ALBUQUERQUE HOUSING AUTHORITY

A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION WITH INDEPENDENT AUDITORS' REPORT

Year Ended June 30, 2018

TABLE OF CONTENTS

TABLE OF CONTENTS (continued)

OFFICIAL ROSTER

Board of Housing Commissioners

Janet M. McHard, CPA, CFE, MAFF, CFF, **Chairperson**

Stephen J. Vogel, **Vice-Chairperson**

Roxanne Rivera-Wiest, **Commissioner at Large**

Lovie McGee, **Commissioner at Large**

Rebecca Robinson, **Resident Commissioner**

AHA Management

Linda Bridge, **Executive Director and Secretary to the Board**

Andrew Estocin, **Deputy Director**

Barbara D'Onofrio, **Director of Finance**

Board of Housing Commissioners

The Board of Housing Commissioners is the governing body to AHA. The Board of Housing Commissioners is authorized by the City of Albuquerque through Resolution (R-2010-97). The Board of Housing Commissioners has a role of oversight to the Housing Authority. Although the Board members are appointed by the Mayor of the City of Albuquerque, the Board is responsible for electing the member(s) roles and officers. Regular Meetings are held on the 3rd Wednesday of each month, at 12:00 pm (Noon) in the Manuel Cordova Conference Room, at AHA Administration Office, Carnis Salisbury Building, unless otherwise posted.

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners of the
Albuquerque Housing Authority and
Wayne A. Johnson
New Mexico State Auditor
Albuquerque, New Mexico

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Albuquerque 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.

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 design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the Authority as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended, respectively, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes A, E and I to the financial statements, the 2017 financial statements of the Authority have been restated to reflect the adoption of Governmental Accounting Standard Board No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and to correct a misstatement related to the accounting for capital assets. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 – 13 and Pension and OPEB schedules on pages 50 - 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The financial data schedule, the statements and certifications of actual capital fund program costs as required the U.S. Department of Housing and Urban Development, state supplemental information and the other schedules required Section 2.2.2 NMAC are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also not a required part of the basic financial statements.

The financial data schedule, the statements and certifications of actual capital fund program costs, state supplemental schedules, the other schedules required by Section 2.2.2 NMAC, and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting data 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 auditing standards generally accepted in the United States of America by us and the other auditors.

In our opinion, the financial data schedule, the statements and certifications of actual capital fund program costs, state supplemental information, the other schedules required by Section 2.2.2 NMAC, and the schedule of expenditures of federal awards 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 7, 2018 on our consideration of the Authority's internal control over financial reporting and 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.

Rubino & Company

Bethesda, Maryland
November 7, 2018

This section of the Albuquerque Housing Authority's (AHA) financial statements presents management's discussion and analysis (MD&A) for the fiscal year ended June 30, 2018 and 2017. The activities of AHA include Public Housing, Housing Choice Voucher, and Capital Fund Programs. The management's discussion and analysis (MD&A) is designed to assist the reader in focusing on significant financial issues, provide an overview of AHA's financial activity and changes in AHA's financial position.

Overview of the Housing Authority

AHA provides housing assistance programs to low income families, elderly and disabled households. Our mission is "empowering people in our community through affordable housing and self-sufficiency opportunities." These services are delivered through our public housing program with 953 units and our housing choice voucher program with roughly 3,900 vouchers. Other services are provided through community networking and as a recipient of various special programs.

AHA is a separate public body-corporate that contracts with the U.S. Department of Housing and Urban Development (HUD) to provide affordable public housing (PH), housing choice voucher (HCV) assistance payments and federal housing program oversight. All operating and capital expenses of AHA, including the employees, are paid for by a combination of rent paid by Public Housing tenants and grant funds from HUD. AHA is responsible for its own debts, has its own powers of operation and relies on a variety of revenue streams for its income.

AHA was established in 1967 as a department of the City of Albuquerque (City) and subsequently became independent from the City of Albuquerque on December 6, 2010.when the City Council enacted a Board of Housing Commissioners to govern AHA. As of July 1, 2011, AHA became a public body-corporate and is recognized as a quasi-governmental agency. On July 1, 2014, the City transferred the housing department's assets, deferred outflow of resources, liabilities, and deferred inflow of resources and net position to AHA. For financial reporting purposes, AHA is considered a component unit of the City. As such, the financial condition and results of operations of AHA are included in the City's Comprehensive Annual Financial Report (CAFR).

Measurement Focus and Basis of Accounting

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Financial Data Schedule (FDS), which is included in the supplementary information section, is prepared by AHA on a GAAP basis, using the Department of Housing and Urban Development's (HUD) specific format. AHA expends more than $750,000 in federal financial awards in a given year and is therefore required to have a Single Audit conducted in accordance with the Uniform Guidance. The Single Audit covers the following:

- The basic financial statements
- The Supplemental Schedule of Expenditures of Federal Awards (SEFA)
- Internal control over and compliance with the types of compliance requirements described in Title 2 U.S. Code of Federal Regulations (CFR) 200, Appendix XI

AHA's fiscal year-end is June 30th and AHA submits its financial statements to the following three agencies:

- City of Albuquerque – AHA is included as a component unit of the City

- New Mexico Office of the State Auditor – Due December 1, 2018
- HUD – FDS is due March 30th online and at the regional HUD office

Highlights of Fiscal Year 2018

Albuquerque Housing Authority (AHA) through its strategic planning is focused on improving and expanding operations, services, and housing. Highlights from the strategic plan and program improvements are shared below.

Strategic Planning

The strategic plan for 2016-2021 sets a vision for AHA through operational excellence and staff empowerment for AHA to become a high performing agency that is dedicated to providing quality housing and services that equip resident to success. The strategic directions to move the agency forward are to increase efficiencies in operations and leverage opportunities. Action items in the plan include: implementation of the housing development plan to improve and expand our housing stock; expansion of services and education for our tenants, clients and landlords; empowerment of staff through investment in training; and expand our availability to clients through regional offices and technology.

Leverage Opportunity

AHA has developed a Social Service plan and services continue to expand. Services provided include: availability of financial literacy, budgeting, credit and medical debt rescue workshops; free classes on nutrition education, GED/ESL, and life skills; job search fairs; and homeownership resources. Smoke-Free presentations and mass mailings were provided to assist residents with non-smoking goal. Additionally, mobile food markets, senior food pantries, and information fairs with community partners held at Public Housing sites. Resident Councils held regular meetings. To further help in expanding services, AHA received a ROSS service coordinator grant awarded for three years for the public housing program that will begin in the 2019 fiscal year.

AHA continues investing in housing through our Housing Development Plan which addresses improving properties through capital investments, utilizing energy performance contracts and seeking new sources of funding. AHA was awarded City Community Development Block Grant (CDBG) funds for renovations at Wainwright and Embudo properties and these much needed capital dollars will improve the quality of living at our senior and disabled living buildings. AHA started the process to create a non-profit with Board approval in February 2018.The non-profit corporation will assist AHA in further development of building modernization, conversion of public housing to Rental Assistance Demonstration program (RAD) and securing financial investments into our properties. A letter of interest to enter the RAD program and the first phased applications were submitted to HUD. AHA incurred the sale of capital assets this year with the disposal of fleet that had aged out of service and the disposal of two dwelling structures. The Energy Performance Contract (EPC) project is on track and scheduled for completion in August 2018. The monitoring and verification phase has begun.

Efficiency in Operations

AHA continues to invest in the training of staff. A peer-to-peer mentoring group has been formed called Leadership Development Group and is meeting monthly. This is a voluntary program for employees to attend monthly increasing the leadership skills, and improving skills in time management and communication.

AHA has invested in the planning and implementation of onsite offices at our residential properties in Public Housing. These regional offices in public housing will be established to improve delivery of services to our residents. This implementation of regional management will continue to expand into FY2019.

Ongoing, AHA is invested in making improvements in operations. AHA developed a Business Continuity Plan and Disaster Recovery Plan to insure continuity of services in case of a business interruption. Additionally, AHA continues to invest in technology to improve services, including: addition of online payments; use of email, text and automated calls to improve communication; use of videos to share information with the public; and automation of the employee onboarding processes.

Program Improvements

For the second year, the Section 8 Housing Choice Voucher Program has been awarded a high performer agency in the Section Eight Management Assessment Program (SEMAP). Section 8/ HCV program maintains an over 100% budget utilization, processed over 3,748 recertification, reduced the waitlist to zero, and issued 169 new vouchers. Additionally, a new lottery system was implemented, and 5,559 new applications were received.

The Public Housing Program achieved a standard performer rating in Public Housing Assessment System (PHAS). The Public Housing Program processed 950 recertifications, took in over 500 new applications, and moved in 161 households. Capital improvements in FY18 have included accessibility improvements and roofing replacements. A total of over $3.2 million of energy performance measures where installed at the 26 public housing properties and is estimated to result in $6 million in savings over 15 years.

AHA Community Collaborations

Veterans Affairs Supportive Housing (VASH) - In collaboration with the Veterans Affairs Program AHA was able to utilize 91% of the VASH vouchers provided. Housing Choice Voucher staff have consistently increased the usage of the VASH Vouchers. Additionally, AHA has participated in extensive outreach community services for Veterans throughout the AHA community. This has included workshops providing services to veterans.

HOME Tenant Based Rental Assistance (TBRA) funds - AHA has administer HOME TBRA funding for homeless applicants. The design of this program is to provide a temporary housing voucher to homeless households on the AHA wait list, to enable them to obtain housing until assistance becomes available under AHA's housing programs. The funds are HUD pass-through funding from the City of Albuquerque. This program demonstrates a successful partnership with the Department of Family and Community Services and Albuquerque Heading Home.

Overview of the Financial Statements

The MD&A present the financial position and the results of operations of AHA for the years ended June 30, 2018 and 2017. This discussion and analysis is intended to serve as an introduction to AHA's basic financial statements, which are comprised of the following: (1) the statement of net position, (2) the statement of revenues, expenses and changes in net position, (3) the statement of cash flows, and (4) the notes to the financial statements.

- **The Statement of net position** presents financial information on all of AHA's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. It assesses the balance of a government's assets and deferred outflows of resources against its liabilities and deferred inflow of resources in order to determine what is left over after satisfying its obligations of resources to others. This is a picture of AHA's net position at a given point in time, such as fiscal year-end. Tracking net position over time, with its increases and decreases, is an indicator of AHA's financial position.
- **The Statement of revenues, expenses and changes in net position** presents financial information to show how AHA's net position has changed during the fiscal year. It can be used to measure the success of AHA's operations during the year and will indicate how AHA has funded its costs.
- **The Statement of cash flows** presents financial information regarding AHA's cash receipts and cash payments. It shows the inflows and outflows of cash resulting from operating, noncapital financing activities, capital and related financing activities, and investing activities. This is a good indicator of AHA's ability to pay its obligations.
- **The notes to the financial statements** provide additional information that is essential to the full understanding of the data provided in the financial statements.

AHA's Programs

AHA operates the following programs:

- **Housing Choice Voucher (HCV) Program -** a HUD•funded program that provides rent subsidies to families residing in privately•owned rental properties.
- **Capital Improvement Programs -** HUD•funded program that includes the Capital Fund Program that provides funds for new construction and the rehabilitation of existing housing units.
- **Public Housing Program -** a HUD•funded program under which AHA manages and maintains 953 public housing rental units for eligible low•income families, seniors and individuals with disabilities.
- **TBRA -** a pass through grant from the City of Albuquerque, AHA has housed over 17 homeless members of our community and has just signed a second year contract to increase another 50-60 vouchers.

AHA received approximately 92% of its funding from U.S Department of Housing and Urban Development (HUD) programs. The revenue from the major programs from HUD and the overall increase is as follows:

HUD Funded Programs	2018	2017	$ Change	% Change
Low rent public housing	$ 3,450,468	3,117,531	$ 332,937	10.7%
Capital fund program	1,084,650	1,614,568	(529,918)	-32.8%
Housing choice vouchers	27,469,165	25,404,721	2,064,444	8.1%
Total funding	$ 32,004,283	$ 30,136,820	$ 1,867,463	

FINANCIAL ANALYSIS

General

Over time, net position may serve as a useful indicator of AHA's financial health. At June 30, 2018, AHA's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by $22.7 million. A portion of net position, $12.7 million, is AHA's investment in capital assets (e.g., land, buildings, furniture and equipment, and construction in progress) less any related debt used to acquire those assets still outstanding. AHA uses these capital assets to provide services and housing to its clients. Consequently, these assets are not available for future spending. Although AHA's investment in capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position Information

Presented below are the comparisons of AHA's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position information for FY 2018 and FY 2017. This information reflects the economic resources of AHA, as well as its economic obligations at the end of FY 2018 and FY 2017.

	2018	2017
ASSETS		
Current assets	$17,789,834	$ 9,980,628
Noncurrent restricted assets	-	8,378,382
Capital assets, net	16,937,660	10,360,148
Total assets	34,727,494	28,719,158
DEFERRED OUTFLOWS OF RESOURCES	2,353,484	1,888,240
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	37,080,978	30,607,398
LIABILITIES		
Current liabilities	1,541,696	799,853
Noncurrent liabilities	11,818,775	4,987,105
Total liabilities	13,360,471	5,786,958
DEFERRED INFLOWS OF RESOURCES	981,765	47,287
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	14,342,236	5,834,245
NET POSITION		
Net investment in capital assets	12,715,581	10,217,525
Restricted for housing projects	10,023,161	14,555,628
TOTAL NET POSITION	$22,738,742	$24,773,153

Assets

During FY2018, total assets increased approximately $6 million. Current assets increased by $7.8 million or 78%. Restricted noncurrent assets decreased by $8.3 million as a result of the reclassification of LGIP investment dollars from restricted to unrestricted. Capital assets increased by approximately $6.6 million. This increase in capital assets for the period was a result of $7.9 million in building and improvements with offsets of $219 thousand of asset disposals and $1.1 million in depreciation expense.

Deferred Outflows of Resources

Pension contributions have been reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in subsequent years.

Liabilities

Total liabilities were $13.4 million at June 30, 2018 and $5.8 million at June 30, 2017. Current liabilities increased by $742 thousand or 93%. This increase in current liabilities for the period was a result of $156 thousand for the Bank of American loan (EPC Project) current portion of long term debt and $586 thousand of vendor invoices for capital improvements and normal operations.

Noncurrent liabilities increased by $6.8 million. This is a net result of the addition of $3.1 million OPEB liability, a decrease in net pension liability of $350 thousand and an increase of $4.1 million for the Bank of America loan (EPC Project).

Deferred Inflows of Resources

The deferred inflows of resources is mainly attributed to the change in proportion and differences between AHA contributions and proportionate share of contributions. The deferred inflows of resources will be recognized in pension expense in future years.

Net Position

AHA's net position totaled $22.7 million at June 30, 2018 and is comprised of net investment in capital assets of $12.7 million and restricted for housing projects of $10 million. Total net position decreased by $2 million, or approximately 8% as a result of investing reserve funds into capital improvements during the fiscal year. The balance in restricted net position represents resources available to meet AHA's ongoing obligations to provide housing assistance programs to low income families, elderly and disabled households.

Revenues, Expenses, and Changes in Net Position Information

Presented below is a comparison of the revenues, expenses and changes in net position information for FY 2018 and FY 2017. The information reflects the result of operations for AHA and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis.

