

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
JUNE 30, 2013



ALBUQUERQUE HOUSING AUTHORITY
"Improving quality of life through housing opportunities"

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
JUNE 30, 2013**

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ALBUQUERQUE HOUSING AUTHORITY
"Improving quality of life through housing opportunities"

ALBUQUERQUE HOUSING AUTHORITY
BOARD OF COMMISSIONERS and TOP MANAGEMENT

Name
Janet M. McHard, CPA, CFE, MAFF, CFF Chairperson
Roxanne Rivera-Wiest Vice-Chairperson
Rebecca Chavez Resident Commissioner
Stephen J. Vogel Commissioner at Large
Linda Bridge Executive Director and Secretary to the Board
Andrew Estocin Associate Director
Barbara D'Onofrio Fiscal Officer

Independent Auditor's Report

Mr. Hector Balderas
New Mexico State Auditor,
The Board of Directors of the Albuquerque Housing
Authority Fund of the City of Albuquerque
and the
Honorable Mayor and City Council Members of
the City of Albuquerque

Report on the Financial Statements

We have audited the accompanying financial statements of the Albuquerque Housing Authority Fund (the "Authority") of the City of Albuquerque, New Mexico, as of and for the year ended June 30, 2013, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.A, the financial statements present only the Authority and do not purport to, and do not, represent fairly the financial position of the City of Albuquerque, New Mexico, as of June 30, 2013, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying HUD required supplementary information and New Mexico State Auditor's supplementary information is presented for purposes of additional analysis and to meet the requirements of the United States Department of Housing and Urban Development and the State of New Mexico Office of the State Auditor, and are not required parts of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our

opinion, the information is fairly stated in all material respects in relation to the 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 March 6, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

REDWLLC

Albuquerque, New Mexico
March 6, 2014

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ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Current assets

Cash and cash equivalents - Unrestricted	\$ 13,935,525
Grants and accounts receivable, net of allowance for uncollectable accounts of \$62,908	870,797
Inventories of supplies	<u>151,788</u>
Total current assets	<u>14,958,110</u>

Noncurrent assets:

Restricted assets:

Cash and cash equivalents	8,172,422
Escrow deposits	<u>277,918</u>
Total restricted assets:	8,450,340

Capital assets:

Land	3,767,389
Buildings and improvements	52,402,982
Machinery and equipment	1,510,707
Construction work-in-progress	1,775,900
Less accumulated depreciation	<u>(49,786,323)</u>

Total capital assets, net of depreciation	9,670,655
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Total noncurrent assets	<u>18,120,995</u>
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Total assets	<u>33,079,105</u>
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**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2013**

LIABILITIES

Current liabilities	
Accounts payable	\$ 114,731
Accrued payroll	18,947
Accrued vacation and sick leave pay	33,326
Due to other funds	2,253,203
Other	361,329
Payable from restricted assets:	
Current portion - capital leases	101,407
Accrued interest	16,096
Total current liabilities	<u>2,899,039</u>
Noncurrent liabilities	
Payable from restricted assets:	
Tenant security deposits	252,046
Long term debt, excluding current portion:	
Capital leases	86,052
Accrued vacation and sick pay	144,300
Total noncurrent liabilities	<u>482,398</u>
Total liabilities	<u>3,381,437</u>

NET POSITION

Net investment in capital assets	9,483,196
Restricted for housing projects	8,067,100
Unrestricted	12,147,372
Total net position	<u>\$ 29,697,668</u>

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
JUNE 30, 2013**

OPERATING REVENUES:

Tenant revenues	<u>\$ 2,173,560</u>
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OPERATING EXPENSES:

Salaries and fringe benefits	3,485,861
Depreciation	1,191,474
Fuels, repairs and maintenance	285,878
Contractual services	1,775,996
Utilities	733,720
Other operating expenses	847,647
Bad debt expense	91,033
Professional services	<u>41,476</u>
Total operating expenses	<u>8,453,085</u>
Operating loss	<u>(6,279,525)</u>

NON-OPERATING REVENUES (EXPENSES):

Interest on investments	16,058
Federal housing grants	28,328,381
Housing assistance payments	(22,664,147)
Interest expense	(11,867)
Other	<u>171,907</u>
Total nonoperating revenues (expenses)	<u>5,840,332</u>
Change in net position	(439,193)
Net position, July 1,	<u>30,136,861</u>
Net position, June 30	<u><u>\$ 29,697,668</u></u>

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS
JUNE 30, 2013

Cash flows from operating activities:	
Cash received from customers	1,365,291
Cash paid to employees for services	(2,891,057)
Cash paid to suppliers and others	(2,127,891)
Cash paid to other funds goods and services	(765,601)
	<hr/>
Net cash used by operating activities	(4,419,258)
 Cash flows from noncapital financing activities:	
Operating grants received	28,297,286
Housing assistance payments	(22,664,147)
Other cash inflows, net	171,907
	<hr/>
Net cash provided by noncapital financing activities	5,805,046
 Cash flows from capital and related financing activities:	
Principal paid on capital lease	(114,713)
Interest paid on capital lease	(6,919)
Acquisition and construction of capital assets	(840,931)
	<hr/>
Net cash used by capital and related financing activities	(962,563)
 Cash flows from investing activities:	
Interest and dividends on investments	16,058
	<hr/>
Net cash provided by investing activities	16,058
 Net increase in cash and cash equivalents	 439,283
Cash and cash equivalents, July 1	21,946,582
	<hr/>
Cash and cash equivalents, June 30	\$ 22,385,865

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATEMENT OF CASH FLOWS - CONTINUED
JUNE 30, 2013**

Reconciliation of operating loss to net cash used by operating activities

Operating loss	<u>\$ (6,279,525)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,191,474
Bad debt expense	91,033
Change in assets and liabilities:	
Grants and accounts receivable	(806,200)
Inventories of supplies	12,201
Accounts payable	47,739
Accrued payroll and vacation and sick leave pay	27,695
Due to other funds	1,298,394
Tenant security deposits	(2,069)
Total adjustments	<u>1,860,267</u>
Net cash used by operating activities	<u>\$ (4,419,258)</u>

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

I. Summary of significant accounting policies

A. Reporting entity

The City of Albuquerque, New Mexico (City), was founded in 1706, chartered as a town in 1885, and organized under territorial law as a city in 1891. The City became a charter city in 1917, and the voters approved a home rule amendment to the charter in 1971. In 1974, the electorate voted to establish a mayor-council form of government; the City Council consists of nine council members elected from districts. As a governmental entity, the City is not subject to Federal or State income taxes.

The accompanying financial statements present only the financial position and the results of operations of the Albuquerque Housing Authority Fund (the Fund), which is an enterprise fund of the City, and are not intended to present fairly the financial position and result of operations of the City in conformity with generally accepted accounting principles. However, certain disclosures are for the City as a whole, since such information is generally not available for the Fund on a separate fund basis. Where applicable, the Fund's share of the balance/activity is included (see notes II.A., II.G., and II.H.).

The accounting policies of the Fund as reflected in the accompanying financial statements conform to generally accepted accounting principles for local governmental units. The more significant of these accounting policies are summarized below.

B. Basis of presentation

The Fund accounts for all activities in connection with the operation of Albuquerque Housing Authority Fund. 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.

The Fund distinguishes operating revenues and expenses from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services in connection with the Fund'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 non-operating revenues or expenses. These include federal housing grants, investment earnings, interest expense, and transactions that result from non-exchange transactions or ancillary activities.

C. Measurement focus and basis of accounting

The Fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The financial statements of the Authority are prepared in accordance with accounting principles generally accepted in the United States of America. As a fund of the City of Albuquerque, the Authority follows applicable pronouncements of the Governmental Accounting Standards Board (GASB).

ALBUQUERQUE HOUSING AUTHORITY FUND
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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

D. Assets, liabilities, and net position

1. Cash and cash equivalents

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. Per 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 Auditors' Report, together with the Financial Statements, the accompanying Notes to the Financial Statements and the Independent Auditors' 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 the City's policy:

Repurchase Agreements - secured by collateral, which is delivered to a third-party safekeeping institution, with a market value equal to or greater than the value of the agreement.

