$ 109,951 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 109,951 | | \$ 109,951 |
| \$ 28,383 | | \$ 28,383 |
| \$ 18,863 | | \$ 18,863 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 433 | | \$ 433 |
| \$ 47,679 | | \$ 47,679 |
| \$ - | | \$ - |
| \$ 84,526 | | \$ 84,526 |
| \$ 102,020 | | \$ 102,020 |
| \$ - | | \$ - |
| \$ 186,546 | | \$ 186,546 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 6,903 | | \$ 6,903 |
| \$ 16,086 | | \$ 16,086 |
| \$ 11,780 | | \$ 11,780 |
| \$ - | | \$ - |
| \$ 34,769 | | \$ 34,769 |
| \$ - | | \$ - |
| \$ 7,682 | | \$ 7,682 |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ - | | \$ - |
| \$ 7,682 | | \$ 7,682 |

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

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|--|---|---|---------------|---|--|
| 96710 Interest of Mortgage (or Bonds) Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| 96720 Interest on Notes Payable (Short and Long Term) | - | 18,527 | - | - | - |
| 96730 Amortization of Bond Issue Costs | - | - | - | - | - |
| 96700 Total Interest Expense and Amortization Cost | \$ - | \$ 18,527 | \$ - | \$ - | \$ - |
| 96900 Total Operating Expenses | \$ 295,236 | \$ 310,989 | \$ 201,005 | \$ 103,200 | \$ 68,912 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$ 2,358,299 | \$ (6,622) | \$ 51,829 | \$ 331,062 | \$ 2 |
| 97100 Extraordinary Maintenance | \$ - | \$ - | \$ - | \$ - | \$ - |
| 97200 Casualty Losses - Non-capitalized | - | - | - | - | - |
| 97300 Housing Assistance Payments | 2,265,157 | - | - | 331,062 | - |
| 97350 HAP Portability-In | 6,120 | - | - | - | - |
| 97400 Depreciation Expense | 6,202 | 72,639 | - | - | - |
| 97500 Fraud Losses | - | - | - | - | - |
| 97600 Capital Outlays - Governmental Funds | - | - | - | - | - |
| 97700 Debt Principal Payment - Governmental Funds | - | - | - | - | - |
| 97800 Dwelling Units Rent Expense | - | - | - | - | - |
| 90000 Total Expenses | \$ 2,572,715 | \$ 383,628 | \$ 201,005 | \$ 434,262 | \$ 68,912 |
| 10010 Operating Transfer In | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10020 Operating transfer Out | - | - | - | - | - |
| 10030 Operating Transfers from/to Primary Government | - | - | - | - | - |
| 10040 Operating Transfers from/to Component Unit | - | - | - | - | - |
| 10050 Proceeds from Notes, Loans and Bonds | - | - | - | - | - |
| 10060 Proceeds from Property Sales | - | - | - | - | - |
| 10070 Extraordinary Items, Net Gain/Loss | - | - | - | - | - |
| 10080 Special Items (Net Gain/Loss) | - | - | - | - | - |
| 10091 Inter Project Excess Cash Transfer In | - | - | - | - | - |
| 10092 Inter Project Excess Cash Transfer Out | - | - | - | - | - |
| 10093 Transfers between Program and Project - In | - | - | - | - | - |
| 10094 Transfers between Project and Program - Out | - | - | - | - | - |
| 10100 Total Other financing Sources (Uses) | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | \$ 80,820 | \$ (79,261) | \$ 51,829 | \$ 0 | \$ 2 |

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

El Camino Real Housing Authority (NM077)
Socorro, NM

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 06/30/2018

| | 14.871 Housing Choice Vouchers | 6.1 Component Unit - Discretely Presented | 2 State/Local | 14.267 Continuum of Care Program | 14.239 HOME Investment Partnerships Program |
|---|---|---|---------------|---|--|
| 11020 Required Annual Debt Principal Payments | \$ - | \$ 16,295 | \$ - | - | \$ - |
| 11030 Beginning Equity | \$ 68,613 | \$ 552,832 | \$ 179,798 | - | - |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | - | - | - | - | - |
| 11050 Changes in Compensated Absence Balance | - | - | - | - | - |
| 11060 Changes in Contingent Liability Balance | - | - | - | - | - |
| 11070 Changes in Unrecognized Pension Transition Liability | - | - | - | - | - |
| 11080 Changes in Special Term/Severance Benefits Liability | - | - | - | - | - |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | - | - | - | - | - |
| 11100 Changes in Allowance for Doubtful Accounts - Other | - | - | - | - | - |
| 11170 Administrative Fee Equity | \$ 72,757 | \$ - | \$ - | \$ - | - |
| 11180 Housing Assistance Payments Equity | \$ 76,676 | \$ - | \$ - | \$ - | - |
| 11190 Unit Months Available | 6,912 | 480 | - | 660 | - |
| 11210 Number of Unit Months Leased | 4,645 | 439 | - | 529 | - |
| 11270 Excess Cash | - | \$ - | \$ - | \$ - | - |
| 11610 Land Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 11620 Building Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 11630 Furniture & Equipment - Dwelling Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 11640 Furniture & Equipment - Administrative Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 11650 Leasehold Improvements Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 11660 Infrastructure Purchases | \$ - | \$ - | \$ - | \$ - | - |
| 13510 CFFP Debt Service Payments | \$ - | \$ - | \$ - | \$ - | - |
| 13901 Replacement Housing Factor Funds | \$ - | \$ - | \$ - | \$ - | - |