	2018	2017
Total operating revenues	$33,936,719	$30,779,529
Total operating expenses	33,581,687	33,489,799
Operating loss	355,032	(2,710,270)
Total nonoperating revenues, net	533,770	1,906,503
Change in net position	888,802	(803,767)
Net position, beginning of year	24,773,153	25,576,920
Prior period adjustment	(2,923,213)	-
Net position, end of year	22,738,742	24,773,153

Operating Revenues and Expenses

AHA's total operating revenues increased by 9% due to a $2.5 million increase funding from HUD in both HCV and Public Housing Operating subsidy. Total operating expense increased by $91,000 or 3% due to development planning and increased costs in legal and temporary workforce hiring. Utility costs reflect a dramatic decrease this year due to the EPC energy rebates received from gas, water and electric energy savings modifications.

Nonoperating Revenues, Expenses and Changes in Net Position

Nonoperating revenue of $534 thousand consisted only of capital grant funds. These funds were limited to the remaining balances of already existing funds, with no new capital grant funding released during FY 2018. FY 2018 had an overall increase in net position of $889 thousand as compared to a decrease of $804 thousand in FY 2017.

Capital Assets and Debt Administration

Net Capital Assets

At the end of FY 2018, AHA had $16,937,660, net of depreciation, invested in a broad range of capital assets including land, buildings, machinery, equipment, vehicles, and construction in progress. Additional information on AHA's capital assets can be found in the notes to the financial statements.

Long-Term Obligations

At June 30, 2018, AHA had a non-interest repayment agreement with HUD in the amount of $142,623. This amount is payable in quarterly payments of $5,282. Additional information on AHA's loan liability can be found in notes to the financial statements.

Furthermore AHA had a capital lease agreement related to an Energy Performance Contract (EPC) for $4,222,079.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

New Mexico state economy is based on oil, gas production, tourism and federal government spending These are important drivers of the New Mexico economy where 25% of all jobs in the state are federal government spending. Albuquerque is the largest metropolitan city in the state. Top industries in Albuquerque include aerospace and defense, energy technology including solar energy, and semiconductor and computer chip manufacturing. Major employers in the Albuquerque area include Kirtland Air Force Base, Sandia National Laboratory and Intel Corporation. The unemployment rate in Albuquerque in May 2018 was 3.6% compared to the state average of 5.1% and the national average of 4%.

The average median income of an Albuquerque resident is $48,127 a year. Within Albuquerque 18.9% of people are at or below the poverty rate. The average income for AHA public housing residents is $10,295 and for Section 8 Housing Choice voucher holders is $14,121. Of the households served in these programs approximately a quarter are elderly and half are disabled. The City of Albuquerque's 2018-2022 Consolidated Plan indicates a severe shortage of affordable housing for households earning less than 50%

of the average median income, and an even greater shortage for households earning less than 30% of the average median income.

Apartment rents in the Albuquerque metro area continue to climb even though occupancy levels dipped slightly in January. Per the HUD office of Policy and Development report, Albuquerque had a rent growth of 3% this past year with average monthly rent from $839 in 2017 to $868 in 2018.

BUDGET

The operating budgets for AHA's 2017•2018 fiscal year were approved by the Board of Housing Commissioners on June 21, 2017 and became effective July 1, 2017. The budget for all funds including Central Office Cost Center, Public Housing and Housing Choice Voucher programs show a deficit that is covered by reserves available for each of those programs. Combined, the estimated expenses are $35 million, with these funds being used primarily for HCV payments to landlords, public housing operations, salaries and benefits, upgrades, repairs and maintenance of AHA's housing communities, as well as other operating costs.

AHA's goal remains to continue to provide housing to the approximately 4,800 households served through its two core housing programs: Housing Choice Voucher (HCV) and Public Housing.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, tenants, investors, and creditors with a general overview of AHA's finances and to demonstrate AHA's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Albuquerque Housing Authority
Attn: Barbara D'Onofrio
Director of Finance and Accounting
1840 University Blvd. S.E.
Albuquerque, NM 87106

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENTS OF NET POSITION
June 30, 2018

ASSETS	Primary Government	December 31, 2017 Rio Housing Associates, LLLP
Current assets		
Cash and cash equivalents - unrestricted	$ 16,354,964	$ 89,302
Cash and cash equivalents - restricted	1,083,250	836,695
Accounts receivable, net of allowance	160,481	51,741
Prepaid expenses	75,573	92,549
Inventory, net of allowance	115,566	-
Total current assets	17,789,834	1,070,287
Noncurrent assets		
Notes receivable	-	4,000,000
Other assets	-	121,028
Capital assets		
Nondepreciable	3,767,389	874,832
Depreciable, net of accumulated depreciation	13,170,271	10,500,065
Total noncurrent assets	16,937,660	15,495,925
Total assets	34,727,494	16,566,212
DEFERRED OUTFLOWS OF RESOURCES		
Amounts related to pension and OPEB	2,353,484	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 37,080,978	$ 16,566,212

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

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENTS OF NET POSITION
June 30, 2018

LIABILITIES	**Primary Government**	**December 31, 2017 Rio Housing Associates, LLLP**
Current liabilities		
Accounts payable	$ 748,352	$ 1,594,320
Accrued payroll	46,129	-
Current portion of compensated absences	76,887	-
Other current liabilities	259,871	28,073
Unearned revenue	238	3,392
Tenant security deposits	233,026	17,195
Current portion of HUD payable	21,129	-
Current portion of mortgage payable	-	3,500,000
Current portion of capital lease payable	156,064	-
Total current liabilities	1,541,696	5,142,980
Noncurrent liabilities		
Compensated absences, net of current portion	95,502	-
Net pension liability	4,417,682	-
Net OPEB liability - health insurance	3,106,462	-
Net OPEB liability - life insurance	27,467	-
HUD payable, net of current portion	105,647	-
Capital lease payable, net of current portion and debt issuance costs	4,066,015	3,825,997
Total noncurrent liabilities	11,818,775	3,825,997
Total liabilities	13,360,471	8,968,977
DEFERRED INFLOWS OF RESOURCES		
Amounts related to pension and OPEB	981,765	-
NET POSITION		
Invested in capital assets, net of related debt	12,715,581	-
Restricted net position	784,312	-
Unrestricted net position	9,238,849	7,597,235
Total net position	22,738,742	7,597,235
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 37,080,978	$ 16,566,212

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

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year ended June 30, 2018

	Primary Government	Year Ended December 31, 2017 Rio Housing Associates, LLLP
OPERATING REVENUES		
Tenant rental revenue	$ 2,201,657	$ 176,921
Intergovernmental subsidies and grants	31,102,681	299,207
Other revenue	632,381	80,138
Total operating revenues	33,936,719	556,266
OPERATING EXPENSES		
Administration	4,124,176	59,372
Tenant services	11,299	77,631
Utilities	765,923	79,224
Maintenance and operations	2,238,543	130,511
General	568,844	45,412
Housing assistance payments	24,792,017	-
Depreciation	1,080,885	92,075
Total operating expenses	33,581,687	484,225
Operating income	355,032	72,041
NONOPERATING REVENUES (EXPENSES)		
Loss on sale of capital assets	(47,463)	-
Extraordinary maintenance	(577,520)	-
Interest income	95,905	161,660
Interest expense	(10,503)	(248,626)
Total nonoperating revenues (expenses)	(539,581)	(86,966)
Loss before capital grants and contributions	(184,549)	(14,925)
Capital grants	1,073,351	-
Capital contributions	-	5,364,342
INCREASE IN NET POSITION	888,802	5,349,417
NET POSITION, BEGINNING OF YEAR, AS RESTATED	21,849,940	2,247,818
NET POSITION, END OF YEAR	$ 22,738,742	$ 7,597,235

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

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2018

	Primary Government
Cash flows from operating activities	
Cash received from customers	$ 2,428,484
Operating subsidies and grants received	31,102,681
Other receipts	632,381
Housing assistance payments	(24,792,017)
Principal payments on HUD payable	(15,847)
Payments for salaries and benefits	(3,589,320)
Payments to vendors and suppliers	(2,154,840)
Net cash flows provided (used) by operating activities	3,611,522
Cash flows from capital and related financing activities	
Expenditures for capital assets	(8,009,890)
Loss on sale of capital assets	637,430
Capital grants received	1,073,351
Extraordinary maintenance	(577,520)
Issuance of capital lease	4,237,871
Principal payments on capital lease payable	(15,792)
Net cash flows provided (used) by capital and related financing activities	(2,654,550)
Cash flows from investing activities	
Interest income	95,905
Interest expense	(10,503)
Net cash flows provided (used) by investing activities	85,402
NET INCREASE IN CASH	1,042,374
CASH AND CASH EQUIVALENTS, beginning of year	16,395,840
CASH AND CASH EQUIVALENTS, end of year	$ 17,438,214

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

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2018

		Primary Government
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	$	355,032
Adjustements to reconcile operating income to net cash used in operating activities:		
Depreciation		1,080,885
Changes in operating assets and liabilities		
Accounts receivable, net		222,128
Prepaid expenses		1,352,437
Inventory, net		36,984
Accounts payable		531,416
Accrued liabilities		43,788
Unearned revenue		238
Tenant security deposits		4,461
HUD payable		(15,847)
Net cash provided by operating activities	$	3,611,522

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Albuquerque Housing Authority (AHA), a component unit of the City of Albuquerque, New Mexico (the "City"), is a separate public body-corporate that contracts with the U.S. Department of Housing and Urban Development (HUD) to provide affordable public housing (PH), housing choice voucher (HCV) assistance payments, and federal housing program oversight. AHA is funded by a combination of public housing tenant revenues, and U.S Department of Housing and Urban Development grants. AHA is responsible for its own debts, has its own powers of operation and relies on a variety of revenue streams, for its income.

AHA was established in 1967 as a department of the City. Enacted by the City Council, a Board of Housing Commissioners was established to govern AHA on July 1, 2011. As of July 1, 2014, AHA became a public body-corporate and is recognized as a quasi-governmental agency. For financial reporting purposes, AHA is considered a component unit of the City. As such, the financial condition and results of operations of AHA are included in the City's financial statements.

<u>Component Units</u>
Component units are legally separate entities for which AHA is considered to be financially accountable and other organizations for which the nature and significance of their relationship with AHA are such that exclusion would cause the AHA financial statements to be misleading or incomplete. The determination to include a component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.* Based on the preceding criteria, the accompanying financial statements include the financial activities of the following component units:

Blended component units – the Authority reports the following blended component units:

> *AHA Rio Vista, LLC* – Created on September 14, 2016, AHA Rio Vista, LLC was organized as a New Mexico single member limited liability company for the purpose of ownership and management of real estate for affordable housing and to engage in activities of providing affordable housing to community members.
>
> *AHA Rio Developer, LLC* – Created on September 28, 2016, AHA Rio Developer, LLC was organized as a single member limited liability company for the purpose of development and improvement of real estate for affordable housing.

A. Reporting Entity (continued)

Discretely presented component units – the Authority reports the following discretely presented component units:

Los Lobos Realty LLC – Created on October 3, 2016, Los Lobos Realty LLC was organized as a New Mexico limited liability company to serve as the general partner of Rio Housing Associates LLLP in connection with the acquisition, development and ownership and operation of an affordable housing development known as Rio Vista Apartments. AHA Rio Vista LLC, a blended component unit of AHA, is a 51% member of Los Lobos Realty LLC. The financial data for Los Lobos Realty LLC is insignificant and therefore the financial statements for Los Lobos Realty LLC are not presented in the accompanying financial statements.

Rio Housing Associates LLLP – Created on November 10, 2016, Rio Housing Associates LLLP was organized as a New Mexico limited liability limited partnership to acquire and rehabilitate Rio Vista Apartments. Rio Vista Apartments is a 75 unit apartment complex located in Albuquerque, New Mexico that qualify as low income housing units. The acquisition and rehabilitation will be completed as part of a low income tax credit partnership. Los Lobos Realty LLC is the general partner and owns a 0.01% interest in the partnership. Rio Housing Associates LLLP is presented as a discrete component unit in the accompanying financial statements. Rio Housing Associates LLLP follows all applicable FASB standards. Since it does not follow governmental accounting, for presentation purposes, certain transactions may be reflected differently in these financial statements then in its separately issued financial statements in order for it to conform to the presentation of the accompanying financial statements. Separately issued financial statements can be obtained at Wishrock Group, Three Canal Plaza, Suite 501, Portland, ME 04101.

<u>Related Organizations</u>

Rio Developers, LLC is considered a related organization of AHA Rio Developer, LLC, a blended component unit of AHA. Rio Developers LLC was organized to develop and rehabilitate a multi-family apartment complex known as Rio Vista Apartments that is owed by Rio Housing Associates LLLP, a discretely presented component unit. AHA Rio Developer, LLC is a limited partner with a 15% member interest in Rio Developers, LLC. AHA Rio Developer, LLC does not have voting majority of Rio Developers, LLC and cannot impose its will on Rio Developers, LLC nor is there a financial benefit received by or burden placed on AHA Rio Developer, LLC.

Please see Note H for additional information on these component units.

B. Basis of Presentation

AHA's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and related statements, and are comprised of three components: *Management's Discussion and Analysis, Basic Financial Statements,* and *Supplementary Information*. AHA follows GASB pronouncements as codified under GASB 62.

C. Measurement Focus and Basis of Accounting

AHA's activity is accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. These activities include, but are not limited to, administration, operation, maintenance, financing and related debt service, billing and collection. This proprietary type fund provides services which are intended to be financed primarily through user charges or activities where periodic determination of net income is appropriate.

AHA distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with AHA's principal ongoing operations. The principal operating revenues, such as tenant revenues, result from exchange transactions in which each party receives and gives up essentially equal values. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues or expenses. These include federal housing grants, investment earnings, interest expense, and transactions that result from nonexchange transactions or ancillary activities.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand and held by banks in demand deposits and savings accounts. All pooled cash and investments (including restricted assets) are also considered to be cash equivalents although there are investments with a maturity in excess of three months when purchased because they have the characteristics of demand deposits. Non-pooled investments with original maturities of three months or more are deducted from cash and cash equivalents and changes therein are reported as cash flows from investing activities.

2. Investments

The investment in the State of New Mexico local government investment pool (LGIP) is valued at fair value based on quoted market prices as of the valuation date in accordance with GASB Statement No. 31.

The LGIP is not SEC registered. The State Treasurer is authorized to invest the LGIP, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10.I through 6-10-10.P and Sections 6-10-10.1A and E NMSA 1978. The pool does not have unit shares. According to Section 6-10-10.1F NMSA 1978, at the end of each month all interest is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary. This pool is subject to the standards set forth in the State Treasurer's Local Government Investment Policy document incorporated in and made a part of the State Treasurer's Investment Policy document. The Independent Auditor's Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditor's Report on Compliance and Internal Controls are available from the State Investment Council, 2055 South Pacheco Street, Suite 100, Santa Fe, New Mexico 87505, upon written request.

The following categories of investments are specifically authorized by AHA's policy:

a) Direct obligations of the federal government backed by the full faith and credit of the United States
b) Obligations of federal government agencies
c) Securities of government sponsored agencies
d) Mutual funds
e) Repurchase agreements
f) Demand, time, and money market deposit accounts

3. Receivables

All accounts receivable, except for restricted accounts receivable, are shown net of allowance for uncollectable accounts. The allowance for uncollectable accounts is based on management's assessment of the collectability of specific accounts, aging of accounts receivable, historical experience and other currently available evidence.

4. Restricted Assets

Restricted assets arise principally from advanced grant funding, tenant security deposits, and tenant escrow deposits.