U.S. Treasury Obligations - bills, notes, and bonds.

Obligations of Federal Agencies or Instrumentalities - interest bearing or discount form.

Municipal Bonds - rated in any of the three highest major ratings categories by one or more nationally recognized rating agencies.

The following categories of deposits are specifically authorized by the policy:

Checking accounts - at insured financial institutions.

Certificates of Deposit - subject to restrictions set forth in the City's Fiscal Agent Ordinance (City policy requires a minimum of 50% security consisting of insurance and/or collateral).

2. Receivables

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

3. Restricted assets

Restricted assets arise principally from tenant security deposits and investments.

4. Inventories of supplies

Inventories of supplies are valued at average cost and recorded as an expense when inventory items are consumed.

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013**

5. Capital assets

Capital assets are stated at 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 fixed assets costing in excess of \$5,000. Currently, the City defines capital assets as assets with an initial individual cost of more than \$5,000 and estimated useful life in excess of one year.

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

6. Accrued vacation and sick leave pay

City employees may accumulate limited amounts of vacation pay that are payable to the employee upon termination or retirement. For proprietary funds, vacation costs are recognized as a liability when incurred.

City employees may also accumulate limited amounts of sick leave that are payable to the employee upon termination or retirement. For proprietary funds, accumulated sick leave pay is recognized when vested or taken whichever occurs first.

7. Unearned revenue

Unearned revenue is reported a liability payable from restricted assets for revenues collected in advance, and as a current liability for customer deposits received. There is no unearned revenue reported as of June 30, 2013.

8. Long-term obligations

Long-term obligations used to finance the Fund's capital acquisitions are recorded in the Fund's Statement of Net position. These obligations are liquidated with revenue of the Fund.

9. Net position

The net position of the Fund is reported in three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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 the Fund's policy to use restricted resources first and then unrestricted resources as they are needed.

Unrestricted net position – This category reflects net position of the fund, not restricted for any project or other purpose.

10. Statement of cash flows

For purposes of the statement of cash flows, all pooled cash and investments (including restricted assets) of the Fund are 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

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

three months or more are deducted from cash and cash equivalents and changes therein are reported as cash flows from investing activities.

11. Estimated amounts reported in 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.

12. Interfund Transactions

Transactions that would be recorded as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated when involving other funds of the City. These transactions include charges for administrative services, building rental, risk management services, vehicle maintenance and motor pool services, inventory and office services, retirees' health care, and payments in lieu of taxes. Other authorized transfers between funds are recorded as operating transfers and are included in the determination of the results of operations.

13. New accounting pronouncements

In fiscal year 2013, the Authority implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Accordingly, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is referred to as net position. Previously, this difference was referred to as net assets.

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2013:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.
- GASB Statement No. 66, *Technical Corrections – 2012*.
- GASB Statement No. 67, *Financial Reporting for Pension Plans*.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date.

Except as discussed in the following paragraph, the City believes that the above listed GASB pronouncements will not have a significant financial impact to the City.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, becomes effective in the fiscal year ending June 30, 2015. The new standard will substantially change accounting and financial reporting for the City's participation in the Public Employees Retirement System (PERA), a cost sharing multiple-employer defined benefit retirement plan. The new standard will require the City's financial statements that use the economic resources measurement focus and accrual accounting to recognize a liability for the City's proportionate share of PERA's net pension liability, and to recognize pension expense, and to report deferred outflows of resources and deferred inflows of resources related to pensions, for its proportionate shares of PERA's collective pension expense and collective deferred outflows of resources and deferred inflows of resources.

14. Budgets

An annual budget, which is not legally adopted, for the Albuquerque Housing Authority Fund 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.

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NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

II. Detailed notes

A. Cash and cash equivalents

The total cash and cash equivalents of Albuquerque Housing Authority Fund at June 30, 2013, consist of the following:

(In thousands of dollars)

Deposits and investments:	
<u>Deposits</u>	
Bank accounts at book balances	\$ 14,214
Escrow deposits	121
Total deposits	<u>14,335</u>
<u>Investments</u>	
State of New Mexico local government investment pool	8,051
Total investments	<u>8,051</u>
Total deposits and investments	<u>\$ 22,386</u>
As reported in the statement of net position:	
Current cash and cash equivalents:	
Cash and cash equivalents	\$ 13,936
Total current cash and cash equivalents	<u>13,936</u>
Restricted noncurrent cash and cash equivalents:	
Cash and cash equivalents	8,172
Escrow deposits	278
Total noncurrent cash and cash equivalents	<u>8,450</u>
Total cash and cash equivalents	<u>\$ 22,386</u>

Custodial credit risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s funds may not be returned to it. The City 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). At June 30, 2013, none of the Fund’s bank balances of \$14,852,047 was exposed to custodial credit risk.

Custodial credit risk – Investments – Custodial credit risk with respect to investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that all security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment basis. The investment policy further requires that all collateral securities held by a third party custodian, designated by the City Treasurer, shall be held in the City’s name and evidenced by a safekeeping receipt or Federal Reserve book-entry reporting.

Credit risk – Credit risk is the risk that in the event an issuer or other counterparty to an investment does not fulfill its obligations, the City will not be able to recover the value of its principal. As a home rule city, the City’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. The City’s Investment Committee 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 City’s allocation evaluation, these guidelines are reviewed periodically, considering the probability of market and default risk in various investment sectors. The City’s investment policy describes permitted investments as those allowed for municipalities with a population in excess of 65,000 per Section 10-10-10 of the Statutes of the State of New Mexico. 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) of the State Statutes. At June 30, 2013, the City’s internal investment pool held investments in fully-collateralized overnight repurchase agreements (repos), a fully-insured money market account, U.S. Government agency notes and a local government obligation.

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AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
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June 30, 2013

In 2009, the City’s internal investment pool liquidated its position in the New Mexico State Treasurers Office (STO) Local Government Investment Pool (LGIP). However, at June 30, 2013, the City continued to hold \$134,524 in the STO’s “Reserve Contingency Fund” which represented the maximum potential loss from assets previously held in the LGIP’s Primary Money Market Fund. The City does not expect any further recoveries from the reserve and has accrued the remaining balance as a loss. The City’s Housing Authority Fund continued to hold a non-pooled position in the STO LGIP Fund of \$8,044,607 and a balance in the Reserve Contingency Fund of \$3,886.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. The City’s investment policy states the City will develop diversification strategies to avoid incurring concentration risk. The following general policies and constraints shall apply: With the exception of collateralized repos, U.S. Treasury securities, and authorized pools (comprising the “liquidity segment” of the portfolio), no more than 50% of the residual investment portfolio (the “core segment”) will be invested in a single issue or at a single maturity. At June 30, 2013, the City’s core segment is invested in debt securities issued by four Government Sponsored Entities (GSEs): the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank and the Federal Home Loan Mortgage Corporation. These investments comprise 9%, 68%, and 23% respectively, of the core segment residual. Portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity range. At June 30, 2013, liquidity and core segment maturities are allocated as follows: 0-12 months – 0%; 1-2 years – 12%; 3-5 years – 88%.

Summarized information concerning the GSE investments is as follows:

U.S. Agency Investments (summarized by GSE)	Wtd. Avg. Days to Maturity	Weighted Average Days to Call	Standard & Poor’s Rating	Moody’s Rating
Federal Home Loan Banks	964	50	AA+	Aaa
Federal National Mortgage Association	947	112	AA+	Aaa
Federal Home Loan Mortgage Corporation	852	157	AA+	Aaa

Repo holdings (collateral) consisted of U.S. Agency securities permitted under Section 6-10-10 N.M.S.A. 1978, and by the City’s investment policy.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the City’s investments. The City’s investment policy limits the City’s 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 non-discretionary assets, including funds to be held in trust, may be committed to maturities up to ten years from the date of purchase. The weighted average maturity of the investments in the internal investment pool’s core segment at June 30, 2013, was 926 days. The weighted average days to call of the core segment was 117 days.