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

| | Subtotal | ELIM | Total |
|----|----------|------|------------|
| \$ | 16,295 | | \$ 16,295 |
| \$ | 801,243 | | \$ 801,243 |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | 72,757 | | \$ 72,757 |
| \$ | 76,676 | | \$ 76,676 |
| \$ | 8,052 | | \$ 8,052 |
| \$ | 5,613 | | \$ 5,613 |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |
| \$ | - | | \$ - |

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

COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE



Griego Professional Services, LLC
Certified Public Accountants

**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

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
To the Commissioners and County Commissioners
El Camino Real Housing Authority, Socorro, 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, the aggregate discretely presented component unit, each major fund, the aggregate remaining fund information, and budgetary comparisons of the proprietary funds presented as supplemental information of El Camino Real Housing Authority (the Authority), a component unit of Socorro County, New Mexico as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report hereon date November 12, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, material weaknesses may exist that have not been identified.

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8500 Menaul Blvd. NE, Ste. B295 Albuquerque, NM 87112
Phone: 505.856.2741 - Fax: 505.856.7510

Compliance and Other Matters

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

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.

GRIEGO PROFESSIONAL SERVICES, LLC

A handwritten signature in cursive script that reads "Griego Professional Services, LLC".

Albuquerque, NM
November 12, 2018



Griego Professional Services, LLC
Certified Public Accountants

**Report on Compliance for Each Major Federal Program; Report on Internal Control
Over Compliance; and Report on Schedule of Expenditures of Federal Awards
Required by Uniform Guidance**

Independent Auditor's Report

Wayne Johnson, New Mexico State Auditor
The Office of Management and Budget
To the Commissioners and County Commissioners
El Camino Real Housing Authority, Socorro, New Mexico

Report on Compliance for Each Major Federal Program

We have audited El Camino Real Housing Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, is-sued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of federal regulations 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 12, 2018

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Schedule II

| <u>Federal Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal Expenditures</u> |
|---|------------------------------------|---------------------------------|
| U.S. Department of Housing and Urban Development | | |
| <u>El Camino Real Housing Authority</u> | | |
| <i>Direct funding from U.S. Department of Housing and Urban Development</i> | | |
| Section 8 Housing Choice Vouchers (1) | 14.871 | \$ 2,630,297 |
| Continuum of Care | 14.267 | 434,262 |
| Total Direct U.S. Department of Housing and Urban Development | | <u>3,064,559</u> |
| <u>Socorro Village, LLC (Component Unit)</u> | | |
| <i>Direct funding from U.S. Department of Housing and Urban Development</i> | | |
| Housing Assistance Program | 14.195 | 138,657 |
| Coordinator Grant Program | 14.191 | 51,893 |
| Total Direct U.S. Department of Housing and Urban Development | | <u>190,550</u> |
| Total Federal Financial Assistance | | <u><u>\$ 3,255,109</u></u> |

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of El Camino Real Housing Authority (the Authority) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Sub-recipients

The Authority did not provide any federal awards to sub-recipients during the year.

3. Non-cash Federal Assistance

The Authority did not receive any noncash assistance.

4. Indirect Cost Rate

The Authority has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

| | | |
|--|----|------------------|
| Total federal awards expended per Schedule of Expenditures of Federal Awards | \$ | 3,293,600 |
| Total expenditures funded by other sources | | <u>406,773</u> |
| Total expenditures | \$ | <u>3,700,373</u> |

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Schedule V

Section I – Summary of Audit Results

Financial Statements:

| | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | No |
| c. Noncompliance material to financial statements noted? | No |

Federal Awards:

| | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified? | No |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Identification of major programs: | |

| CFDA Number | Federal Program |
|----------------|--|
| 14.871 | Section 8 Housing Choice Voucher Program |

| | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
EL CAMINO REAL HOUSING AUTHORITY
A COMPONENT UNIT OF SOCORRO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Schedule V

Section I – Financial Statement Findings

None

Section II – Federal Award Findings and Questioned Costs

None

Section III – Prior Year Audit Findings

None

Section IV – Other Disclosures

Auditor Prepared Financials

Griego Professional Services, LLC assisted in the preparation of the financial statements presented in this report. The Authority's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 12, 2018. The following individuals were in attendance:

El Camino Real Housing Authority & Socorro County Officials

Maryann Chavez-Lopez, Housing Authority Executive Director
Lonnie Gonzales, Commissioner
Rick Penner, Accountant

Griego Professional Services, LLC

J.J. Griego, CPA