5. Inventory

Inventory is valued at average cost and recorded as an expense when inventory items are consumed. Inventory consists primarily of appliances and materials for the Public Housing Program, such as refrigerators and toilets.

6. Capital Assets

Capital assets are stated at historical cost. Donated capital assets are recorded at estimated fair market value at the time received. State of New Mexico Administrative Code requires state and local governmental agencies to capitalize capital assets costing in excess of $5,000. Depreciation on capital assets is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	15 – 50 Years
Machinery and equipment	3 – 13 Years

7. Accrued Compensated Absences

Subject to specific limits, employees accumulate vacation pay that is payable upon termination or retirement. Vacation costs are recognized as a liability when incurred. Employees also accumulate specified amounts of sick leave that are payable to the employee upon retirement. Accumulated sick leave pay is recognized when vested or taken, whichever occurs first.

8. Defined Benefit Pension Plan

AHA is an affiliated public employer with the State of New Mexico Public Employees Retirement Association (PERA) for purposes of providing AHA employees with the benefits of a retirement program. Employees participate in a defined benefit plan offered by PERA. 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 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.

8. Defined Benefit Pension Plan (continued)

The June 30, 2014, PERA report included balances when AHA was a department with the City. The pension amounts reported by AHA at June 30, 2015, were based on the City's actuarial amounts and study due to the integrated reporting by PERA and the City. The June 30, 2018, pension amounts reported by AHA reflect AHA's individual pension costs and balances separate from the City. AHA's reported pension amounts differ from the PERA report due to the amortization of the June 30, 2016, deferred outflows of resource and deferred inflows of resource balances.

9. Defined Benefit OPEB Plans

AHA is an affiliated public employer with the New Mexico Retiree Health Care Authority's (RHCA) New Mexico Retiree Health Care Fund for purposes of providing AHA retired employees with health care insurance and prescription drug benefits. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of RHCA and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, 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.

AHA also provides employees with retiree life insurance through Hartford. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the life insurance plan and additions to/deductions from the plan's fiduciary net position have been determined on the economic resources measurement focus and accrual basis of accounting. Investments are reported at fair value.

10. Unearned Revenue

Unearned revenue is reported as a liability payable from restricted assets for revenues collected in advance, and as a current liability for customer deposits received.

11. Long-term Liabilities

Long-term liabilities used to finance AHA's capital acquisitions are recorded in the statement of net position. Revenues earned by AHA are used to liquidate these obligations.

12. Net Position

Net position is reported in three categories:

- **Net investment in capital assets –** This category reflects the portion of net position that is associated with capital assets less outstanding capital asset related debt.

- **Restricted net position** - Restricted net position results from constraints placed on the use of net position when externally imposed by creditors, grantors, laws and regulations of other governments and imposed by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is AHA's policy to use restricted resources first and then unrestricted resources as they are needed. AHA's restricted net position related to deposits held and Housing Choice Voucher equity restrictions as required by HUD.

- **Unrestricted net position –** This category reflects net position not restricted for any project or other purpose.

13. Use of Estimates in Preparation of Financial Statements

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

14. Budgets

An annual budget, which is not legally adopted, is prepared in accordance with the U.S. Department of Housing and Urban Development regulations on an accrual basis and includes both operating and debt service activities as a single budget. An annual submission of AHA board resolution approving the operating budget is submitted to the local HUD office with form HUD-52574.

15. New Accounting Standards

AHA adopted the following accounting standards in 2018:

GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of GASB 45 and requires recognition and measurement of liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related other postemployment benefits (OPEB) provided employees. The statement identifies assumptions required to be used to project benefit payments, discount of those payments, and the related note disclosures and supplementary information required to be reported.

GASB No. 85, *Omnibus 2017*. This statement addresses practice issues related to financial reporting of various matters including blended component units, investments, OPEB issues note addressed in GASB 75, and other reporting matters.

16. Future Accounting Standards

The GASB has issued several statements which have not yet been implemented by AHA but which are effective for future years. These statements include the following:

GASB No. 87, *Leases*, is effective for years beginning after December 15, 2019. This statement improves the accounting and financial reporting for leases by requiring the recognition of certain lease assets and liabilities that were classified as operating leases and recognized as inflows and outflows of resources based on the payment provisions of the contract.

GASB No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, is effective for years beginning after December 15, 2018. This statements improves the consistency and comparability of reporting a government's majority equity interest in legally separate organizations by defining a majority equity interest and requiring the use of the equity method.

II. DETAILED NOTES

A. Cash, Cash Equivalents, and Tenant Deposits

AHA has adopted a formal Investment Policy that outlines its investment practices and policies. The primary purpose of the policy is to ensure safety of principal while managing liquidity to pay AHA's financial obligations. AHA's deposit policy is to have its deposits covered by insurance, collateralized or deposited in well capitalized institutions.

The total cash, cash equivalents, and tenant security deposits at June 30, 2018, consist of the following:

Deposits		
Bank accounts at book balances	$	10,367,952
Tenant deposits and escrows		298,938
Total deposits		10,666,890
Local government investment pool		6,771,324
Total cash, cash equivalents, and tenant security deposits	$	17,438,214
As reported in the statement of net position		
Cash and cash equivalents - unrestricted	$	16,354,964
Cash and cash equivalents - restricted		1,083,250
	$	17,438,214

Custodial credit risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, AHA's funds may not be returned to it. AHA is required to obtain from each bank that is a depository for public funds pledged collateral in an aggregate amount equal to one half of the public money in each account (Section 6-10-17 NMSA 1978). No security is required for the deposit of public money that is insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC limitations are collateralized. As of June 30, 2018, the carrying amount of bank deposits was $10,666,890 and the bank balance was $10,707,497. Of the bank balances, $250,000 was covered by federal depository insurance and $10,457,497 was collateralized by securities held by a third party bank at June 30, 2018. The bank balance was either insured or collateralized at June 30, 2018.

A. Cash, Cash Equivalents, and Tenant Deposits (continued)

Custodial credit risk – Investments – Custodial credit risk with respect to investments is the risk that in the event of the failure of the counterparty, AHA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. AHA's investment policy requires that all security transactions, including collateral for repurchase agreements, entered into shall be conducted on a delivery-versus-payment basis. AHA's investment in the Local Government Investment Pool (LGIP) represents a proportionate interest in the LGIP's portfolio. AHA's portion is not identified with specific investments and is not subject to custodial credit risk.

Credit risk – Credit risk is the risk that in the event an issuer or other counterparty to an investment does not fulfill its obligation, AHA will not be able to recover the value of its principle. As a rule, AHA's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. AHA annually reviews its asset allocation strategies and guidelines for the percentage of its total portfolio that may be invested in securities other than repurchase agreements, U.S. Treasury bills and notes or insured/collateralized certificates of deposit. As part of the allocation evaluation, these guidelines are reviewed periodically, considering the probability of market and default risk in various investment sectors. The investment policy describes permitted investments as those allowed according to Section 6-10-10 NMSA. Among permitted investments, the investment policy requires that 1) repurchase agreements have a collateralized value of 102% of the par value of the agreement, and 2) certificates of deposit with local banks be fully insured by the FDIC. Investments in direct obligations of the U.S. treasury are permitted as are securities of the U.S. government agencies denoted in Section 6-10-10 F (2) NMSA 1978. The LGIP is rated AAAm by Standard and Poors.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of AHA's investments. AHA's investment policy limits its exposure to interest rate risk by requiring that no less than 80% of the funds invested in the core segment of the internal investment pool or in other discretionary funds be in maturities of no more than three years from date of purchase. No more than 20% of the funds may be invested in maturities between three and five years. Investment of nondiscretionary assets, including funds to be held in trust, may be committed to maturities up to ten years from the date of purchase. The LGIP maintains 99% of its holdings as investment grade (A-1 or AAA) or better, a weighted average maturity specific to the WAM (R) of 53 days, and WAM(F) of 109 days.

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 3,767,389	$ -	$ -	$ 3,767,389
Construction in Progress	145,961	-	(145,961)	-
Total	3,913,350	-	(145,961)	3,767,389
Capital assets being depreciated:				
Buildings & Improvements	58,705,970	7,846,376	(46,160)	66,506,186
Furniture & Equipment	1,661,001	163,514	(387,624)	1,436,891
	60,366,971	8,009,890	(433,784)	67,943,077
Less: Accumulated Depreciation	(53,920,173)	(1,080,885)	228,252	(54,772,806)
Total	6,446,798	6,929,005	(205,532)	13,170,271
Capital Assets, Net	$ 10,360,148	$ 6,929,005	$ (351,493)	$ 16,937,660

C. Long-term Obligations

The change in long-term obligations for the year ended June 30, 2018 is as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due in Less than One Year
Capital lease payable	$ -	$ 4,237,871	$ (15,792)	$ 4,222,079	156,064
HUD payable	142,623	-	(15,847)	126,776	21,129
Accrued compensated absences	171,702	2,963	(2,276)	172,389	76,887
	$ 314,325	$ 4,240,834	$ (33,915)	$ 4,521,244	$ 254,080

On June 25, 2014, AHA entered into a non-interest agreement with the U.S. Department of Housing and Urban Development to repay $711,294 in contract payments that did not comply with the funding source, the American Recovery and Reinvestment Act of 2009 and federal procurement requirements. The balance outstanding at June 30, 2018, was $126,776.

C. Long-term Obligations (continued)

According to the agreement, the annual debt service requirements are as follows:

Year ending June 30,	
2019	$ 21,129
2020	21,129
2021	21,129
2022	21,129
2023	21,129
2024	21,131
	$ 126,776

Effective June 22, 2017, AHA entered into a Lease Purchase Agreement with Banc of America Public Capital Corporation through the Public Housing Energy Performance Contract (EPC) program. U.S. Department of Housing and Urban Development's Energy Performance Contracting program is an innovative financing technique that uses cost savings from the reduction in energy consumption to repay the cost of installing Energy Conservation Measures (ECM). Under this lease purchase agreement, AHA is committed to borrow up to $4,090,059. The terms of the lease purchase is 15 years with interest payable at 3.88% annually. During the first year of the lease, AHA was not obligated to pay their required rental amount which increased their principal balance to $4,237,871 prior to AHA making monthly payments. The balance outstanding at June 30, 2018, was $4,222,079.

According to the agreement, the annual debt service requirements are as follows:

Year ending June 30,	Principal	Interest	Total
2019	$ 156,064	$ 161,051	$ 317,115
2020	171,910	154,718	326,628
2021	188,673	147,754	336,427
2022	206,397	140,123	346,520
2023	225,129	131,787	356,916
2024-2033	3,273,906	675,649	3,949,555
	$ 4,222,079	$1,411,082	$5,633,161

D. Defined Benefit Pension Plan

Plan Description. The Public Employees Retirement Fund (PERA) is a cost-sharing, multiple employer defined benefit pension plan. The fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal Fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at http://saonm.org/ using the Audit Report Search function for agency 366.

AHA employees contributed to PERA as a part of the Municipal General Member Coverage Plan 3. The contribution rates for Municipal Plan 3 as of July 1, 2017, are for the employee 13.15% (if annual salary of $20,000 or less) or 14.65% (if annual salary greater than $20,000), and the employer contribution percentage is 9.55%.

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial for the fiscal year ended June 30, 2017, available at https://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf.

Contributions. The contribution requirement of defined benefit plan members and AHA are established in state statue under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY 2017 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY 2017 annual audit report at https://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf.

The PERA coverage options that apply specifically to AHA are the Municipal General Division. Statutorily required contributions to the pension plan from AHA for the year ended June 30, 2018, was $261,213.

D. Defined Benefit Pension Plan (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2016. The PERA pension liability amounts for each division were rolled forward for the valuation date to the Plan year ending June 30, 2017, using generally accepted actuarial principles. Therefore, the employer's portion was established as the measurement date of June 30, 2017.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were preformed separately for each of the membership groups; municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. AHA's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal years ended June 30, 2017. Only employer contributions for the pay period end dates that fell within the period of July 1 to June 30 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2017 are included in the total contribution amounts for those fiscal years. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Municipal General Division, at June 30, 2018, AHA reported a liability of $4,417,682, for its proportionate share of the net pension liability. At June 30, 2017, AHA's proportion was 0.3215 percent.

For the year ended June 30, 2018, AHA recognized PERA Municipal General Division pension expense of $(532,960).

D. Defined Benefit Pension Plan (continued)

At June 30, 2018, AHA reported PERA Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 173,585	$ 226,260
Change in assumptions	203,721	45,651
Net difference between projected and actual earnings on pension plan investments	362,444	-
Changes in proportion and differences between AHA contributions and proportionate share of contributions	1,298,312	-
AHA contributions subsequent to the measurement date	261,213	-
Total	$ 2,299,275	$ 271,911

$261,213 reported as deferred outflows of resources related to pensions resulting from AHA contributions subsequent to the measurement date of June 30, 2017, will be recognized as a reduction of the net pension liability in fiscal year 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ending June 30,	
2019	$ 1,220,677
2020	776,574
2021	136,035
2022	(105,922)
	$ 2,027,364

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2016, for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation dated to the Plan years ending June 30, 2017, using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2017, actuarial valuation.

D. Defined Benefit Pension Plan (continued)

Actuarial Methods and Assumptions	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, Open
Amortization period	30 Years
Asset valuation method	4 – Year Smoothed Market
Investment rate of return	7.25% for 1st 9 years; 7.75% thereafter
Payroll growth	2.75% for 1st 9 years; 3.25% thereafter
Projected salary increases	3.25% - 13.50%
Inflation assumption	2.25% for the 1st 9 years; 2.75% thereafter

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50%	1.79%
Credit Oriented Fixed Income	15.00%	5.77%
Real Assets	20.00%	7.35%
	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent for the first 10 years (selected period) and 7.75 percent for all the other years (ultimate). The equivalent blended rate is 7.48 percent and will be used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB 67. Therefore, the 7.48% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

D. Defined Benefit Pension Plan (continued)

Sensitivity of AHA's proportionate share of the net pension liability to changes in the discount rate. The following presents AHA's proportionate share of the net pension liability calculated using the discount rate of 7.51 percent, as well as what AHA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.51 percent) or 1-percent higher (8.51 percent) than the current rate:

	1% Decrease (6.51%)	Current Discount Rate (7.51%)	1% Increase (8.51%)
AHA's proportionate share of the net pension liability, at June 30, 2018	$ 6,923,966	$ 4,417,682	$ 2,333,357

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY 2017 PERA Financial Reports. The report is available at http://www.pera.state.nm.us/publications.html.

Payables to the pension plan. There were no payable due to PERA of June 30, 2018.

E. Other Post-Employment Benefit Plans

1. Healthcare Plan

Plan description. AHA contributes to the New Mexico Retiree Health Care Fund, cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Benefits provided. RHCA is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees, their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to RHCA and by co-payments or out-of-pocket payments of eligible retirees.

1. Healthcare Plan (continued)

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Retiree Health Care Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

Funding policy. The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at www.nmrhca.state.nm.us.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers are January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

1. Healthcare Plan (continued)

Contributions. The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees who are members of an enhanced retirement plan (state police and adult correctional officer coverage plan 1; municipal police member coverage plans 3, 4 and 5; municipal fire member coverage plan 3, 4 and 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act [10-12B-1 NMSA 1978]), during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary, and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act. Employer contributions to RHCA were $56,024 for the year ended June 30, 2018.