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AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

B. Capital assets

Capital asset activity of the Fund for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Assets not being depreciated:				
Land	\$ 3,767,389	-	-	3,767,389
Construction work-in-progress	971,510	804,390	-	1,775,900
Total assets, not being depreciated	<u>4,738,899</u>	<u>804,390</u>	<u>-</u>	<u>5,543,289</u>
Assets being depreciated:				
Buildings and improvements	52,402,982	-	-	52,402,982
Machinery and Equipment	1,485,149	36,540	(10,982)	1,510,707
Total assets, being depreciated	<u>53,888,131</u>	<u>36,540</u>	<u>(10,982)</u>	<u>53,913,689</u>
Less: accumulated depreciation for:				
Buildings and improvements	48,234,785	1,040,347	-	49,275,131
Machinery and equipment	371,047	140,145	-	511,192
Total accumulated depreciation	<u>48,605,832</u>	<u>1,180,492</u>	<u>-</u>	<u>49,786,323</u>
Capital assets being depreciated, net	<u>5,282,299</u>	<u>(1,143,952)</u>	<u>(10,982)</u>	<u>4,127,366</u>
Total capital assets, net	<u>\$ 10,021,198</u>	<u>(339,562)</u>	<u>(10,982)</u>	<u>9,670,655</u>

C. Leases

Albuquerque Housing Authority Fund has entered into a lease agreement as lessee for financing the acquisition of equipment and improvements. This lease agreement is treated as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date in the basic financial statements. At June 30, 2013, the outstanding balance of the capital lease is \$166,140. Amortization expense is included with depreciation expense on the Statement of Revenues, Expenses and Changes in Fund Net position.

The assets acquired through capital leases are as follows:

Equipment and Improvements	\$ 944,458
Less: Accumulated amortization	<u>(778,318)</u>
Total net book value	<u>\$ 166,140</u>

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2013 are as follows:

Year Ending June 30:	<u>Principal and Interest</u>
2014	\$ 107,106
2015	<u>87,632</u>
Total minimum lease payments	194,738
Less amount representing interest	<u>(7,279)</u>
Present value of minimum lease payments	<u>\$ 187,459</u>

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D. Long-term obligations

The change in long-term obligations for the Fund for the year ended June 30, 2013 is as follows:

	Outstanding				Amount due within one year
	July 1, 2012	Increases	Decreases	June 30, 2013	
Capital leases	\$ 302,172	\$ -	\$ 114,713	\$ 187,459	\$ 101,407
Tenant security deposits (including pet deposits)	254,115	49,469	51,538	252,046	-
Accrued vacation and sick leave pay	159,694	242,743	224,811	177,626	33,326
	<u>\$ 715,981</u>	<u>\$ 292,212</u>	<u>\$ 391,062</u>	<u>\$ 617,131</u>	<u>\$ 134,733</u>

E. Conduit debt

The U.S. Department of Housing and Urban Development (HUD) guaranteed third party debt consisting of revenue bonds and permanent notes, payable to the Federal Financing Bank, which were issued to provide for the development and modernization of low rent housing units. These bonds and notes are payable by HUD and secured by annual contributions to the Albuquerque Housing Authority Fund. HUD regulations state that the bonds and notes do not constitute a debt of the Albuquerque Housing Authority Fund and, accordingly, these have not been reported in the accompanying financial statements. At June 30, 2013, the outstanding balance of the permanent notes was \$2,653,678 with annual payments required through 2017.

F. Defined benefit pension plan

Plan Description. Substantially all of the City's full-time employees participate in a public employee retirement system authorized under the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). The Public Employees Retirement Association (PERA) is the administrator of the plan, which is a cost-sharing multiple-employer defined benefit retirement plan. The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members and beneficiaries. PERA issues a separate, publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to PERA, P.O. Box 2123, Santa Fe, NM 87504-2123. The report is also available on PERA's website at www.pera.state.nm.us.

Funding Policy. Plan members are required to contribute between 7.00%-16.65% of their gross salary, depending on the specific plan type. The City is required to contribute between 7.00%-21.25% of the gross covered salary, depending on the specific plan type.

The following are the plans covered by the City and the contribution requirements, (in thousands of dollars) for the year ended June 30, 2013:

Group Covered	Employee		Employer	
	Percent	Amount	Percent	Amount
General, Management, and Bus Drivers	13.15%	19,032	9.15%	13,243
Temporary Employees	7.00%	140	7.00%	140
J-Series 20 Year	16.65%	143	16.65%	143
Police	16.30%	9,255	18.50%	10,504
Fire	16.20%	5,715	21.25%	7,496
		<u>34,285</u>		<u>31,526</u>

The contribution requirements of plan members and the City are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. In accordance with Chapter 10, Article 11, Section 5 NMSA 1978, the City has elected to make a percentage of the employee's contributions. The percentage of the employee's contribution paid by the City varies according to the specific plan type. The City's required contributions to

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PERA for the years ending June 30, 2013, 2012, and 2011 were \$31,526,501, \$34,732,631, and \$33,662,266, respectively. The city's total contributions to PERA, including the employer required contributions and the portion the city pays for the employees for the years ending June 30, 2013, 2012, and 2011 were \$60,980,095, \$63,316,398, and \$63,697,954, respectively.

G. Post employment benefits

In addition to providing pension benefits described in Note F, the City provides certain health care and life insurance benefits for retired employees. Substantially all of the City's employees may become eligible for those benefits if they reach the normal retirement eligibility conditions while working for the City.

Postemployment Life Insurance Benefits.

Plan Description. The City's Life Insurance Benefit Plan (Plan) is a single employer defined benefit plan administered by the City; the plan also includes coverage for the employees of the Albuquerque Bernalillo County Water Utility Authority (a separate legal entity, formerly a component unit of the City). Insurance benefits are authorized by the City's Merit System Ordinance and Personnel Rules and Regulations. Upon retirement an employee will continue to be covered by the City's plan at no cost to the employee. Coverage will be one-half of the coverage reflected on the most recent annual life insurance adjustment report immediately prior to retirement up to a maximum of \$25,000. Effective July 1, 2008 the minimum amount of coverage per retiree will be \$12,500. The number of retired employees covered under the life insurance benefit was 4,411 at June 30, 2013, and the amount of life insurance coverage for these retired employees was \$95,836,000.

Funding Policy. The City recognizes the cost of providing the life insurance benefits by charging the insurance premiums to expenditures. Life insurance benefits are paid through premiums to an insurance company under an indemnity plan. The insurance company has the right to adjust the premiums based on claims paid. Historically, the claims paid in any one year have not exceeded the premiums. The required contribution is based on projected pay-as-you-go financing requirements. The current rate is .28 per \$1,000 face value of life insurance for actives and retirees. The life insurance premium costs for the City's retirees for the years ending June 30, 2013, 2012, and 2011 were \$316,168, \$310,637, and \$275,971, respectively. The life insurance and accidental death and dismemberment premium costs for the City's active employees for the years ending June 30, 2013, 2012 and 2011 were \$1,120,321, \$1,148,553, and \$1,149,148, respectively.

Annual OPEB Cost and Net OPEB Obligation. The City's annual postemployment benefit (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Life Insurance Benefit plan.