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources. As of June 30, 2018, AHA reported a net OPEB Liability for Retiree Health Care of $3,106,462 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2016. As of June 30, 2018, AHA's proportionate share of the OPEB liability was 0.06855%.

For year ended June 30, 2018, AHA recognized OPEB contribution expense of $3,759,489. As of June 30, 2018, AHA reported deferred outflows of resources and deferred inflow of resources related to OPEB Health Insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 119,210
Change in assumptions	-	543,125
Net difference between projected and actual earnings on pension plan investments	-	44,689
Changes in proportion and differences between AHA contributions and proportionate share of contributions	-	-
AHA contributions subsequent to the measurement date	53,997	-
Total	$ 53,997	$ 707,024

1. Healthcare Plan (continued)

The amount of contributions related to fiscal year 2018 have been recorded as a reduction of the OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	
2019	$ (96,321)
2020	(150,318)
2021	(150,318)
2022	(150,318)
2023	(105,752)
	$ (653,027)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods and Assumptions	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Investment rate of return	7.25% annual rate, net of investment
Projected salary increases	3.50%
Discount rate	3.81%
Mortality rate	RP-2000 Combined Healthy Mortality
Healthcare cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs; 7.5% graded down to 4.5% over 12 years of Medicare medical plan costs

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses as a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investments expenses, used in the derivation of the long-term expected investment rate of return assumptions.

1. Healthcare Plan (continued)

ALL FUNDS – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. core fixed income	20.00%	4.10%
U.S. equity – large cap	20.00%	9.10%
Non-U.S. – emerging markets	15.00%	12.20%
Non-U.S. – developed equities	12.00%	9.80%
Private equity	10.00%	13.80%
Credit and structured finance	10.00%	7.30%
Real estate	5.00%	6.90%
Absolute return	5.00%	6.10%
U.S. equity – small cap	5.00%	9.10%
	100.00%	

Discount rate. The discount rate used to measure the total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Funds fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus 3.81% is the blended discount rate.

Sensitivity of AHA's proportionate share of the net OPEB liability to changes in the discount rate. The following represents AHA's proportionate share of the net OPEB liability calculated using the discount rate of 3.81 percent, as well as what AHA's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percent lower (2.81 percent) or 1-percent higher (4.81 percent) than the current rate:

	1% Decrease (2.81%)	Current Discount Rate (3.81%)	1% Increase (4.81%)
AHA's proportionate share of the net OPEB liability, at June 30, 2018	$ 3,768,090	$ 3,106,462	$ 2,587,355

1. Healthcare Plan (continued)

Sensitivity of AHA's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following represents AHA's proportionate share of the net OPEB liability, as well as what AHA's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percent lower or 1-percent higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
AHA's proportionate share of the net OPEB liability, at June 30, 2018	$ 3,768,090	$3,106,462	$2,587,355

OPEB plan fiduciary net position. Detailed information about RHCA's fiduciary net position is available in their separately issued OPEB Financial Report.

Payables to the OPEB Plan. There were no payable due to RHCA as of June 30, 2018.

2. Life Insurance Plan

Plan description. AHA provides continuation of life insurance coverage to its retiring employees through an insured group life arrangement (plan).

Benefits provided. AHA provides $5,000 in life insurance coverage for employees who retire from AHA under the Public Employees Retirement Association (PERA) of New Mexico. AHA contributes the full cost of retiree life insurance coverage. The current premium rate is $0.28 per $1,000 of life insurance for active and retired employees, regardless of age.

Funding policy. AHA currently financing its OPEB liability on a pay•as•you•go basis. The discount rate used in this valuation is based on the S&P Municipal Bond 20 Year High Grade Index. As of the beginning and end of the Measurement Period, this index requires use of discount rates of 2.68% as of June 30, 2016 and 3.13% as of June 30, 2017.

Contributions. AHA contributions to the Plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). Employer contributions to the plan were $211 for the year ended June 30, 2018.

2. Life Insurance Plan

OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources. As of June 30, 2018, AHA reported a net OPEB Liability for Life Insurance of $27,467. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation as of June 30, 2017.

For year ended June 30, 2018, AHA recognized OPEB contribution expense of $30,086. As of June 30, 2018, AHA reported deferred outflows of resources and deferred inflow of resources related to Life Insurance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	2,830
Net difference between projected and actual earnings on pension plan investments	-	-
AHA contributions subsequent to the measurement date	212	-
Total	$ 212	$ 2,830

The amount of contributions related to fiscal year 2018 have been recorded as a reduction of the OPEB liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	
2019	$ (176)
2020	(387)
2021	(387)
2022	(387)
2023	(387)
Thereafter	(894)
	$ (2,618)

2. Life Insurance Plan (continued)

Actuarial assumptions. The total OPEB liability in the June 30, 2017 valuation was determined using the following actuarial assumptions applied to all periods including the measurement:

Actuarial Methods and Assumptions	
Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal Cost, level percent of pay
Projected salary increases	3.25% per year
Discount rate	3.13%
Mortality rate	RP 2000 Employee Mortality for males and females for pre-retirement mortality; RP 2000 Combined Health Table for males and females for post-retirement mortality for healthy retirees

Discount rate. The discount rate used to measure the total OPEB liability is 3.13% as of June 30, 2017.

Sensitivity of AHA's net OPEB liability to changes in the discount rate. The discount rate used for the fiscal year end 2018 is 3.13%. The impact of a 1% increase or decrease in the discount rate is shown in the chart below. Healthcare cost trend rate is not applicable in the evaluation of life insurance benefits.

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Net OPEB liability, at June 30, 2018	$ 35,274	$ 27,467	$ 21,706

OPEB plan fiduciary net position. AHA does not maintain a trust for the plan and therefore the plan's fiduciary net position is zero.

Payables to the OPEB Plan. There were no payable due to the plan as of June 30, 2018.

F. Risk Management

AHA is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; workers' compensation losses; errors and omissions; and natural disasters. AHA covers these risks through the purchase of commercial insurance. Settlement amounts have not exceeded insurance coverage except for deductibles since AHA separated from the City on July 1, 2014.

G. Commitments and Contingencies

Federal and State Grant Commitments
AHA has received a number of Federal grants for specific purposes. These grants are subject to audit and may result in discrepancies between the expenditures reported on the general ledger and requests for reimbursements to granting agencies that may not comply with the terms of the respective grant agreements. Based on prior experience, AHA management believes that such discrepancies, if any, will not be material.

Contingent Liabilities
In the normal course of business, AHA is subject to certain contingent liabilities and un-asserted claims. These contingencies are evaluated in light of asserted claims being probable and estimable. Those claims that are probable and estimable have been accrued in the accompanying financial statements. Claims that are possible and/or not estimable are disclosed herein. Remote claims are monitored until such time as they are resolved, disclosed, or accrued. AHA is subject to a personal injury claim which is currently pending in state court. AHA is vigorously defending this claim and no outcome has yet been determined.

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP

As described in Note A, the reporting entity includes Rio Housing Associates LLLP as a discretely presented component unit based on criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 61 – *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.* Rio Housing Associates LLLP has a December 31, 2017, year-end. The last issued audited financial statements of Rio Housing Associates LLLP were as of December 31, 2017 and for the year then ended. The following represents the disclosures from the audited financial statements of Rio Housing Associates LLLP.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Partnership was organized on November 10, 2015 as a Limited Liability Limited Partnership and began operations on November 15, 2016. The Partnership's purpose is to acquire, own and operate a 75 unit apartment complex in Albuquerque, New Mexico, known as Rio Vista Apartments.

Federal Financial Assistance Programs - The Partnership has the following nonmajor federal financial assistance programs:

Section 8 Housing Assistance Payments

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP (continued)

Method of Accounting - The financial statements of the Partnership are prepared on the accrual basis of accounting, and include only those assets, liabilities and results of operations which relate to the business of Rio Housing Associates LLLP.

Property and Equipment - Property and equipment are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. Repairs and maintenance are expensed and betterments and renewals are capitalized as incurred. When assets are retired or disposed of, their costs and related accumulated depreciation are removed from the accounts and the resulting gains or losses are reflected in income.

Capital asset activities for the year ended December 31, 2017 was as follows:

	Balance January 1, 2017	Increases	Decreases	Balance December 30, 2017
Land and improvements	$ 541,803	$ 333,029	$ -	$ 874,832
Buildings and improvements	2,867,548	7,284,576	-	10,152,124
Furniture and fixtures	2,000	441,352	-	443,352
Construction in progress	1,318,034	-	(1,318,034)	-
	4,729,385	8,058,957	(1,318,034)	11,470,308
Less: Accumulated Depreciation	(11,981)	(83,430)	-	(95,411)
Capital Assets, Net	$ 4,717,404	$ 7,975,527	$(1,318,034)	$ 11,374,897

Income Taxes - No provision for taxes on income is made in the Partnership's financial statements since, as a limited liability Partnership, all taxable income and losses are allocated to the partners for inclusion in their respective tax returns.

A low-income tax credit pursuant to Internal Revenue Code Section 42 has been allocated to the partnership. This credit is allocated to the partners for inclusion in their respective tax returns. The project must be maintained as a low income rental project to realize the tax credit. If the project or any portion thereof is not low income, adverse tax consequences will occur.
In accordance with accounting principles generally accepted in the United States of America, management has evaluated the Partnership’s exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. No income tax returns are currently being examined by the Internal Revenue Service. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP (continued)

Cash – Cash includes cash on hand and amounts due from banks. Cash includes restricted deposits and funded reserves and tenant security deposits. Tenant security deposits are held in trust and may be returned to the tenants.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. NOTES PAYABLE

A Promissory Note in the original amount of $1,875,000 is payable to the New Mexico Mortgage Finance Authority (HTF). The note is secured by the real estate. The note bears interest at 3% per annum, which approximates the effective interest rate. Monthly interest only payments on the loan shall be made until December 1, 2018, when the entire unpaid principal and interest is due in full. The balance of the note at December 31, 2017, was $1,875,000.

A Promissory Note in the original amount of $1,000,000 is payable to the New Mexico Mortgage Finance Authority (Primero). The note is secured by the real estate. The note bears interest at 2.5% per annum, which approximates the effective interest rate. Monthly interest only payments on the loan shall be made until December 1, 2018, when the entire unpaid principal and interest is due in full. The balance of the note at December 31, 2017, was $1,000,000.

A Promissory Note in the original amount of $625,000 is payable to the Ventana Fund. The note is secured by the real estate. The note bears interest at 2.5% per annum, which approximates the effective interest rate. Monthly interest only payments on the loan shall be made until December 1, 2018, when the entire unpaid principal and interest is due in full. The balance of the note at December 31, 2017, was $625,000.

The mortgage loans will be amortized during year ending 2018.

The partnership has a firm commitment with Prudential Affordable Mortgage Company, LLC to borrow up to $3,558,000.

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP (continued)

3. PARTNERS' CAPITAL

The Partnership consists of one General Partner, Los Lobos Realty, LLC which owns 0.01%; one Investor Limited Partner, BF Rio Vista, LLC, which owns 99.99%; and one Special Limited Partner, BFIM Special Limited Partner, Inc. In accordance with the Partnership Agreement, the General Partner will make a capital contribution of $100; the Special Limited Partner will contribute $10; and the Limited Partner has committed to contribute $9,248,867, subject to tax credit adjustors.

During the year ended December 31, 2017, the Investor Limited Partner contributed $5,364,342. Additional capital contributions of $1,544,609 are expected to be received as certain benchmarks are met.

4. TRANSACTIONS WITH RELATED PARTY

Development Services Agreement - The Partnership has entered into an agreement with Rio Developer LLC, an entity related to the General Partner, for its services in overseeing the development and rehabilitation of the project. The Partnership shall pay a fee of $1,462,500 for these services, as determined by the allocating agency. During 2017, the full amount was earned and $1,096,875 remains payable and in included in accounts payable. The remaining balance will be paid from Limited Partner capital contributions or cash flow, to the extent available pursuant to the Partnership Agreement. In the event that any balance of the fee remains unpaid after the payment of the Seventh Installment of Capital Contributions, the fee shall be deferred, with interest at 5% per annum, compounding annually and payable from available cash flow, in accordance with the priority set forth in the Partnership Agreement.

Supervisory Management Fee - The Partnership has agreed to pay the General Partner an annual non-cumulative Supervisory Management Fee for its consulting services to the Partnership to be better able to distribute cash flow to its Partners. The fee shall be earned and payable only to the extent cash flow is available for distribution after the payments described in clauses first through eighth of Section 10.1A of the Partnership Agreement. The fee, with respect to any fiscal year, together with any management fees payable to the Management Agent pursuant to the terms of the Management Agreement, shall not exceed in the aggregate 12% of the Partnership's cash receipts for such year. No fee was paid during 2017.

Priority Distribution - A priority distribution is payable to the Limited Partner, commencing in 2017, in an annual cumulative amount of $5,000, increasing 3% annually. The Priority Distribution shall be paid in accordance with the priority set forth in the Partnership Agreement. No distribution was paid during 2017.

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP (continued)

5. COMMITMENTS

Restricted Escrow Accounts - Under the terms of the various agreements, the Partnership is required to make deposits to escrow accounts to fund expected future costs as follows:

> *Replacement Reserve* - Commencing on the date of the final closing, an amount equal to $1,875 per month shall be deposited into a reserve for replacements. At December 31, 2017, the reserve had not yet been set up.
>
> *Operating Reserve* - The Partnership will establish an operating reserve in the amount of $295,992. The reserve is to be funded with proceeds of the sixth installment of capital contribution. At December 31, 2017, the reserve had not yet been set up.
>
> *Transaction Reserve* - The Partnership shall establish a transition reserve in the amount of $225,000 from proceeds of the sixth installment of capital contribution. The reserve account is for any operating deficits that may arise in the event that the rental assistance under the HAP contract is reduced or terminated. At December 31, 2017, the reserve had not yet been set up.

Land Use Restriction Agreement - Pursuant to a land use restriction agreement with the New Mexico Mortgage Finance Authority, the Partnership is required to rent 75 units to tenants with income at or below 50% of area median income with 20% of units set aside for special needs. These restrictions shall remain in effect for a minimum of twenty (20) years.
Construction Contract - The Partnership has entered into a construction contract with Tofel Construction for $5,321,220, for construction services in connection with the project. At December 31, 2017, the contract had been complete, and $400,026 remained payable on the contract and is included in accounts payable.

6. NOTE RECEIVABLE

The Partnership advanced $4,000,000 to Rio Housing BP Associates, LLLP during 2016 as a condition of acquisition of the project. The note bears interest at 4% per annum. Commencing November 1, 2017, annual payments of interest only shall be made and all unpaid principal and interest is due on November 1, 2046. The balance at December 31, 2017, was $4,000,000. See Note 7.

H. Discretely Presented Component Unit – Rio Housing Associates, LLLP (continued)

7. CAPITAL LEASE PAYABLE

In November, 2016 the Partnership entered into a capital lease of land and building with Bernalillo County, New Mexico. The sale price was $4,000,000. This transaction is being accounted for as a capital lease. The lease term is 30 years and title transfers to the Partnership at the end of the lease term for $10. Principal under the capital lease obligation will be paid at the end of the lease term. The lease bears interest at 4%. The balance of the lease at December 31, 2017, was $4,000,000.

Commencing November 1, 2017 payments will be made to the Rio Housing BP Associates, LLLP (Note 6), such amounts at such times as are necessary to make all payments of principal, interest and any redemption price of the Bonds in accordance with the terms of the Bonds and the Indenture as and when due, with the final payment due November 1, 2046.

8. HOUSING ASSISTANCE PAYMENTS CONTRACT

During 2016, the Partnership assumed a HUD Housing Assistance Payments (HAP) Contract. The contract provides housing assistance payments to the project on behalf of qualified tenants for the difference between the contract rent and the eligible tenant’s contribution, as defined by HUD. Effective December 1, 2017, annual Section 8 contract rents total $657,900 and may not be increased without HUD approval.

9. MANAGEMENT CONTRACT

The Partnership entered into a management agreement with Capstone Real Estate Services, Inc. and is required to pay a management fee equal to 5% of gross collections received during the preceding month. Management fees incurred during 2017 were $25,040.

10. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Partnership to concentrations of credit risk consist primarily of checking and time deposit accounts with financial institutions. These balances fluctuate greatly during the year and can exceed the $250,000 limit of FDIC coverage. Management regularly monitors the financial institutions, together with their respective cash balances, and attempts to maintain this potential risk at a minimum. At December 31, 2017, the Partnership had cash on deposit with financial institutions, including restricted escrows and tenant security deposits, of $948,209, all of which was insured by the FDIC or backed by government securities.

I. Prior Period Adjustments

For the year ended June 30, 2018, the statement of revenues, expenses, and changes in net position reflected prior period adjustments decreasing net position by $2,923,213 and is comprised of the following:

- An adjustment to decrease net position by $3,716,992 as a result of the implementation of GASB 75 related to AHA's participation in the New Mexico OPEB plans.
- An adjustment to increase net position by $793,779 as a result of improper recording of capital assets in prior periods.

Net Position at June 30, 2017 as originally reported	$ 24,773,153
Effect of prior period adjustments	(2,923,213)
Net Position at June 30, 2017 as restated	$ 21,849,940

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF PERA MUNICIPAL GENERAL DIVISION
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015
AHA's proportion of the net pension liability	**0.32%**	0.30%	0.23%	0.29%
AHA's proportionate share of the net pension liability	**$ 4,417,682**	$ 4,764,231	$ 2,300,187	$ 2,235,616
AHA's covered-employee payroll	**$ 2,735,214**	$ 2,823,780	$ 2,553,351	$ 1,867,571
AHA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	**161.51%**	168.72%	90.09%	119.71%
Plan fiduciary net position as a percentage of the total pension liability	**73.74%**	69.18%	76.99%	81.29%

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, AHA will present information for those years for which information is available.

The accompanying notes are an integral part of the financial information.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PLAN
PERA MUNICIPAL GENERAL DIVISION
LAST 10 FISCAL YEARS*

	2018	2017	2016	2015
Contractually required contribution	**$ 261,213**	$ 269,671	$ 243,845	$ 178,353
Contributions in relation to the contractually required contribution	**261,213**	269,671	243,845	178,353
Contribution deficiency (excess)	**$ -**	$ -	$ -	$ -
AHA's covered-employee payroll	**2,735,214**	2,823,780	2,553,351	1,867,571
Contributions as a percentage of covered-employee payroll	**9.55%**	9.55%	9.55%	9.55%

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, AHA will present information for those years for which information is available.

The accompanying notes are an integral part of the financial information.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY OF NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST 10 FISCAL YEARS*

	2018
AHA's proportion of the net OPEB liability	**0.69%**
AHA's proportionate share of the net OPEB liability	**$ 3,106,462**
AHA's covered-employee payroll	**$ 2,801,285**
AHA's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	**110.89%**
Plan fiduciary net position as a percentage of the total OPEB liability	**11.34%**

The accompanying notes are an integral part of the financial information.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
NEW MEXICO RETIREE HEALTH CARE AUTHORITY
LAST 10 FISCAL YEARS*

	2018
Contractually required contribution	$ 56,024
Contributions in relation to the contractually required contribution	56,024
Contribution deficiency (excess)	$ -
AHA's covered-employee payroll	2,801,285
Contributions as a percentage of covered-employee payroll	2.00%

The accompanying notes are an integral part of the financial information.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LIFE INSURANCE PLAN
LAST 10 FISCAL YEARS*

		2018
Total OPEB liability		
Service cost	$	2,871
Interest on the total OPEB liability		803
Changes in assumptions		(3,217)
Benefit payments		(199)
Net change in total OPEB liability		258
Total OPEB liability - beginning		27,209
Total OPEB liability - ending	$	27,467
Plan fiduciary net position		
Contributions - employer	$	199
Benefit payments		(199)
Net change in plan fiduciary net position		-
Plan fiduciary net position - beginning		-
Plan fiduciary net position - ending	$	-
Authority's net OPEB liability	$	27,467
Plan's fiduciary net position as a percentage of the total OPEB liability		0.00%
Covered payroll	$	3,070,921
Authority's net OPEB liability as a percentage of covered payroll		0.89%

*These amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, AHA will present information for those years for which information is available.

The accompanying notes are an integral part of the financial information.

Actuarial assumptions for valuations performed. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated, which is the most recent actuarial valuation. The actuarial assumptions used are disclosed in the notes to the financial statements.

Changes of benefit terms:

The PERA Fund COLA and retirement benefit changes in recent years are described in Note 1 of the PERA FY 2017 audit available at https://www.saonm.org/media/audits/366_Public_Employees_Retirement_Association_FY2017.pdf.

There were no changes to the benefit terms which impact the measurements provided in the Albuquerque Pooled OPEB Trust.

There were no changes to the benefit terms which impact the measurements provided in the Life Insurance OPEB plan.

Changes in assumptions:

The public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017, report are available at http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2017-PERA-Valuation-Report-FINAL.pdf.

The results as of June 30, 2018 were developed by a one-year roll forward of the results from the July 1, 2017 valuation. The actuarial assumptions are contained in GASB 75 Actuarial Report submitted as an Appendix to the Albuquerque Pooled OPEB Trust Plan separate report.

There were no changes in assumptions which the measurements provided in the Life Insurance OPEB plan.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
Albuquerque, New Mexico
Year ended June 30, 2018

Statement and Certification of Actual Capital Fund Program Costs

Grant Year NM02P001501-10

1 The actual program costs of Phase NM02P001501-10 are as follows:

Funds Approved	$	1,411,270
Funds Expended		1,411,270
Excess/(Deficiency) of Funds	$	-
Funds Advanced	$	1,411,270
Funds Expended		1,411,270
Excess/(Deficiency) of Funds Advanced	$	-

2 There were no additions during the audit period.

3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.

4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
Albuquerque, New Mexico
Year ended June 30, 2018

Statement and Certification of Actual Capital Fund Program Costs

Grant Year NM02P001501-11

1 The actual program costs of Phase NM02P001501-11 are as follows:

Funds Approved	$	1,228,703
Funds Expended		1,228,703
Excess/(Deficiency) of Funds	$	-
Funds Advanced	$	1,228,703
Funds Expended		1,228,703
Excess/(Deficiency) of Funds Advanced	$	-

2 There were no additions during the audit period.

3 The total program costs as stated on the Annual Statement/Performance and Evaluation Report is in agreement with the Actual Modernization Cost Certificate as submitted to HUD for approval is in agreement with the PHA's records.

4 All Capital Fund Program costs have been paid and all related liabilities have been discharged through payment.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	Low-Rent Public Housing 14.850	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Housing Choice Vouchers 14.871
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - Unrestricted	3,925,992	28,768	4,583,796
Cash - Restricted - Modernization and Development	359,583	-	-
Cash - Other Restricted	11,472	-	479,169
Cash - Tenant Security Deposits	233,026	-	-
Cash - Restricted for Payment of Current Liabilities	-	-	-
Total Cash	4,530,073	28,768	5,062,965
Accounts and notes receivables:			
Accounts Receivable - HUD Other Projects	-	-	-
Accounts Recievable - Other Government	-	-	-
Accounts Receivable - Miscellaneous	-	-	-
Accounts Receivable - Tenants	103,986	-	-
Allowance for Doubtful Accounts -Tenants	(12,411)	-	-
Notes, Loans and Mortgages Receivable - Current	-	-	-
Fraud Recovery	-	-	85,069
Allowance for Doubtful Accounts - Fraud	-	-	(16,163)
Accrued Interest Receivable	-	-	-
Total Receivables, Net	91,575	-	68,906
Other Current Assets:			
Investments - Unrestricted	-	-	-
Investments - Restricted	-	-	-
Prepaid Expenses and Other Assets	12,417	-	-
Inventories	-	-	-
Allowance for Obsolete Inventories	-	-	-
Inter Program Due From	-	-	-
Assets Held for Sale	-	-	-
TOTAL CURRENT ASSETS	4,634,065	28,768	5,131,871
NONCURRENT ASSETS:			
Capital Assets:			
Land	3,767,389	-	-
Buildings	63,925,824	-	-
Furniture, Equipment & Machinery - Dwellings	-	-	24,707
Furniture, Equipment & Machinery - Administration	497,539	-	175,513
Leasehold Improvements	-	-	-
Accumulated Depreciation	(51,350,949)	-	(188,602)
Construction in Progress	-	-	-
Total Capital Assets, Net	16,839,803	-	11,618
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-
Other Assets	-	-	-
TOTAL NONCURRENT ASSETS	16,839,803	-	11,618
Deferred Outflow of Resources	722,122	-	583,948
TOTAL ASSETS	**22,195,990**	**28,768**	**5,727,437**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	14.879 Mainstream Vouchers	HOME	Blended Component Unit
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - Unrestricted	58,302	-	106,059
Cash - Restricted - Modernization and Development	-	-	-
Cash - Other Restricted	-	-	-
Cash - Tenant Security Deposits	-	-	-
Cash - Restricted for Payment of Current Liabilities	-	-	-
Total Cash	58,302	-	106,059
Accounts and notes receivables:			
Accounts Receivable - HUD Other Projects	-	-	-
Accounts Recievable - Other Government	-	-	-
Accounts Receivable - Miscellaneous	-	-	-
Accounts Receivable - Tenants	-	-	-
Allowance for Doubtful Accounts -Tenants	-	-	-
Notes, Loans and Mortgages Receivable - Current	-	-	-
Fraud Recovery	-	-	-
Allowance for Doubtful Accounts - Fraud	-	-	-
Accrued Interest Receivable	-	-	-
Total Receivables, Net	-	-	-
Other Current Assets:			
Investments - Unrestricted	-	-	-
Investments - Restricted	-	-	-
Prepaid Expenses and Other Assets	-	-	-
Inventories	-	-	-
Allowance for Obsolete Inventories	-	-	-
Inter Program Due From	-	-	-
Assets Held for Sale	-	-	-
TOTAL CURRENT ASSETS	58,302	-	106,059
NONCURRENT ASSETS:			
Capital Assets:			
Land	-	-	-
Buildings	-	-	-
Furniture, Equipment & Machinery - Dwellings	-	-	-
Furniture, Equipment & Machinery - Administration	-	-	-
Leasehold Improvements	-	-	-
Accumulated Depreciation	-	-	-
Construction in Progress	-	-	-
Total Capital Assets, Net	-	-	-
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-
Other Assets	-	-	-
TOTAL NONCURRENT ASSETS	-	-	-
Deferred Outflow of Resources	-	-	-
TOTAL ASSETS	**58,302**	**-**	**106,059**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - Unrestricted	58,874	7,593,173	16,354,964
Cash - Restricted - Modernization and Development	-	-	359,583
Cash - Other Restricted	-	-	490,641
Cash - Tenant Security Deposits	-	-	233,026
Cash - Restricted for Payment of Current Liabilities	-	-	-
Total Cash	58,874	7,593,173	17,438,214
Accounts and notes receivables:			
Accounts Receivable - HUD Other Projects	-	-	-
Accounts Recievable - Other Government	-	-	-
Accounts Receivable - Miscellaneous	-	-	-
Accounts Receivable - Tenants	-	-	103,986
Allowance for Doubtful Accounts -Tenants	-	-	(12,411)
Notes, Loans and Mortgages Receivable - Current	-	-	-
Fraud Recovery	-	-	85,069
Allowance for Doubtful Accounts - Fraud	-	-	(16,163)
Accrued Interest Receivable	-	-	-
Total Receivables, Net	-	-	160,481
Other Current Assets:			
Investments - Unrestricted	-	-	-
Investments - Restricted	-	-	-
Prepaid Expenses and Other Assets	-	63,156	75,573
Inventories	-	115,566	115,566
Allowance for Obsolete Inventories	-	-	-
Inter Program Due From	-	224,058	224,058
Assets Held for Sale	-	-	-
TOTAL CURRENT ASSETS	58,874	7,995,953	18,013,892
NONCURRENT ASSETS:			
Capital Assets:			
Land	-	-	3,767,389
Buildings	-	2,580,362	66,506,186
Furniture, Equipment & Machinery - Dwellings	-	-	24,707
Furniture, Equipment & Machinery - Administration	-	739,132	1,412,184
Leasehold Improvements	-	-	-
Accumulated Depreciation	-	(3,233,255)	(54,772,806)
Construction in Progress	-	-	-
Total Capital Assets, Net	-	86,239	16,937,660
Notes, Loans and Mortgages Receivable - Non-Current	-	-	-
Other Assets	-	-	-
TOTAL NONCURRENT ASSETS	-	86,239	16,937,660
Deferred Outflow of Resources	-	1,047,414	2,353,484
TOTAL ASSETS	**58,874**	**9,129,606**	**37,305,036**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	ELIM	Total	Rio Housing Associates, LLLP (Discretely Presented Component Unit)
ASSETS:			
CURRENT ASSETS:			
Cash:			
Cash - Unrestricted	-	16,354,964	89,302
Cash - Restricted - Modernization and Development	-	359,583	-
Cash - Other Restricted	-	490,641	819,500
Cash - Tenant Security Deposits	-	233,026	17,195
Cash - Restricted for Payment of Current Liabilities	-	-	
Total Cash	-	17,438,214	925,997
	-		
Accounts and notes receivables:			
Accounts Receivable - HUD Other Projects	-	-	-
Accounts Recievable - Other Government	-	-	-
Accounts Receivable - Miscellaneous	-	-	51,741
Accounts Receivable - Tenants	-	103,986	-
Allowance for Doubtful Accounts -Tenants	-	(12,411)	-
Notes, Loans and Mortgages Receivable - Current	-	-	-
Fraud Recovery	-	85,069	-
Allowance for Doubtful Accounts - Fraud	-	(16,163)	-
Accrued Interest Receivable	-	-	-
Total Receivables, Net	-	160,481	51,741
Other Current Assets:			
Investments - Unrestricted	-	-	-
Investments - Restricted	-	-	-
Prepaid Expenses and Other Assets	-	75,573	92,549
Inventories	-	115,566	-
Allowance for Obsolete Inventories	-	-	-
Inter Program Due From	(224,058)	-	
Assets Held for Sale	-	-	-
TOTAL CURRENT ASSETS	(224,058)	17,789,834	1,070,287
	-		
NONCURRENT ASSETS:			
Capital Assets:			
Land	-	3,767,389	874,832
Buildings	-	66,506,186	10,152,124
Furniture, Equipment & Machinery - Dwellings	-	24,707	-
Furniture, Equipment & Machinery - Administration	-	1,412,184	443,352
Leasehold Improvements	-	-	-
Accumulated Depreciation	-	(54,772,806)	(95,411)
Construction in Progress	-	-	-
Total Capital Assets, Net	-	16,937,660	11,374,897
Notes, Loans and Mortgages Receivable - Non-Current	-	-	4,000,000
Other Assets	-	-	121,028
TOTAL NONCURRENT ASSETS	-	16,937,660	15,495,925
Deferred Outflow of Resources	-	2,353,484	-
TOTAL ASSETS	**(224,058)**	**37,080,978**	**16,566,212**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	Low-Rent Public Housing 14.850	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Housing Choice Vouchers 14.871
LIABILITIES AND NET POSITION			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable <= 90 Days	98,525	-	-
Accrued Wage/Payroll Taxes Payable	9,703	-	20,766
Accrued Compensated Absences - Current Portion	29,051	-	13,129
Accrued Interest Payable	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-
Tenant Security Deposits	233,026	-	-
Unearned Revenue	218	-	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	156,064	-	-
Other Current Liabilities	11,512	-	54,400
Accrued Liabilities - Other	45,226	-	95,451
Loan Liability - Current	-	-	-
Inter Program - Due To	-	-	224,058
TOTAL CURRENT LIABILITIES	583,325	-	407,804
NONCURRENT LIABILITIES:			
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	4,066,015	-	-
Non-current Liabilities - Other	-	-	-
Accrued compensated Absences - Non Current	30,212	-	16,204
Non-current Liabilities - Other	-	-	-
Loan Liability - Non-Current	-	-	-
Accrued Pension and OPEB Liabilities	2,318,643		1,884,974
TOTAL NONCURRENT LIABILITIES	6,414,870	-	1,901,178
TOTAL LIABILITIES	6,998,195	-	2,308,982
Deferred Inflow of Resources	295,584	-	262,492
NET POSITION			
Net Investment in Capital Assets	12,617,724	-	11,618
Restricted Net Position	359,543	-	424,769
Unrestricted Net Position	1,924,944	28,768	2,719,576
TOTAL NET POSITION	14,902,211	28,768	3,155,963
TOTAL LIABILITIES AND NET POSITION	**22,195,990**	**28,768**	**5,727,437**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	14.879 Mainstream Vouchers	HOME	Blended Component Unit
LIABILITIES AND NET POSITION			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable <= 90 Days	-	-	-
Accrued Wage/Payroll Taxes Payable	-	-	-
Accrued Compensated Absences - Current Portion	-	-	-
Accrued Interest Payable	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-
Tenant Security Deposits	-	-	-
Unearned Revenue	-	-	-
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	-
Other Current Liabilities	-	-	-
Accrued Liabilities - Other	-	-	-
Loan Liability - Current	-	-	-
Inter Program - Due To	-	-	-
TOTAL CURRENT LIABILITIES	-	-	-
NONCURRENT LIABILITIES:			
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-
Non-current Liabilities - Other	-	-	-
Accrued compensated Absences - Non Current	-	-	-
Non-current Liabilities - Other	-	-	-
Loan Liability - Non-Current	-	-	-
Accrued Pension and OPEB Liabilities	-	-	-
TOTAL NONCURRENT LIABILITIES	-	-	-
TOTAL LIABILITIES	-	-	-
Deferred Inflow of Resources	-	-	-
NET POSITION			
Net Investment in Capital Assets	-	-	-
Restricted Net Position	-	-	-
Unrestricted Net Position	58,302	-	106,059
TOTAL NET POSITION	58,302	-	106,059
TOTAL LIABILITIES AND NET POSITION	**58,302**	-	**106,059**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal
LIABILITIES AND NET POSITION			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable <= 90 Days	-	649,827	748,352
Accrued Wage/Payroll Taxes Payable	-	15,660	46,129
Accrued Compensated Absences - Current Portion	-	34,707	76,887
Accrued Interest Payable	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-
Tenant Security Deposits	-	-	233,026
Unearned Revenue	-	20	238
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	-	156,064
Other Current Liabilities	-	-	65,912
Accrued Liabilities - Other	-	53,282	193,959
Loan Liability - Current	-	21,129	21,129
Inter Program - Due To	-	-	224,058
TOTAL CURRENT LIABILITIES	-	774,625	1,765,754
NONCURRENT LIABILITIES:			
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	4,066,015
Non-current Liabilities - Other	-	-	-
Accrued compensated Absences - Non Current	-	49,086	95,502
Non-current Liabilities - Other	-	105,647	105,647
Loan Liability - Non-Current	-	3,347,994	3,347,994
Accrued Pension and OPEB Liabilities	-	-	4,203,617
TOTAL NONCURRENT LIABILITIES	-	3,502,727	11,818,775
TOTAL LIABILITIES	-	4,277,352	13,584,529
Deferred Inflow of Resources	-	423,689	981,765
NET POSITION			
Net Investment in Capital Assets	-	86,239	12,715,581
Restricted Net Position	-	-	784,312
Unrestricted Net Position	58,874	4,342,326	9,238,849
TOTAL NET POSITION	58,874	4,428,565	22,738,742
TOTAL LIABILITIES AND NET POSITION	**58,874**	**9,129,606**	**37,305,036**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
BALANCE SHEET SUMMARY
June 30, 2018