Net OPEB Obligation at beginning of year	\$ 11,390,128
Less Water Utility Contribution at 8%	<u>911,210</u>
	10,478,918
<i>Plus Projected Annual OPEB Cost:</i>	
Interest on Net OPEB Obligation at beginning of year	419,157
Annual Required Contribution (ARC) for current fiscal year	3,901,473
ARC Adjustment for current fiscal year	<u>(488,326)</u>
	<u>3,832,304</u>
Less Net Employer Contribution	<u>(1,560,915)</u>
Expected Net OPEB Obligation at end of year	<u>\$ 12,750,307</u>

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The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 3,664,536	35.0%	\$ 8,372,486
6/30/12	\$ 3,909,642	22.8%	\$ 11,390,128
6/30/13	\$ 3,832,304	40.7%	\$ 12,750,307

Funding Status and Funding Progress. As of June 30, 2013, the most recent actuarial valuation date, the plan was 0% funded using the criteria established by GASBS 45. The actuarial accrued liability for benefits was \$58,657,889 (\$17,250,799 for active employees and \$41,407,088 for retired employees). There are no plan assets; however, the City has earmarked \$9,912,560 in the City's Internal Service Employee Insurance Fund for future plan costs. The covered payroll (annual payroll of active employees covered by the plan) was 253,660,903 and the ratio of the UAAL to the covered payroll was 23.1%. The ARC as a percent of payroll is 1.5% of which .5% is the normal cost as a percent of payroll. The ARC per active employee is \$544. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events of events far into the future. Examples include assumptions about future employment, mortality, and changes in life expectancies. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress is presented as required supplementary information following the notes to the financial statements.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the Life Insurance Benefit plan as understood by the City and the plan members and include the types of benefits provided at the time of each valuation and the City's historical pattern of paying for the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2013, actuarial valuation, the Entry Age Normal (EAN) funding method was used where, for each plan member, the actuarial present value of benefits is levelly spread over the plan member's earnings or service from entry age to assumed exit age. The EAN cost method is generally regarded by actuaries as the most stable of the funding methods. The goal of GASBS 45 is to match recognition of retiree life expense with the periods during which the benefit is earned and the City's actuary believe that EAN funding method effectively meets that goal in most circumstances. Another important issue in these calculations is the treatment of implicit subsidies where retiree coverage is subsidized by active employee costs. The City pays the same insurance premium rates for both active and retired employees, because the retired employees are on average older than active employees, there is an implicit subsidy of retiree coverage by active employee costs, which GASBS 45 generally requires be attributed to the retiree liability. The actuarial assumptions included a 4.0 percent investment rate of return on expected long-term returns on the City's own investments calculated on the funded level of the plan at the valuation date. As of June 30, 2013, the plan has not been funded and no interest was earned on the plan assets during the year. The City intends to amortize the UAAL over a thirty-year period under the level percentage of pay method, beginning in the next fiscal year. The remaining amortization period at June 30, 2013, was 25 years. The ARC was based on a 4.0 percent discount rate, funding will be based on a 6.0 percent discount rate.

Retiree Health Care Act Contributions.

Plan Description. The City contributes to the New Mexico Retiree Health Care Fund, a 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.

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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 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 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. During the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary.

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, 2013, 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.

Also, employers joining the program after 1/1/98 are required to make a surplus-amount contribution to the RHCA based on one of two formulas at agreed-upon intervals.

The RHCA plan is financed on a pay-as-you-go basis. 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.

The City's contributions to the RHCA for the years ended June 30, 2013, 2012, and 2011 were \$5,470,619, \$5,301,347, and \$4,688,405, respectively, which equal the required contributions for each year.

H. Risk management

The City is exposed to various risks of loss related to torts and civil rights claims (including law enforcement and employment related exposures); theft, damage and destruction of its real and personal assets; workers compensation losses; errors and omissions of City officers and officials; and natural disasters. The City uses the Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$1,000,000 for each workers' compensation incident, \$1,050,000 for each tort liability claim, and \$50,000 for each City real and contents damage claim. Losses in other categories and catastrophic losses in the mentioned categories are the subject of insurance and/or actuarially reviewed retentions. Whenever a risk exposure is insured, the City continues to benefit from case coverage on claims that were incurred during the insured claim year.

The Risk Management Fund tracks claims on a fund by fund basis and assesses charges to each fund based on historical claims experience and the need to establish a reserve for unanticipated catastrophic losses. That reserve was \$1,000,000 at

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June 30, 2013, and is included in the unrestricted net position of the Risk Management Fund. The claims liabilities reported in the Risk Management Fund are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic factors. The estimate of the claims liability also includes amounts for incremental claim adjustments expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Based on historical data, the City believes the Risk Management Fund (an internal service fund) is adequately funded. Moreover, pursuant to Section 41-4-25(B) NMSA 1978, in the event of a judgment against the City in excess of \$1,000,000 the City, with Council approval, may levy a tax on real property to provide for the payment of catastrophic losses. In addition, the City started Fiscal Year 2013 with \$41,400,000 available in the committed General Fund balance.

In recent years, the City has experienced an increase in claim amounts. In response to this increase, the City conducted a review of both its philosophy for reserving funds and the tools used to analyze the reported claims liability. As a result of this review, the City determined that a more conservative approach in reserving for ultimate potential losses was necessary in order to ensure the ongoing solvency of the Risk Management Fund. The City plans to increase annual funding to the Risk Management Fund reserve in the amount of \$2.5 million per year beginning in fiscal year 2015.

Finally, the City has reserve amounts created by the City's policy to reserve one-twelfth of the General Fund budgeted amount. The amounts and change in the Fund's claims liability in fiscal year 2013 and 2012 were:

	2013		2012
Claims liability at July 1	\$ 72,136,558	\$	\$ 66,902,536
Current year claims and change in estimates	65,079,418		26,923,508
Claims liquidated	(27,383,326)		(21,689,486)
Claims liability at June 30	<u>\$ 109,832,650</u>	\$	<u>\$ 72,136,558</u>
The components of the claims liability at June 30 are:			
Current portion	\$ 25,242,425	\$	\$ 16,800,000
Noncurrent portion	84,590,225		55,336,558
Total claims liability	<u>\$ 109,832,650</u>	\$	<u>\$ 72,136,558</u>

I. Commitments and contingencies

Federal and State Grant Commitments

Albuquerque Housing Authority Fund has received a number of Federal and State 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, Housing Authority management believes that such discrepancies, if any, will not be material.

Contingent Liabilities

In the normal course of business, the City is subject to certain contingent liabilities and unasserted claims. These contingencies are evaluated in light of their probability of being asserted and the estimatability of the claims. 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

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accrued. It is the opinion of City management that the ultimate resolution of other litigation will not have a material effect on the financial position of the City.

III. Significant effects of subsequent events

The City and the Albuquerque Housing Authority are in discussions for the Housing Authority Fund, an enterprise fund of the City, to become the Albuquerque Housing Authority (AHA), a component unit of the City, per Council Resolution R-10-97 enacted December 6, 2010. Resolution R-10-97 also established a Board of Housing Commissioners, whose members and chairperson will be appointed by the Mayor with the advice and consent of the City Council. The Board assumed responsibility for the operations of the Fund on July 1, 2011. As of the report date, the City and AHA are in the process of transferring the assets, debts and employees. The transfer is expected to be completed July 1, 2014.

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FINANCIAL DATA SCHEDULE

FDS Line Item No.		<u>Project Total</u>	<u>14.871 Housing Choice Vouchers</u>	<u>14.181 Supportive Housing for Persons with Disabilities</u>
111	Cash - Unrestricted	4,462,452	9,381,035	-
113	Cash - Other Restricted	29,780	88,271	-
114	Cash - Tenant Security Deposits	277,918	-	-
115	Cash - Restricted for Payment of Current Liabilities	-	-	-
100	Total Cash	<u>4,770,150</u>	<u>9,469,306</u>	<u>-</u>
121	Accounts Receivable - PHA Projects			
122	Accounts Receivable - HUD Other Projects	809,009	-	-
125	Accounts Receivable - Miscellaneous	-	42,342	-
126	Accounts Receivable - Tenants	82,204	-	-
126.1	Allowance for Doubtful Accounts -Tenants	(40,036)	-	-
126.2	Allowance for Doubtful Accounts - Other	-	(22,872)	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	<u>851,177</u>	<u>19,470</u>	<u>-</u>
132	Investments - Restricted	-	-	-
143	Inventories	-	-	-
143.1	Allowance for Obsolete Inventories	-	-	-
144	Inter Program Due From	-	-	5,785
150	Total Current Assets	<u>5,621,327</u>	<u>9,488,776</u>	<u>5,785</u>
161	Land	3,767,389	-	-
162	Buildings	49,635,655	-	-
164	Furniture, Equipment & Machinery - Administration	900,268	192,120	-
166	Accumulated Depreciation	(47,294,745)	(192,120)	-
167	Construction in Progress	1,775,900	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	<u>8,784,467</u>	<u>-</u>	<u>-</u>
180	Total Non-Current Assets	<u>8,784,467</u>	<u>-</u>	<u>-</u>
190	Total Assets	<u><u>14,405,794</u></u>	<u><u>9,488,776</u></u>	<u><u>5,785</u></u>