	ELIM	Total	Rio Housing Associates, LLLP (Discretely Presented Component Unit)
LIABILITIES AND NET POSITION			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts Payable <= 90 Days	-	748,352	1,594,320
Accrued Wage/Payroll Taxes Payable	-	46,129	-
Accrued Compensated Absences - Current Portion	-	76,887	-
Accrued Interest Payable	-	-	-
Accounts Payable - HUD PHA Programs	-	-	-
Tenant Security Deposits	-	233,026	17,195
Unearned Revenue	-	238	3,392
Current Portion of Long Term Debt - Capital Projects/Mortgage Revenue	-	156,064	3,500,000
Other Current Liabilities	-	65,912	28,073
Accrued Liabilities - Other	-	193,959	-
Loan Liability - Current	-	21,129	
Inter Program - Due To	(224,058)	-	-
TOTAL CURRENT LIABILITIES	(224,058)	1,541,696	5,142,980
NONCURRENT LIABILITIES:			
Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	4,066,015	3,825,997
Non-current Liabilities - Other	-	-	-
Accrued compensated Absences - Non Current	-	95,502	-
Non-current Liabilities - Other	-	105,647	-
Loan Liability - Non-Current	-	3,347,994	
Accrued Pension and OPEB Liabilities	-	4,203,617	-
TOTAL NONCURRENT LIABILITIES	-	11,818,775	3,825,997
TOTAL LIABILITIES	(224,058)	13,360,471	8,968,977
Deferred Inflow of Resources	-	981,765	-
NET POSITION			
Net Investment in Capital Assets	-	12,715,581	-
Restricted Net Position	-	784,312	-
Unrestricted Net Position	-	9,238,849	7,597,235
TOTAL NET POSITION	-	22,738,742	7,597,235
TOTAL LIABILITIES AND NET POSITION	**(224,058)**	**37,080,978**	**16,566,212**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	Low-Rent Public Housing 14.850	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Housing Choice Vouchers 14.871
REVENUES:			
Net Tenant Rental Revenue	2,201,657	-	-
Tenant Revenue - Other	-	-	-
Total Tenant Revenue	2,201,657	-	-
HUD PHA Operating Grants	3,461,767	47,181	27,189,618
Capital Grants	1,073,351	-	-
Management Fee	-	-	-
Asset Management Fee	-	-	-
Book Keeping Fee	-	-	-
Front Line Service Fee	-	-	-
Other Fees	-	-	-
Total Fee Revenue	-	-	-
Other Government Grants	-	-	-
Investment Income - Unrestricted	-	-	-
Mortgage Interest Income	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-
Cost of Sale of Assets	-	-	-
Fraud Recovery	-	-	123,124
Other Revenue	176,337	-	106
Gain or Loss on Sale of Capital Assets	(41,842)	-	11,617
Investment Income - Restricted	-	-	-
TOTAL REVENUES	**6,871,270**	**47,181**	**27,324,465**
EXPENSES:			
Administrative			
Administrative Salaries	489,040	271	702,015
Auditing Fees	11,500	500	33,503
Management Fee	536,013	-	555,864
Book-keeping Fee	80,822	-	305,721
Advertising and Marketing	-	-	-
Employee Benefit contributions - Administrative	178,031	105	205,163
Office Expenses	203,338	5,757	431,097
Legal Expense	45,885	-	79,327
Travel Expense	6,954	-	11,534
Other	14,338	-	37,085
Total Administrative Expense	1,565,921	6,633	2,361,309
Asset Management Fee	107,760	-	-
Tenant Services			
Tenant Services - Salaries	-	-	-
Relocation Costs	11,299	-	-
Employee Benefit Contributions - Tenant Services	-	-	-
Tenant Services - Other	-	-	-
Total Tenant Services	11,299	-	-
Utilities			
Water	615,719	-	1,129
Electricity	182,561	-	19,392
Gas	(68,715)	-	5,443
Sewer	-	-	-
Other Utilities Expense	-	-	-
Total Utilities	729,565	-	25,964
Ordinary Maintenance & Operations			
Ordinary Maintenance and Operations - Labor	316,653	-	2,247
Ordinary Maintenance and Operations - Materials and Other	297,255	-	2,051
Ordinary Maintenance and Operations Contracts	1,556,688	-	157,615
Employee Benefit Contributions - Ordinary Maintenance	84,214	-	-
Total Maintenance	2,254,810	-	161,913

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	14.879 Mainstream Vouchers	HOME	Blended Component Unit
REVENUES:			
Net Tenant Rental Revenue	-	-	-
Tenant Revenue - Other	-	-	-
Total Tenant Revenue	-	-	-
HUD PHA Operating Grants	279,547	-	-
Capital Grants	-	-	-
Management Fee	-	-	-
Asset Management Fee	-	-	-
Book Keeping Fee	-	-	-
Front Line Service Fee	-	-	-
Other Fees	-	-	-
Total Fee Revenue	-	-	-
Other Government Grants	-	79,124	-
Investment Income - Unrestricted	-	-	-
Mortgage Interest Income	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-
Cost of Sale of Assets	-	-	-
Fraud Recovery	-	-	-
Other Revenue	-	-	53,153
Gain or Loss on Sale of Capital Assets	-	-	-
Investment Income - Restricted	-	-	-
TOTAL REVENUES	**279,547**	**79,124**	**53,153**
EXPENSES:			
Administrative			
Administrative Salaries	1,227	1,316	-
Auditing Fees	-	-	-
Management Fee	-	-	-
Book-keeping Fee	-	-	-
Advertising and Marketing	-	-	-
Employee Benefit contributions - Administrative	475	-	-
Office Expenses	31,021	-	-
Legal Expense	-	-	1,821
Travel Expense	-	-	-
Other	-	-	16
Total Administrative Expense	32,723	1,316	1,837
Asset Management Fee	-	-	-
Tenant Services			
Tenant Services - Salaries	-	-	-
Relocation Costs	-	-	-
Employee Benefit Contributions - Tenant Services	-	-	-
Tenant Services - Other	-	-	-
Total Tenant Services	-	-	-
Utilities			
Water	-	-	-
Electricity	-	-	-
Gas	-	-	-
Sewer	-	-	-
Other Utilities Expense	-	-	-
Total Utilities	-	-	-
Ordinary Maintenance & Operations			
Ordinary Maintenance and Operations - Labor	-	-	-
Ordinary Maintenance and Operations - Materials and Other	-	-	-
Ordinary Maintenance and Operations Contracts	-	-	-
Employee Benefit Contributions - Ordinary Maintenance	-	-	-
Total Maintenance	-	-	-

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal
REVENUES:			
Net Tenant Rental Revenue	-	-	2,201,657
Tenant Revenue - Other	-	-	-
Total Tenant Revenue	-	-	2,201,657
HUD PHA Operating Grants	45,444	-	31,023,557
Capital Grants	-	-	1,073,351
Management Fee	-	1,091,877	1,091,877
Asset Management Fee	-	107,760	107,760
Book Keeping Fee	-	386,541	386,541
Front Line Service Fee	-	406,233	406,233
Other Fees	-	162,312	162,312
Total Fee Revenue	-	2,154,723	2,154,723
Other Government Grants	-	-	79,124
Investment Income - Unrestricted	-	95,905	95,905
Mortgage Interest Income	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-
Cost of Sale of Assets	-	-	-
Fraud Recovery	-	-	123,124
Other Revenue	-	279,661	509,257
Gain or Loss on Sale of Capital Assets	-	(17,238)	(47,463)
Investment Income - Restricted	-	-	-
TOTAL REVENUES	**45,444**	**2,513,051**	**37,213,235**
EXPENSES:			
Administrative			
Administrative Salaries	402	1,064,118	2,258,389
Auditing Fees	500	-	46,003
Management Fee	-	-	1,091,877
Book-keeping Fee	-	-	386,543
Advertising and Marketing	-	-	-
Employee Benefit contributions - Administrative	161	299,095	683,030
Office Expenses	9,282	174,326	854,821
Legal Expense	-	41,368	168,401
Travel Expense	-	21,682	40,170
Other	-	21,923	73,362
Total Administrative Expense	10,345	1,622,512	5,602,596
Asset Management Fee	-	-	107,760
Tenant Services			
Tenant Services - Salaries	-	-	-
Relocation Costs	-	-	11,299
Employee Benefit Contributions - Tenant Services	-	-	-
Tenant Services - Other	-	-	-
Total Tenant Services	-	-	11,299
Utilities			
Water	-	1,631	618,479
Electricity	-	6,384	208,337
Gas	-	2,379	(60,893)
Sewer	-	-	-
Other Utilities Expense	-	-	-
Total Utilities	-	10,394	765,923
Ordinary Maintenance & Operations			
Ordinary Maintenance and Operations - Labor	-	199,082	517,982
Ordinary Maintenance and Operations - Materials and Other	-	31,786	331,092
Ordinary Maintenance and Operations Contracts	-	113,792	1,828,095
Employee Benefit Contributions - Ordinary Maintenance	-	45,705	129,919
Total Maintenance	-	390,365	2,807,088

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	ELIM	Total	Rio Housing Associates, LLLP (Discretely Presented Component Unit)
REVENUES:			
Net Tenant Rental Revenue	-	2,201,657	176,921
Tenant Revenue - Other	-	-	80,138
Total Tenant Revenue	-	2,201,657	257,059
HUD PHA Operating Grants	-	31,023,557	299,207
Capital Grants	-	1,073,351	-
Management Fee	(1,091,877)	-	
Asset Management Fee	(107,760)	-	
Book Keeping Fee	(386,541)	-	
Front Line Service Fee	(406,233)	-	
Other Fees	(162,312)	-	
Total Fee Revenue	(2,154,723)	-	-
Other Government Grants	-	79,124	-
Investment Income - Unrestricted	-	95,905	161,660
Mortgage Interest Income	-	-	-
Proceeds from Disposition of Assets Held for Sale	-	-	-
Cost of Sale of Assets	-	-	-
Fraud Recovery	-	123,124	-
Other Revenue	-	509,257	-
Gain or Loss on Sale of Capital Assets	-	(47,463)	-
Investment Income - Restricted	-	-	-
TOTAL REVENUES	**(2,154,723)**	**35,058,512**	**717,926**
	-		
EXPENSES:			
Administrative			
Administrative Salaries	-	2,258,389	-
Auditing Fees	-	46,003	10,750
Management Fee	(1,091,877)	-	25,040
Book-keeping Fee	(386,541)	2	-
Advertising and Marketing	-	-	-
Employee Benefit contributions - Administrative	-	683,030	-
Office Expenses		854,821	9,022
Legal Expense	-	168,401	-
Travel Expense	-	40,170	-
Other	-	73,362	11,865
Total Administrative Expense	(1,478,418)	4,124,178	56,677
Asset Management Fee	(107,760)	-	
Tenant Services			
Tenant Services - Salaries	-	-	-
Relocation Costs	-	11,299	-
Employee Benefit Contributions - Tenant Services	-	-	-
Tenant Services - Other	-	-	77,631
Total Tenant Services	-	11,299	77,631
Utilities			
Water	-	618,479	6,479
Electricity	-	208,337	59,881
Gas	-	(60,893)	6,682
Sewer	-	-	6,182
Other Utilities Expense	-	-	-
Total Utilities	-	765,923	79,224
Ordinary Maintenance & Operations			
Ordinary Maintenance and Operations - Labor	-	517,982	87,511
Ordinary Maintenance and Operations - Materials and Other	-	331,092	3,318
Ordinary Maintenance and Operations Contracts	(568,545)	1,259,550	39,682
Employee Benefit Contributions - Ordinary Maintenance	-	129,919	-
Total Maintenance	(568,545)	2,238,543	130,511

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	Low-Rent Public Housing 14.850	14.856 Lower Income Housing Assistance Program_Section 8 Moderate	Housing Choice Vouchers 14.871
Protective Services			
Protective Services - Other Contract Costs	-	-	-
Total Protective Services	-	-	-
Insurance Premiums			
Property Insurance	-	-	-
Liability Insurance	-	-	-
Workmen's Compensation	-	-	-
All Other Insurance	175,255	-	63,725
Total insurance Premiums	175,255	-	63,725
General Expenses			
Other General Expenses	14,011	-	7,304
Compensated Absences	-	-	(2,276)
Payments in Lieu of Taxes	-	-	-
Bad debt - Tenant Rents	73,527	-	-
Bad debt - Other	-	-	-
Severance Expense	-	-	-
Total Other General Expenses	87,538	-	5,028
Financial Expenses			
Interest of Mortgage (or Bonds) Payable	10,503	-	-
Total Financial Expenses	10,503	-	-
TOTAL OPERATING EXPENSES	4,942,651	6,633	2,617,939
EXCESS OPERATING REVENUE	1,928,619	40,548	24,706,526
Extraordinary Maintenance	577,520	-	-
Casualty Losses - Non-Capitalized	84,732	-	-
Housing Assistance Payments	-	32,178	24,397,959
HAP Portability - In	-	-	-
Fraud Losses			29,391
Depreciation Expense	985,824	-	-
Total Other Expenses	1,648,076	32,178	24,427,350
TOTAL EXPENSES	**6,590,727**	**38,811**	**27,045,289**
EXCESS OF REVENUE OVER EXPENSES	**280,543**	**8,370**	**279,176**
Other Financing Sources			
Operating Transfer In	-	-	-
Operating Transfer Out	-	-	-
Inter Project Excess Cash Transfer In	353,376		-
Inter Project Excess Cash Transfer Out	(353,376)		-
Transfers from/to Component Unit	-	-	-
Transfers between Project and Program - In	-	-	-
Transfers between Project and Program - Out	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	1,646,296	-	(929,249)
Beginning Net Position	12,975,372	20,398	3,806,036
Ending Net Position	**14,902,211**	**28,768**	**3,155,963**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	14.879 Mainstream Vouchers	HOME	Blended Component Unit
Protective Services			
Protective Services - Other Contract Costs	-	-	-
Total Protective Services	-	-	-
Insurance Premiums			
Property Insurance	-	-	-
Liability Insurance	-	-	-
Workmen's Compensation	-	-	-
All Other Insurance	-	-	-
Total insurance Premiums	-	-	-
General Expenses			
Other General Expenses	-	-	-
Compensated Absences	-	-	-
Payments in Lieu of Taxes	-	-	-
Bad debt - Tenant Rents	-	-	-
Bad debt - Other	-	-	-
Severance Expense	-	-	-
Total Other General Expenses	-	-	-
Financial Expenses			
Interest of Mortgage (or Bonds) Payable	-	-	-
Total Financial Expenses	-	-	-
TOTAL OPERATING EXPENSES	32,723	1,316	1,837
EXCESS OPERATING REVENUE	246,824	77,808	51,316
Extraordinary Maintenance	-	-	-
Casualty Losses - Non-Capitalized	-	-	-
Housing Assistance Payments	-	77,808	-
HAP Portability - In	240,970	-	-
Fraud Losses	-	-	-
Depreciation Expense	-	-	-
Total Other Expenses	240,970	77,808	-
TOTAL EXPENSES	**273,693**	**79,124**	**1,837**
EXCESS OF REVENUE OVER EXPENSES	**5,854**	**-**	**51,316**
Other Financing Sources			
Operating Transfer In	-	-	-
Operating Transfer Out	-	-	-
Inter Project Excess Cash Transfer In	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-
Transfers from/to Component Unit	-	-	-
Transfers between Project and Program - In	-	-	-
Transfers between Project and Program - Out	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	-	-
Beginning Net Position	52,448	-	54,743
Ending Net Position	**58,302**	**-**	**106,059**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal
Protective Services			
Protective Services - Other Contract Costs	-	-	-
Total Protective Services	-	-	-
Insurance Premiums			
Property Insurance	-	-	-
Liability Insurance	-	-	-
Workmen's Compensation	-	-	-
All Other Insurance	-	123,173	362,153
Total insurance Premiums	-	123,173	362,153
General Expenses			
Other General Expenses	-	-	21,315
Compensated Absences	-	-	(2,276)
Payments in Lieu of Taxes	-	-	-
Bad debt - Tenant Rents	-	-	73,527
Bad debt - Other	-	-	-
Severance Expense	-	-	-
Total Other General Expenses	-	-	92,566
Financial Expenses			
Interest of Mortgage (or Bonds) Payable	-	-	10,503
Total Financial Expenses	-	-	10,503
TOTAL OPERATING EXPENSES	10,345	2,146,444	9,759,888
EXCESS OPERATING REVENUE	35,099	366,607	27,453,347
Extraordinary Maintenance	-	-	577,520
Casualty Losses - Non-Capitalized	-	-	84,732
Housing Assistance Payments	43,102	-	24,551,047
HAP Portability - In	-	-	240,970
Fraud Losses	-	-	29,391
Depreciation Expense	-	95,061	1,080,885
Total Other Expenses	43,102	95,061	26,564,545
TOTAL EXPENSES	**53,447**	**2,241,505**	**36,324,433**
EXCESS OF REVENUE OVER EXPENSES	**(8,003)**	**271,546**	**888,802**
Other Financing Sources			
Operating Transfer In	-	-	-
Operating Transfer Out	-	-	-
Inter Project Excess Cash Transfer In	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-
Transfers from/to Component Unit	-	-	-
Transfers between Project and Program - In	-	-	-
Transfers between Project and Program - Out	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	(3,640,260)	(2,923,213)
Beginning Net Position	66,877	7,797,279	24,773,153
Ending Net Position	**58,874**	**4,428,565**	**22,738,742**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL DATA SCHEDULE
REVENUE AND EXPENSE SUMMARY
June 30, 2018

	ELIM	Total	Rio Housing Associates, LLLP (Discretely Presented Component Unit)
Protective Services			
Protective Services - Other Contract Costs	-	-	-
Total Protective Services	-	-	-
Insurance Premiums			
Property Insurance	-	-	12,561
Liability Insurance	-	-	-
Workmen's Compensation	-	-	1,534
All Other Insurance	-	362,153	16,557
Total insurance Premiums	-	362,153	30,652
General Expenses			
Other General Expenses	-	21,315	6,971
Compensated Absences	-	(2,276)	-
Payments in Lieu of Taxes	-	-	7,789
Bad debt - Tenant Rents	-	73,527	2,695
Bad debt - Other	-	-	-
Severance Expense	-	-	-
Total Other General Expenses	-	92,566	17,455
Financial Expenses			
Interest of Mortgage (or Bonds) Payable	-	10,503	248,626
Total Financial Expenses	-	10,503	248,626
	-		
TOTAL OPERATING EXPENSES	(2,154,723)	7,605,165	640,776
	-		
EXCESS OPERATING REVENUE	-	27,453,347	77,150
	-		
Extraordinary Maintenance		577,520	
Casualty Losses - Non-Capitalized	-	84,732	-
Housing Assistance Payments	-	24,551,047	-
HAP Portability - In	-	240,970	-
Fraud Losses	-	29,391	-
Depreciation Expense	-	1,080,885	92,075
Total Other Expenses	-	26,564,545	92,075
TOTAL EXPENSES	**(2,154,723)**	**34,169,710**	**732,851**
EXCESS OF REVENUE OVER EXPENSES	**-**	**888,802**	**(14,925)**
Other Financing Sources			
Operating Transfer In	-	-	-
Operating Transfer Out	-	-	-
Inter Project Excess Cash Transfer In	-	-	-
Inter Project Excess Cash Transfer Out	-	-	-
Transfers from/to Component Unit	-	-	-
Transfers between Project and Program - In	-	-	-
Transfers between Project and Program - Out	-	-	-
Extraordinary Items, Net Gain/Loss	-	-	-
Prior Period Adjustments, Equity Transfers, and Correction of Errors	-	(2,923,213)	5,364,342
Beginning Net Position	-	24,773,153	2,247,818
Ending Net Position	**-**	**22,738,742**	**7,597,235**

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSITS AND INVESTMENTS
June 30, 2018

Account Name	Type of Account	Bank Balance	Outstanding (checks) deposits	Book Balance
Deposits				
Wells Fargo				
Housing Authority - Section 8	Checking	$ 5,176,310	(19,765)	$ 5,156,545
Rio Vista Developer LLC	Checking	107,880	-	107,880
Housing Authority - Public Housing	Checking	5,017,565	(22,880)	4,994,685
Housing Authority - Public Housing FSS	Checking	11,473	-	11,473
Housing Authority - Section 8 FSS	Checking	52,363	2,037	54,400
Bank of America				
Housing Authority - EPC Cash	Checking	341,907	-	341,907
		10,707,498	(40,608)	10,666,890
Investments				
Local Government Investment Pool				
LGIP Fund Pool - 4101	Investment	6,771,324	-	6,771,324
Total cash and investments		$ 17,478,822	$ (40,608)	$ 17,438,214

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL
June 30, 2018

AHA's deposit accounts at the Bank of America and Wells Fargo Bank are collateralized via a Tri-Party Collateral Agreement with AHA, the Bank of America, and the Bank of New York Mellon (custodian). The collateral for deposit accounts is as follows:

ISSUER	COLLATERAL DESCRIPTION	CUSIP NUMBER	MATURITY	FAIR MARKET VALUE
FMAC	FGPC	3128MMU27	5/1/2031	11,261,275.28

Location of Collateral: Bank of New York Mellon, New York, NY

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
JOINT POWERS AGREEMENTS, MEMORANDUMS OF UNDERSTANDING, AND OTHER AGREEMENTS
June 30, 2018

Memorandum of Understanding and other Agreements	Participants	Responsible Party	Description	Begin Date	End Date	Project Amount	Current Year Contribution	Audit Responsibility
The Memorandum of Understanding with the City of Albuquerque	City of Albuquerque (COA) and Albuquerque Housing Authority (AHA)	COA and AHA	AHA will utilize administrative support services provided by the city (COA) after July 1, 2014. MOU to establish the procedures to divide the assets, debts and support services provided to the Authority and to identify the transition process for employees.	7/1/2014	Ongoing unless terminated by either party	billable	$ -	all parties
The Memorandum of Understanding with the County of Bernalillo	County of Bernalillo Housing Department (BERNCO) and Albuquerque Housing Authority (AHA)	BERNCO and AHA	Both parties hold joint training seminars for FSS training; joint program coordinating committee (PCC) meetings; administrative support provided by the county to the authority by written agreement.	10/2/2012	6/30/2022	n/a	n/a	all parties
The Memorandum of Understanding with the County of Bernalillo	County of Bernalillo Housing Department (BERNCO) and Albuquerque Housing Authority (AHA)	BERNCO and AHA	Establishment of shared jurisdictions to give each housing authority jurisdiction in both the City of Albuquerque and within the unincorporated areas of Bernalillo county to administer respective Section 8 housing programs.	1/5/1993	Ongoing unless terminated by any party upon 60 day written notice.	n/a	n/a	all parties
The Memorandum of Understanding with the City of Rio Rancho	City of Rio Rancho and Albuquerque Housing Authority (AHA)	COR and AHA	AHA provides rental housing assistance programs to the eligible participants residing in the City of Rio Rancho through the Housing Choice Voucher program (HCV).	3/1/2013	Ongoing unless terminated by either party	n/a	n/a	all parties
Office Lease Agreement located at 6013 Sunset Gardens SW, Albuquerque, NM	Albuquerque Housing Authority (AHA) and Youth Development, Inc. (YDI)	YDI and AHA	Rental of property of a 1,034 square foot house to converted office space and adjacent parking and fenced lot located at 6013 Sunset Gardens SW, Albuquerque, NM.	1/7/2016	expired 12/31/2016; extended on a month-to-month basis ending on 11/30/2017.	$811/monthly	$ 8,921.00	all parties
Memorandum of understanding between New Mexico Taxation & Revenue Department's Motor Vehicle Division (trhough New Mexico Interactive) & Albuquerque Housing Authority	Albuquerque Housing Authority (AHA) and NM T&R Dept Motor Vehicle	AHA and NM T&R Dept Motor Vehicle	through its contract with New Mexico Interactive (NMI) Contract No. 90-333-00-06613 and Albuquerque Housing Auhtority, for the purpose of providing the user access to the New Mexico Interactive OnLine Services driver history records, motor vehicle records and/or driver monitoring) to provide information to complementthe identification of individuals or vehicles pertaining to official business duties.	7/23/2014	30 day notice in wiriting by either party	n/a	n/a	all parties
Memorandum of Understanding between Albuquerque Housing Authroity and Wishrock Investment Group II LLC and Rio Vista Apartments	Albuquerque Housing Authority (AHA) and Wishrock Investment Group II LLC (WIG II)	AHA and WIG II	MOU describes the intent of parties to develop financially stable affordable housing by obtaining Low Income Tax Credits from the New Mexico housing agency relating soley to the Rio Vista Apartments in Albuquerque, NM.	11/18/2015	none of the of the provisions in this MOU are binding on parties hereto except the agreements and commitments set forth in paragrphs A.1-A.3 of this	n/a	n/a	all parties