14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
35,588	56,450	-	13,935,525	-	13,935,525
-	-	2,906	120,957	-	120,957
-	-	-	277,918	-	277,918
-	-	-	-	-	-
<u>35,588</u>	<u>56,450</u>	<u>2,906</u>	<u>14,334,400</u>	<u>-</u>	<u>14,334,400</u>
-	-	-	809,009	-	809,009
-	-	150	42,492	-	42,492
-	-	-	82,204	-	82,204
-	-	-	(40,036)	-	(40,036)
-	-	-	(22,872)	-	(22,872)
-	-	150	870,797	-	870,797
-	-	8,051,465	8,051,465	-	8,051,465
-	-	161,392	161,392	-	161,392
-	-	(9,604)	(9,604)	-	(9,604)
-	-	3,490,278	3,496,063	(3,496,063)	-
<u>35,588</u>	<u>56,450</u>	<u>11,696,587</u>	<u>26,904,513</u>	<u>(3,496,063)</u>	<u>23,408,450</u>
-	-	-	3,767,389	-	3,767,389
-	-	2,767,327	52,402,982	-	52,402,982
-	-	418,319	1,510,707	-	1,510,707
-	-	(2,299,458)	(49,786,323)	-	(49,786,323)
-	-	-	1,775,900	-	1,775,900
-	-	886,188	9,670,655	-	9,670,655
-	-	886,188	9,670,655	-	9,670,655
<u>35,588</u>	<u>56,450</u>	<u>12,582,775</u>	<u>36,575,168</u>	<u>(3,496,063)</u>	<u>33,079,105</u>

FDS Line Item No.		Project Total	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities
312	Accounts Payable <= 90 Days	33,847	-	-
322	Accrued Compensated Absences - Current Portion	5,653	26,717	-
325	Accrued Interest Payable	16,096	-	-
331	Accounts Payable - HUD PHA Programs	-	-	-
333	Accounts Payable - Other Government	35,349	-	-
341	Tenant Security Deposits	252,046	-	-
343	Current Portion of Long-term Debt - Capital	101,407	-	-
345	Other Current Liabilities	76,266	293,991	-
346	Accrued Liabilities - Other	-	-	-
347	Inter Program - Due To	126,613	3,338,923	-
310	Total Current Liabilities	<u>647,277</u>	<u>3,659,631</u>	<u>-</u>
351	Long-term Debt, Net of Current - Capital Projects/Mortgage	86,052	-	-
354	Accrued Compensated Absences - Non Current	53,899	-	-
350	Total Non-Current Liabilities	<u>139,951</u>	<u>-</u>	<u>-</u>
300	Total Liabilities	<u>787,228</u>	<u>3,659,631</u>	<u>-</u>
508.1	Invested In Capital Assets, Net of Related Debt	8,597,008	-	-
511.1	Restricted Net Assets	-	88,271	-
512.1	Unrestricted Net Assets	5,021,558	5,740,874	5,785
513	Total Equity/Net Assets	<u>13,618,566</u>	<u>5,829,145</u>	<u>5,785</u>
600	Total Liabilities and Equity/Net Assets	<u><u>14,405,794</u></u>	<u><u>9,488,776</u></u>	<u><u>5,785</u></u>

14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	COCC	Subtotal	ELIM	Total
-	-	80,884	114,731	-	114,731
-	-	956	33,326	-	33,326
-	-	-	16,096	-	16,096
-	-	-	-	-	-
-	-	2,217,854	2,253,203	-	2,253,203
-	-	-	252,046	-	252,046
-	-	-	101,407	-	101,407
-	-	10,019	380,276	-	380,276
-	-	-	-	-	-
5,785	24,742	-	3,496,063	(3,496,063)	-
<u>5,785</u>	<u>24,742</u>	<u>2,309,713</u>	<u>6,647,148</u>	<u>(3,496,063)</u>	<u>3,151,085</u>
-	-	-	86,052	-	86,052
-	-	90,401	144,300	-	144,300
-	-	90,401	230,352	-	230,352
<u>5,785</u>	<u>24,742</u>	<u>2,400,114</u>	<u>6,877,500</u>	<u>(3,496,063)</u>	<u>3,381,437</u>
-	-	886,188	9,483,196	-	9,483,196
-	-	8,051,465	8,139,736	-	8,139,736
29,803	31,708	1,245,008	12,074,736	-	12,074,736
<u>29,803</u>	<u>31,708</u>	<u>10,182,661</u>	<u>29,697,668</u>	<u>-</u>	<u>29,697,668</u>
<u>35,588</u>	<u>56,450</u>	<u>12,582,775</u>	<u>36,575,168</u>	<u>(3,496,063)</u>	<u>33,079,105</u>

<u>FDS Line Item No.</u>		<u>Project Total</u>	<u>14.871 Housing Choice Vouchers</u>	<u>14.181 Supportive Housing for Persons with Disabilities</u>
70300	Net Tenant Rental Revenue	2,173,486	-	-
70400	Tenant Revenue - Other	74	-	-
70500	Total Tenant Revenue	<u>2,173,560</u>	<u>-</u>	<u>-</u>
70600	HUD PHA Operating Grants	2,361,604	24,573,187	267,927
70610	Capital Grants	1,051,900	-	-
70710	Management Fee	-	-	-
70720	Asset Management Fee	-	-	-
70730	Book Keeping Fee	-	-	-
70740	Front Line Service Fee	-	-	-
70700	Total Fee Revenue	<u>3,413,504</u>	<u>24,573,187</u>	<u>267,927</u>
71100	Investment Income - Unrestricted	-	-	-
71400	Fraud Recovery	-	27,195	-
71500	Other Revenue	31,456	103,445	-
72000	Investment Income - Restricted	-	571	-
70000	Total Revenue	<u>5,618,520</u>	<u>24,704,398</u>	<u>267,927</u>

14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Sec 8 Moderate Rehabilitat	COCC	Subtotal	ELIM	Total
-	-	-	2,173,486		2,173,486
-	-	-	74		74
-	-	-	2,173,560	-	2,173,560
38,157	35,606	-	27,276,481		27,276,481
-	-	-	1,051,900		1,051,900
-	-	1,034,847	1,034,847	(1,034,847)	-
-	-	114,240	114,240	(114,240)	-
-	-	420,263	420,263	(420,263)	-
-	-	975,119	975,119	(975,119)	-
38,157	35,606	2,544,469	30,872,850	(2,544,469)	28,328,381
-	-	15,484	15,484	-	15,484
-	-	-	27,195	-	27,195
-	-	9,811	144,712	-	144,712
2	1	-	574	-	574
38,159	35,607	2,569,764	33,234,375	(2,544,469)	30,689,906

FDS Line Item No.		Project Total	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities
91100	Administrative Salaries	35,452	480,069	22,919
91200	Auditing Fees	6,000	3,000	1,000
91300	Management Fee	573,545	461,302	-
91310	Book-keeping Fee	86,910	333,353	-
91400	Advertising and Marketing	-	-	-
91500	Employee Benefit contributions - Administrative	14,676	242,843	-
91600	Office Expenses	182,081	2,134	-
91700	Legal Expense	5,596	-	-
91800	Travel	1,175	2,162	-
91900	Other	71,397	1,805	-
91000	Total Operating - Administrative	<u>976,832</u>	<u>1,526,668</u>	<u>23,919</u>
92000	Asset Management Fee	114,240	-	-
92100	Tenant Services - Salaries	142,936	-	-
92200	Relocation Costs	-	-	-
92300	Employee Benefit Contributions - Tenant Services	72,173	-	-
92400	Tenant Services - Other	-	-	-
92500	Total Tenant Services	<u>215,109</u>	<u>-</u>	<u>-</u>
93100	Water	415,995	-	-
93200	Electricity	198,412	-	-
93300	Gas	97,484	-	-
93000	Total Utilities	<u>711,891</u>	<u>-</u>	<u>-</u>
94100	Ordinary Maintenance and Operations - Labor	429,586	-	-
94200	Ordinary Maintenance and Operations - Materials and Other	205,942	-	-
94300	Ordinary Maintenance and Operations Contracts	1,604,899	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	102,345	-	-
94000	Total Maintenance	<u>2,342,772</u>	<u>-</u>	<u>-</u>
95200	Protective Services - Other Contract Costs	-	-	-
95000	Total Protective Services	<u>-</u>	<u>-</u>	<u>-</u>

14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Sec 8 Moderate Rehabilitat	COCC	Subtotal	ELIM	Total
-	-	1,296,247	1,834,687	-	1,834,687
-	-	2,000	12,000	-	12,000
-	-	-	1,034,847	(1,034,847)	-
-	-	-	420,263	(420,263)	-
-	-	-	-	-	-
-	-	565,122	822,641	-	822,641
-	-	743,457	927,672	(345,910)	581,762
-	-	23,880	29,476	-	29,476
-	-	7,874	11,211	-	11,211
59	29	164,947	238,237	(238,237)	-
59	29	2,803,527	5,331,034	(2,039,257)	3,291,777
-	-	-	114,240	(114,240)	-
-	-	7	142,943	-	142,943
-	-	-	-	-	-
-	-	(6)	72,167	-	72,167
-	-	-	-	-	-
-	-	1	215,110	-	215,110
-	-	1,017	417,012	-	417,012
-	-	15,315	213,727	-	213,727
-	-	5,497	102,981	-	102,981
-	-	21,829	733,720	-	733,720
-	-	8,403	437,989	-	437,989
-	-	79,936	285,878	-	285,878
-	-	171,097	1,775,996	-	1,775,996
-	-	(387)	101,958	-	101,958
-	-	259,049	2,601,821	-	2,601,821
-	-	-	-	-	-
-	-	-	-	-	-

FDS Line Item No.		Project Total	14.871 Housing Choice Vouchers	14.181 Supportive Housing for Persons with Disabilities
96110	Property Insurance	160,232	52,489	-
96130	Workmen's Compensation	-	-	-
96100	Total insurance Premiums	<u>160,232</u>	<u>52,489</u>	<u>-</u>
96200	Other General Expenses	-	390,972	-
96210	Compensated Absences	(10,218)	-	-
96400	Bad debt - Tenant Rents	4,209	-	-
96600	Bad debt - Other	86,264	560	-
96000	Total Other General Expenses	<u>80,255</u>	<u>391,532</u>	<u>-</u>
96720	Interest on Notes Payable (Short and Long Term)	7,948	-	-
96700	Total Interest Expense and Amortization Cost	<u>7,948</u>	<u>-</u>	<u>-</u>
96900	Total Operating Expenses	<u>4,609,279</u>	<u>1,970,689</u>	<u>23,919</u>
97000	Excess of Operating Revenue over Operating Expenses	<u>1,009,241</u>	<u>22,733,709</u>	<u>244,008</u>
97100	Extraordinary Maintenance	-	-	-
97300	Housing Assistance Payments	-	22,364,639	238,223
97400	Depreciation Expense	1,027,622	-	-
90000	Total Expenses	<u>5,636,901</u>	<u>24,335,328</u>	<u>262,142</u>
10010	Operating Transfer In	-		
10020	Operating transfer Out	-		
10100	Total Other financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	<u>(18,381)</u>	<u>369,070</u>	<u>5,785</u>

14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.856 Lower Income Housing Assistance Program_Sec 8 Moderate Rehabilitat	COCC	Subtotal	ELIM	Total
-	-	41,953	254,674	-	254,674
-	-	-	-	-	-
-	-	41,953	254,674	-	254,674
-	-	-	390,972	(390,972)	-
-	-	83,694	73,476	-	73,476
-	-	-	4,209	-	4,209
-	-	-	86,824	-	86,824
-	-	83,694	555,481	(390,972)	164,509
-	-	3,919	11,867	-	11,867
-	-	3,919	11,867	-	11,867
59	29	3,213,972	9,817,947	(2,544,469)	7,273,478
38,100	35,578	(644,208)	23,416,428	-	23,416,428
-	-	-	-	-	-
35,082	26,203	-	22,664,147	-	22,664,147
-	-	163,852	1,191,474	-	1,191,474
35,141	26,232	3,377,824	33,673,568	(2,544,469)	31,129,099
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,018	9,375	(808,060)	(439,193)	-	(439,193)

<u>FDS Line Item No.</u>		<u>Project Total</u>	<u>14.871 Housing Choice Vouchers</u>	<u>14.181 Supportive Housing for Persons with Disabilities</u>
11020	Required Annual Debt Principal Payments	105,694	-	-
11030	Beginning Equity	13,636,947	5,460,075	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-
11170	Administrative Fee Equity		3,648,454	
11180	Housing Assistance Payments Equity		2,136,041	
11190	Unit Months Available	11,388	46,116	600
11210	Number of Unit Months Leased	11,046	45,641	570
11270	Excess Cash	4,005,239		
11610	Land Purchases	-		
11620	Building Purchases	-		
11630	Furniture & Equipment - Dwelling Purchases	36,540		

<u>14.249 Section 8 Moderate Rehabilitation Single Room Occupancy</u>	<u>14.856 Lower Income Housing Assistance Program_Sec 8 Moderate Rehabilitat</u>	<u>COCC</u>	<u>Subtotal</u>	<u>ELIM</u>	<u>Total</u>
-	-	-	105,694		105,694
26,785	22,333	10,990,721	30,136,861		30,136,861
	-	-	-		-
	-		3,648,454		3,648,454
	-		2,136,041		2,136,041
144	84	-	58,332		58,332
143	71	-	57,471		57,471
	-		4,005,239		4,005,239
	-	-	-		-
	-	-	-		-
	-	-	36,540		36,540

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF DEPOSITS AND INVESTMENTS BY FINANCIAL INSTITUTION
June 30, 2013

Financial Institution: Account name	Type of Account	Bank Balance	Outstanding (Checks) Deposits	Book Balance
Deposits:				
Bank of America				
Housing Authority - Public Housing	Checking	5,091,301	(350,931)	4,740,370
Housing Authority - Section 8	Checking	9,623,503	(150,430)	9,473,073
Housing Authority - Section 8 FSS	Checking	104,037	(15,766)	88,271
Housing Authority - Public Housing FSS	Checking	33,206	(520)	32,686
Total deposit accounts		<u>14,852,047</u>	<u>(517,647)</u>	<u>14,334,400</u>
State of New Mexico				
Local Government Investment Pool				
LGIP Fund Pool-4101	Investment	8,044,607	2,972	8,047,579
LGIP Fund Pool-4102	Investment	3,886	-	3,886
Total investments		<u>8,048,493</u>	<u>2,972</u>	<u>8,051,465</u>
Total cash and cash equivalents		<u>\$ 22,900,540</u>	<u>\$ (514,675)</u>	<u>\$ 22,385,865</u>
Cash and cash equivalents on Statement of Net Assets				<u>\$ 22,385,865</u>

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL BY FINANCIAL INSTITUTION
June 30, 2013

The Authority is a fund of the City and the Authority's deposit accounts are collateralized with other City deposit accounts.