Interagency Agreements	Participants	Responsible Party	Description	Begin Date	End Date	Project Amount	Current Year	Audit Responsibilit
First Amendment to the Interagency Agreement by and Between the Housing Authority of the City and County of Denver and the Albuquerque Housing Authority	The Housing Authority of the City and County of Denver and Albuquerque Housing Authority	COD and AHA	DHA provides technical assistance in connection with the self-implementation of an Energy Performance Contract (EPC); additional services include procurement of: A&E, pre-construction, general contractor, M&V, project financing, HUD and AHA board approval, etc.	1/6/2016	12/31/2016 Expired; see second amendment	4 installment payments	$184,243.49	all parties
Second Amendment to the Interagency Agreement by and between the Housing Authority of the City and County of Denver and the Albuquerque Housing Authority	The Housing Authority of the City and County of Denver and Albuquerque Housing Authority	COD and AHA	previously entered into an agreement for DHA to provide technical assistance services in connection with the self-implementation of an Energy Performance Contract (EPC); amending the agreement regarding contract peiod;	1/23/2017	extend to 6/30/2017	-	-	all parties
Intergovernmental Agreement between the City of Albuquerque and Albuquerque Housing Authority for group benefit participation	City of Albuquerque and the Albuquerque Housing Authority	COA and AHA	the City maintains a group benefits program for eligible employees and their dependents, including medical, dental, vision, life, short-term and long-term disability insurance and other group voluntary benefits. A cooperative agreement to offer the city group benefits program to AHA employees.	7/1/2017	6/30/2018	75 employees x $30., plus $500 billable	$ 2,750.00	all parties
Collaboration Agreement among City of Albuquerque (COA/lead entity), City of Rio Rancho (CORR) and Albuquerque Housing Authority (AHA) collectively referred to as Program Participants	Program Participants are COA/ lead entitiy, CORR, AHA	Program Participants: COA/lead entity and City of Rio Rancho and AHA	Collaborative agreement between parities to meet 2018 AFH submissions; Program participants are subject to the affirmatively fair housing (AFH) requirements found at HUD doc 24 CFR 5.150; and wish to collaborate and submit a joint AFH that will encompass all necessary counties or regions to meet programmatic requirements.	10/13/2016	Terminate with cure notice upon thirty (30) days written notice by defaulting party provides written notice	$ 32,486.00	$ -	all parties
Interagency Agreement by and between the Albuquerque Housing Authority (AHA) and the Bernalillo County housing Department (BCHD)	AHA and BCHD	AHA and BCHD	BCHD desires to encgage the services of AHA to perform technical assistance services for BHCD's Administrative Plan for Housing Quality Standards (HQS) and Rent Reasonableness Data Collection under HUD regulations	12/7/2016	continue for 24 months unless sooner terminated in accordance with Seciton 6 of this agreement (30 day written notice).	$ -	$ -	all parties
Social Services Contract Renewal Process; City of Albuquerque Department of Family and Community Services (DFCS) HOME Tenant Based Rental Assistance (TBRA)	COA and AHA	AHA and COA DFCS	Renewal of Intergovernmental Agreement wherein AHA performs HOME Tenant Based Rental Assistance (TBRA) voucher program; for up to 30 homeless households presently on the Section 8 waiting list and public housing waiting list who are reerred to AHA thorough the Albuquerque Heading Home	6/16/2017	6/30/2018	$ 275,700	$ 1.00	all parties

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INDEPENDENT AUDITOR'S 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*

Board of Commissioners of the
Albuquerque Housing Authority and
Wayne A. Johnson
New Mexico State Auditor
Albuquerque, 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 Albuquerque 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, and have issued our report thereon dated November 7, 2018. Our report includes a reference to another auditor who audited the financial statements of Rio Housing Associates, LLLP, a component unit of the Authority, as described in our report on the Authority's financial statements. Rio Housing Associates, LLLP was not audited in accordance with *Government Auditing Standards*.

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. We did identify a certain deficiency in internal control, described in the accompanying scheduled of findings and questioned costs as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance and other matters that is required to be reported under Section 12-6-5 NMSA 1978 and which is described in the accompanying Schedule of 2.2.2 NMAC Findings as item 2018-003.

Authority's Response to Finding

The Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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 Stand*ards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rubino & Company

Bethesda, Maryland
November 7, 2018

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Commissioners of the
Albuquerque Housing Authority and
Wayne A. Johnson
New Mexico State Auditor
Albuquerque, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Albuquerque Housing Authority's (the Authority's) 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 federal statutes, regulations, and the terms and conditions of its federal awards 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*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. 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.

Rubino & Company

Bethesda, Maryland
November 7, 2018

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Identifying Number	Total Federal Expenditures
Department of Housing and Urban Developmment Programs			
Housing Voucher Cluster:			
Housing Choice Vouchers	14.871	N/A	$ 27,189,618
Mainstream Vouchers	14.879	N/A	279,547
Low Rent Public Housing	14.850	N/A	3,450,468
Capital Fund Program	14.872	N/A	1,084,650
Section 8 Project-Based Cluster:			
Section 8 Moderate Rehabilitation	14.856	N/A	47,181
Section 8 Moderate Rehabilitation - Single Room Occupancy	14.249	N/A	45,444
Total Direct Expenditures			32,096,908
Pass through the City of Albuquerque Family and Community Development Department:			
HOME Investment Partnerships Program	14.239	707791	79,124
Total HUD Expenditures			32,176,032
TOTAL FEDERAL EXPENDITURES			$ 32,176,032

See Notes to the Schedule

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "schedule") includes the federal grant activity of the Albuquerque Housing Authority (Authority) under the program of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule only presents a selected portion of the Authority, it is not intended to and does not present the financial position or changes in net position for the Authority.

2. SIGNIFICANT ACCOUNTING POLICY

The accompanying schedule of federal awards is prepared on the accrual basis of accounting. The schedule of federal awards includes expenditures of AHA. AHA allocates central office costs to each federal assistance program based on an approved administrative cost charge in accordance with grant agreements. Therefore, AHA has elected not to allocate indirect costs using an indirect cost rate under the Uniform Guidance.

3. SUBRECIPIENTS

The Authority provided no federal awards to subrecipients during the year ended June 30, 2018.

4. INDIRECT COST RATE

The Authority has not elected to use the 10% de minimis cost rate.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material Weakness(es) identified?	Yes
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

4. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
5. Type of auditor's report issued on compliance for major programs:	Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of Uniform Guidance?	Yes

7. Identification of Major Programs:

Federal Grantor/Program Title	CFDA No.		
U.S. Department of Housing and Urban Development (HUD):			
Housing Voucher Cluster	14.871/14.879	$	27,469,165
Low Rent Public Housing	14.850	$	3,450,468
Capital Fund Program	14.872	$	1,084,650

8. Dollar threshold used to distinguish between Type A and Type B programs:	$	965,281
9. Auditee qualified as low-risk auditee under Uniform Guidance, section 530?		No

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001: Internal Control over Capital Assets (Material Weakness)

Criteria: Monthly maintenance of the capital project accounting records and preparation of a capital asset listing ensures that timely, accurate and useful information is available to management and those charged with governance. Additionally, maintenance of accurate capital project records and capital asset listings are necessary for the preparation of the annual financial statements and footnotes in accordance with generally accepted accounting principles (GAAP).

Condition: The general ledger was not reconciled throughout the year for capital projects and significant adjustments were needed to correct these capital project balances. Corrections were recorded to construction in progress, depreciation expense, net position, grant revenue and grant receivables. As a result, material adjusting journal entries were required after the fiscal year 2018 accounting records were closed, including the recording of a prior period adjustment.

As this finding was a repeat finding from the prior year as finding 2017-001, the procedures for the monthly process was evaluated by the Director of Finance. A work plan was created for the process and presented to the employee. The Capital Funds Accountant reviewed and approved the work plan and timeline. The work plan included the monthly reconciliation process for capital funds and a review process and timeline for each capital fund as it progresses. Roles and responsibilities were reviewed. A second review of capital fund general ledger accounts by the Accounting Manager was added. A quarterly review of fixed assets transferring out of capital funds to the public housing properties was added. Staff monthly meetings started in February 2018. The procedures for internal controls with the capital funds included cross training and shadowing of the following staff: Capital Funds Accountant, the Accounting Supervisor, and the Accounting Manager staff.

Cause: In order to account for the cumulative cost of each capital project grant, AHA uses asset and contra asset accounts to record hard costs (cost to be capitalized) and soft costs (costs to be expensed). Activity to these accounts is recorded as expenditures are incurred with the contra asset account credited and a capital asset (construction in progress) or an expense debited. Grant revenue is also recognized when capital funds are expended. Once the capital asset is placed in service, the construction in progress is transferred to building and improvements for each specific housing project. During the year, and specifically at year-end, the hard cost contra accounts were not properly reconciled and appropriate entries were not made.

SECTION II – FINANCIAL STATEMENT FINDINGS (continued)

Effect: Accounts are misstated and an increased risk that errors and/or irregularities will occur and not be detected and corrected in a timely manner. Financial information reported to management and the Board is not accurate. Adjustments were needed to correct the contra hard cost account, construction in progress, buildings and improvements, net position, grant revenue and grant receivables. Additional time and effort was needed to research these errors and prepare correcting entries.

Auditor's Recommendations: The capital asset records for each capital project should be updated and reconciled to the appropriate general ledger accounts monthly. Any correcting journal entries should be reviewed by someone other than the preparer and recorded. In addition, reconciliations and the capital asset records should also be reviewed by management monthly to ensure that the work was completed correctly.

Management's Response to Finding: The authority is in agreement and has begun the reconciliation of each capital fund project monthly. The reconciliation will be evaluated between the general ledger, eLOCCS and asset recognition. Any correcting journal entries will be reviewed by someone other than the preparer and recorded. The reconciliation and capital asset records will be reviewed and signed off on quarterly by the Senior Accountant and or the Director of Finance.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2018-002: Finding that Does Not Rise to the Level of a Significant Deficiency

Federal Program: CFDA 14.872, Capital Fund Program

Criteria: Upon expenditures by the PHA of all funds, or termination by HUD of the activities funded in a modernization or development program, a PHA shall submit the closeout forms, including the Actual Modernization Cost Certificate (AMCC), to their local HUD field office for review and approval. PHAs must submit the AMCC within 90 days after the expenditure deadline.

Condition: For two Capital Fund Program (CFP) grants whose expenditure reporting deadlines were June, 2016 and December, 2017 based on the final expenditure date, the Authority did not submit their AMCCs to their local HUD field office until December, 2017 and June, 2018, respectively.

Cause: The Authority does not have a checklist for closing CFP grants, including establishing the deadline for AMCC submittal at the beginning of the grant and monitoring that deadline throughout the grant period.

Effect: The delay in submitting closeout forms to HUD could impair the Authority's ability to properly record CFP activity and participate in future HUD programs, thereby impairing the Authority's ability to fund capital improvements.

Questioned Costs: There are no questioned costs related to this finding.

Recommendation: We recommend that the Authority develop a checklist for closing CFP grants, including noting the deadline for AMCC submittal at the beginning of the grant and monitoring that deadline throughout the grant period.

Management's Response to Finding: The authority is in agreement and will implement the training of staff to create a check list for the period of the grant and to maintain the check list by reviewing quarterly the check list timelines.

A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

SECTION I – PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding 2017-001

Condition: The general ledger of accounts was not reconciled throughout the year for capital projects and significant adjustments were needed to correct these capital project balances. Corrections were recorded to construction in progress, depreciation expense, net position, grant revenue and grant receivables. Additionally, the capital asset listing did not include all of the current year additions resulting from these projects. As a result, material adjusting journal entries were required after the fiscal year 2017 accounting records were closed.

Status: During the year ended 2018, the Authority still had some issues related to capital asset management. **This finding is repeated in the current year as Finding 2018-001.**

SECTION II – PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
CORRECTIVE ACTION PLAN
June 30, 2018

Finding 2018-001

Corrective Action Plan: AHA has devoted more resources to reconcile each capital fund project on a monthly basis. The capital asset records will be updated monthly and reconciled to the appropriate general ledger monthly. All journal entries will be signed off by an authorized signature ensuring internal controls and will be reviewed by someone independent of the preparation of the journal entry. The monthly reconciliation of capital funds will be completed by the Capital Fund Accountant. The review will be completed by the Accounting Manager or the Director of Finance.

The procedures for the monthly process was evaluated by the Director of Finance. A work plan was created for the process and presented to the employee. The Capital Funds Accountant reviewed and approved the work plan and timeline. The work plan included the monthly reconciliation process for capital funds and a review process and timeline of each capital fund as it progresses. Roles and responsibilities are reviewed. A second review of capital fund general ledger accounts by the accounting manager was added. A quarterly review of fixed assets transferring out of capital funds to the public housing properties was added. Staff monthly meetings started in February 2018. The procedures for internal controls with the capital funds included cross training and shadowing of the following staff: Capital Funds Accountant, the Accounting Supervisor, and the Accounting Manager staff.

Contact Person: Barbara D'Onofrio, Director of Finance, AHA NM001; bdonofrio@abqha.org; 505-764-3936

Anticipated Completion Date: December 2018

Finding 2018-002

Corrective Action Plan: AHA has created a capital fund grant check list to include in each capital fund project. The check list will include AMCC submittal at the beginning of the grant and monitoring that deadline throughout the grant period.

Contact Person: Daniel Foster, Capital Fund Project Manager, AHA NM001; dfoster@abqha.org ; 505-764-3925

Anticipated Completion Date: March 2019

SECTION I – 2.2.2 NMAC Audit Findings

Finding 2018-003: Other Non-Compliance

Criteria: Section 2.2.2.10 (A)(1) requires that all component units, except component units that are housing authorities, to be audited by the same auditor unless a request for an exception is made to or granted by OSA, requires the component unit auditor be on the list of OSA approved auditors, requires the OSA standards contract form be used, and requires separately issued financial statements and associated auditor's reports be submitted to the state auditor for review.

Condition: The Authority's discretely presented component unit, Rio Housing Associates, LLLP, was not audited by the same auditor as the Authority, was not audited by an auditor on the list of OSA's approved auditors, an OSA standard contract form was not used, and the separately issued report was not submitted to the state auditor for review.

Cause: This is a result of the Authority not having management responsibility for this entity and it engaged an audit to meet the purposes of the entity's requirements for financial statement audits.

Effect: The effect of this finding is that the component unit could have exceptions in internal control and compliance not reported as it was not audited per the NMAC requirements.

Auditor's Recommendation: We recommend that the Authority re-assess this entity's presentation in the financial statements and clarify with the State Auditor this requirement as it applies to component unit entities for which the primary government does not maintain management control.

Management's Response to Finding: AHA agrees that we, the Housing Authority, need to re-assess this entity's presentation in the financial statements and clarify with the State Auditor this requirement as it applies to component unit entities for which the primary government does not maintain management control.

Corrective Action Plan: AHA will engage with the State of NM Auditors office, HUD Regional office, no later than March 1, 2019 to identify and resolve the compliance finding.

Contact Person: Barbara D'Onofrio, Director of Finance is responsible for implementing the investigation and notifying all parties of the Authority's response to the compliance finding. Contact for Barbara D'Onofrio, bdonofrio@abqha.org.

Anticipated Completion Date: Results of the reported corrective action plan will be submitted to the State of New Mexico Auditors office no later than May 31, 2019.

ALBUQUERQUE HOUSING AUTHORITY
A COMPONENT UNIT OF THE CITY OF ALBUQUERQUE, NEW MEXICO
EXIT CONFERENCE
June 30, 2018

An exit conference was held on November 6, 2018, and attended by the following:

City of Albuquerque Personnel:

Pamela Fanelli, CMA, MBA
City Controller

Joseph Cohen
City Associate Controller

Vicki Schwab
Principal Accountant, Department of Family Community Services

Albuquerque Housing Authority Board of Housing Commissioners:

Stephen Vogel
Commissioner

Albuquerque Housing Authority Personnel:

Linda Bridge, MBA
Executive Director

Andrew Estocin
Deputy Director

Barbara D'Onofrio
Director of Finance

Cheryl Cates
Accounting Manager

Rubino & Company, Chartered Personnel:

J. Michael Stephens, CPA
Shareholder

Benjamin Karlin
Supervisor

Financial Statement Preparation:

The Authority's independent public accountant prepared the accompanying basic financial statements; however, the Authority is responsible for the basic financial statements.