The collateral for deposit accounts is as follows:

Financial Institution Collateral Description	Original Face	Current Face	Current Market	Maturity Date	Coupon Rate
Bank of America					
FMAC Gold PC	\$ 534,753	\$ 412,322	\$ 458,877	06/01/2041	5.00%
FMAC Gold PC	1,000	68	71	02/01/2018	4.50%
FMAC Gold PC	4,798,601	3,972,472	4,142,247	02/01/2042	4.00%
FNMA backed security	8,074,717	463,681	494,901	01/01/2018	5.00%
FNMA backed security	8,876,254	7,897,618	8,276,301	02/01/2042	4.00%
FNMA backed security	46,391,900	39,410,565	42,523,763	04/01/2041	4.50%
FNMA backed security	1,584,513	688,782	753,840	10/01/2038	5.50%
FNMA backed security	43,567,736	15,309,399	16,603,947	05/01/2040	5.50%
FNMA backed security	1,786,158	1,738,516	1,767,207	12/01/2042	3.50%
FNMA backed security	1,000	11	12	04/01/2017	6.00%
FNMA backed security	2,000	39	41	04/01/2017	6.00%
FNMA backed security	2,000	52	55	04/01/2017	6.00%
FNMA backed security	1,000	56	60	11/01/2017	5.00%
FNMA backed security	1,000	49	53	01/01/2018	5.00%
FNMA backed security	4,000	197	211	02/01/2018	5.00%
FNMA backed security	1,000	36	39	03/01/2033	5.50%
FNMA backed security	1,000	53	57	06/01/2028	5.50%
FNMA backed security	1,000	58	63	10/01/2028	5.50%
FNMA backed security	1,000	81	88	06/01/2028	5.00%
FNMA backed security	3,000	207	227	06/01/2028	5.50%
FNMA backed security	4,841,908	331,890	363,238	06/01/2033	5.50%
FNMA backed security	661,381	31,741	34,930	05/01/2033	6.00%
FNMA backed security	5,404,799	945,080	1,035,573	10/01/2028	5.50%
FNMA backed security	1,489,143	101,433	111,158	01/01/2033	5.50%
FNMA backed security	297,719	18,922	21,157	08/01/2032	6.50%
FNMA backed security	3,000	184	199	06/01/2033	5.00%
FNMA backed security	8,122,944	741,026	811,019	06/01/2033	5.50%
FNMA backed security	2,614,991	275,015	308,866	12/01/2032	6.50%
FNMA backed security	1,524,040	198,830	217,611	10/01/2033	5.50%
FNMA backed security	3,412	493	568	10/01/2032	6.50%
FNMA backed security	11,459,988	2,109,448	2,300,619	03/01/2037	5.50%
FNMA backed security	12,039,400	3,208,052	3,517,328	10/01/2035	5.50%
FNMA backed security	32,687,761	7,390,859	8,060,663	02/01/2038	5.50%
FNMA backed security	24,949,387	3,789,753	4,123,971	09/01/2037	6.00%
FNMA backed security	90,165	23,335	25,124	05/01/2038	5.00%
FNMA backed security	5,348,682	2,730,608	2,846,080	10/01/2040	4.00%
FNMA backed security	18,684,515	13,659,729	13,885,155	12/01/2041	3.50%
FNMA backed security	9,854,380	9,337,515	9,137,216	08/01/2042	3.00%
FNMA backed security	12,082,582	1,620,577	1,710,482	03/01/2037	5.50%
FNMA backed security	20,006,770	4,339,163	4,455,878	05/01/2034	4.50%
FNMA backed security	4,973,683	3,531,980	3,820,885	12/01/2040	4.50%
GNMA I Single Family Loan Pool 15-30 Yr	82,928,564	62,169,819	65,701,686	10/15/2040	4.00%
GNMA I Single Family Loan Pool 15-30 Yr	29,975,000	291,535	328,947	01/15/2029	6.50%
GNMA I Single Family Platinum Pool 30 Yr	29,412,622	427,433	465,872	01/15/2025	7.00%
	<u>\$ 435,090,468</u>	<u>\$ 187,168,682</u>	<u>\$ 198,306,285</u>		
Location of collateral:	Federal Reserve Bank, Richmond, VA				
New Mexico Bank & Trust					
GNMA Pool 658185 SF CRA Qualified	\$ 400,000	\$ 233,916	\$ 240,188	06/15/2040	4.50%
Location of collateral:	Heartland Financial USA, Dubuque, IA				
New Mexico Bank & Trust					
GNMA Pass-Thru X Single Family	\$ 450,000	\$ 251,836	\$ 251,836	06/15/2040	4.50%
Location of collateral:	SunTrust Bank, Atlanta, GA				
Total New Mexico Bank & Trust	<u>\$ 850,000</u>	<u>\$ 485,752</u>	<u>\$ 492,024</u>		

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL BY FINANCIAL INSTITUTION
June 30, 2013

Financial Institution Collateral Description	Original Face	Current Face	Current Market	Maturity Date	Coupon Rate
Bank of Albuquerque FHR 4028 U	\$ 1,500,000	\$ -	\$ 1,500,000	05/15/2026	2.00%
Location of collateral:	Federal Home Loan Bank, Topeka KS				
Bank of the West					
Southern Sandoval County	\$ 350,000	\$ 350,000	\$ 363,741	08/01/2019	3.90%
Southern Sandoval County	350,000	350,000	363,584	08/01/2014	4.00%
GNMA2 Single Family 30 Yr	1,000,000	696,417	734,705	11/20/2040	4.00%
FNMA Conv 30 Yr SF	1,000,000	954,813	934,363	09/01/2042	3.00%
GNMA2 Single Family 30 Yr	2,800,000	2,642,838	2,619,080	06/20/2042	3.00%
US Treasury	1,000,000	1,000,000	1,041,250	02/29/2016	2.13%
GNMA1 Single Family 30 Yr	225,000	156,190	164,104	09/15/2041	4.00%
Southern Sandoval County	150,000	150,000	160,497	08/01/2015	4.00%
FNMA Conv 30 Yr SF	50,000	48,297	47,262	09/01/2042	3.00%
GNMA2 Single Family 30 Yr	40,000,000	32,592,111	33,518,455	10/20/2041	3.50%
FN 1339C MP Pac Fix	1,000,000	987,929	974,606	05/25/2028	1.75%
FN 1339C MP Pac Fix	5,500,000	5,433,607	5,360,334	05/25/2028	1.75%
FNMA Conv 30 Yr SF	1,300,000	1,241,257	1,214,672	09/01/2042	3.00%
FHLMC Gold 30 Yr	1,300,000	1,258,026	1,227,944	10/01/2042	3.00%
GNMA1 Single Family 30 Yr	1,600,000	1,110,684	1,166,965	09/15/2041	4.00%
GNMA1 Single Family 15 Yr	1,960,000	1,456,871	1,538,331	11/15/2026	3.50%
GNMA2 Single Family 30 Yr	2,000,000	1,398,865	1,479,051	12/20/2040	4.00%
GNMA2 Single Family 30 Yr	52,500,000	42,777,146	43,992,972	10/20/2041	3.50%
FHLMC Gold 30 Yr	2,000,000	1,845,338	1,801,213	08/01/2042	3.00%
FNMA Conv 30 Yr SF	4,500,000	4,278,424	4,186,788	09/01/2042	3.00%
GNMA1 Single Family 30 Yr	1,300,000	1,042,552	1,071,785	12/15/2040	3.50%
GNMA2 Single Family 30 Yr	5,066,000	3,517,018	3,731,811	02/20/2041	4.00%
FNMA Conv 10 Yr SF	3,000,000	1,560,097	1,646,841	02/01/2021	3.50%
GNMA1 Single Family 30 Yr	22,721,176	22,288,323	20,816,829	11/15/2042	2.50%
FN 1339C MP Pac Fix	25,000,000	24,698,214	24,365,154	05/25/2028	1.75%
FHLMC Gold 30 Yr	25,500,000	23,528,063	22,965,466	08/01/2042	3.00%
FNMA Conv 30 Yr SF	26,379,320	23,458,847	22,956,402	08/01/2042	3.00%
GNMA2 Single Family 30 Yr	30,350,787	24,729,906	25,432,787	10/20/2041	3.50%
GNMA2 Single Family 30 Yr	35,000,000	30,013,205	30,866,250	04/20/2042	3.50%
GNMA1 Single Family 30 Yr	35,500,000	24,643,297	25,892,031	09/15/2041	4.00%
GNMA2 Single Family 30 Yr	37,000,000	36,428,014	34,023,007	12/20/2042	2.50%
FNMA Conv 30 Yr SF	2,000,000	1,945,223	1,903,560	10/01/2042	3.00%
GNMA1 Single Family 30 Yr	51,000,000	37,904,512	39,825,224	07/15/2041	4.00%
FNMA Conv 30 Yr SF	5,000,000	4,446,447	4,351,212	08/01/2042	3.00%
	<u>\$ 425,402,283</u>	<u>\$ 360,932,531</u>	<u>\$ 362,738,276</u>		
Location of collateral:	Bank of the West, Walnut Creek, CA				
US Bank					
FNMS	\$ 4,735,000	\$ 566,365	\$ 597,752	09/01/2018	0.00%
Location of collateral:	US Bank Cincinnati, Cincinnati, OH				
Wells Fargo Bank					
Federal National Mtg Assn	\$ 1,000,000	\$ -	\$ 968,910	05/25/2028	1.75%
Location of collateral:	Wells Fargo Bank N.A., Minneapolis MN				
Total all banks			<u>\$ 564,603,247</u>		

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF PLEDGED COLLATERAL BY FINANCIAL INSTITUTION
June 30, 2013

The collateral for repurchase agreements is as follows:

Financial Institution Collateral Description	Original Face	Current Face	Current Market	Maturity Date	Coupon Rate
Bank of America FNMS	\$ 20,322,165	\$ 20,000,417	\$ 20,400,426	04/30/2017	0.88%
	<u>\$ 20,322,165</u>	<u>\$ 20,000,417</u>	<u>\$ 20,400,426</u>		
102% collateral requirement			<u>20,400,000</u>		
Collateral in excess (deficit) of requirement			<u>\$ 426</u>		

Location of collateral: Bank of New York Mellon, New York, N.Y.

The market value shown of the pledged collateral for the common fund repurchase agreement is as of the time of purchase on 6/30/2013.

All pledged collateral is held in the city's name at each financial institution. Directed trades (portfolio investment purchases) are held at the Federal Reserve Bank, Richmond, Virginia in an account separate from the account where the collateral for the common fund repurchase agreement is held.

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Mr. Hector Balderas
New Mexico State Auditor,
The Board of Directors of the Albuquerque Housing
Authority Fund of the City of Albuquerque
and the
Honorable Mayor and City Council Members of
the City of Albuquerque

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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Albuquerque Housing Authority Fund (the "Authority"), an enterprise fund of the City of Albuquerque, as of and for the year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated March 6, 2014.

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 that audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2013-001 and 2013-002 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2013-003 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. We noted a certain other matter that is required to be reported pursuant to *Government Auditing Standards* paragraphs 5.14 and 5.16 and pursuant to Section 12-6-5, NMSA 1978, which is described in the accompanying schedule of findings and responses as item 2013-004.

Response to findings

The Authority's responses to the findings identified in our audit are included in the accompanying schedule of findings and responses. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

REDW LLC

Albuquerque, New Mexico
March 6, 2014

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

B — Financial Statement Findings

2013-001 Cash Reconciliations (Material Weakness)

Criteria: Bank reconciliations are an important element of internal control, facilitating timely detection of book/bank differences so they can be investigated and resolved. Such reconciliations are consistent with New Mexico statutes, Section 6-6-3 A NMSA 1978, which require that an entity “keep all the books, records, and accounts in their respective offices in a form as prescribed by the Local Government Division.” The Local Government Division of the Department of Finance and Administration has, pursuant to this statute, published the Budgeting and Accounting Manual and other guidance for New Mexico municipalities to follow.

Condition: The bank reconciliation for the Authority’s operating bank account was not completely and accurately reconciled to the general ledger since March of 2013.

Cause: The Authority converted their accounting records to a new public housing and accounting software system. During the conversion, both the legacy system and the new system were being used to record transactions. Additionally, not all information was converted correctly into the new system. Correcting entries were not prepared to correct for the missing transactions.

Effect: Errors in general ledger cash balances, and/or bank errors, may not be detected. Moreover, a significant amount of time was needed to research and correct the cash balances in preparation of year-end financial statements.

Auditors’ Recommendations: The Authority should establish and implement procedures to ensure general ledger cash balances are regularly reconciled to corresponding bank balances. Any unreconciled differences identified through this process should be investigated and resolved on a timely basis.

Management’s Response: The Authority will establish and implement procedures to ensure general ledger cash balances are regularly reconciled to corresponding bank balances. Any unreconciled differences identified through this process will be investigated and resolved on a timely basis. This will begin for FY14 with a deadline of 15 days within the month closing to reconcile cash accounts.

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

B — Financial Statement Findings — continued

**2013-002 Timely Closing of General Ledger and Reconciliation of Subsidiary Ledgers
(Material Weakness)**

Criteria: Timely reconciliation of subsidiary ledgers supporting asset and liability balances is essential to the detection of errors and/or irregularities and to facilitate timely closing of the general ledger. Procedures should be in place to ensure that timely, accurate reconciliations are prepared, and that differences are investigated and resolved timely.

Condition: Several subsidiary ledgers, including tenant accounts receivable, tenant deposits, supplies inventory, accounts payable and accrued housing assistance payment payable, were not reconciled to the general ledger on a monthly basis. This increases the risk for undetected errors and irregularities.

Cause: The Authority converted their accounting records to a new public housing and accounting software system. During the conversion, both the legacy system and the new system were being used to record transactions. Additionally, not all information was converted correctly into the new system.

Effect: There is an increased risk that errors and/or irregularities will occur and not be detected and corrected in a timely manner. In addition, the Authority is not able to draft its financial statements in a timely manner, which could affect the Authority's compliance with regulatory deadlines, such as the New Mexico State Auditor Rule.

Auditors' Recommendations: The Authority should devote appropriate resources in gaining better functionality within the new accounting system. Then, the responsibility to reconcile each subsidiary ledger should be assigned to the appropriate accounting staff member, and reconciliations should be performed and reviewed monthly. This will improve the quality of information in the accounting system and enable the Authority to expedite the year-end reconciliation process.

Management's Response: The Authority will allocate resources and implement new procedures to gain full functionality of the new software system. Procedures will be implemented to assigned responsibility for the reconciliation of each subsidiary ledger with appropriate accounting staff, and reconciliations performed and reviewed monthly.

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013

B — Financial Statement Findings — continued

2013-003 Journal Entries (Significant Deficiency)

Criteria: Appropriate and accurate journal entries are essential in correcting errors, facilitating the month-end closing process and preparing accurate financial statements. Journal entries should be reviewed by individuals who have the accounting knowledge to determine that the entry is appropriate and correct. The entry should be accompanied by supporting documentation to facilitate the review process. The review should be performed prior to the entry being recorded in the accounting records to reduce the need for additional correcting journal entries.

Condition: Certain journal entries reviewed as part of the fiscal year 2013 audit were identified as being made in error or with an incorrect amount.

Cause: There was significant turnover at the Authority during fiscal year 2012, including the entire accounting staff and the Executive Director position. In addition, a new public housing and accounting system was implemented during fiscal year 2013. Due to new staff members and the increased workload caused by the accounting records conversion, the appropriate level of critical review of journal entries were not performed.

Effect: Journal entries that are not critically reviewed or approved by someone with the appropriate level of accounting knowledge result in entries made in error and misstatement of the financial statements. Additionally, a significant amount of time is required to research and correct the error.

Auditors' Recommendations: The Authority should identify and assign responsibility for the preparation and independent review of all journal entries to individuals with the appropriate level of accounting knowledge. Supporting documentation should accompany all journal entries to ensure the reviewer has adequate information to determine the accuracy of the entry.

Management's Response: The Authority will identify and assign responsibility for the preparation and independent review of all journal entries to individuals with the appropriate level of accounting knowledge.

**ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2013**

D — Other Findings, as Required by New Mexico State Statute, Section 12-6-5, NMSA 1978

2013-004 Audit Report Due Date (Other)

Criteria: Section 2.2.2.9A (1) (d) of NMAC Audit Rule 2013, Requirements for Contracting and Conducting Audits of Agencies, requires that annual audit reports be received in the Office of the State Auditor on or before December 1st.

Condition: The fiscal year 2013 financial statements for the Authority was not submitted to the New Mexico Office of the State Auditor by the December 1, 2013 submission deadline.

Cause: The Authority converted their accounting records to a new public housing and accounting software system. During the conversion, both the legacy system and the new system were being used to record transactions. Additionally, not all information was converted correctly into the new system. Therefore, the Authority was unable to perform all year-end accounting and reconciliation tasks that would enable the audit to be submitted by the December 1 deadline.

Effect: The Authority was unable to close their accounting records in a timely manner and have the records ready for the audit. The Authority is not in compliance with the New Mexico State Auditor Rule.

Auditors' Recommendations: The Authority should devote appropriate resources in gaining better functionality within the new public housing and accounting system in order to expedite the financial reporting close process.

Management's Response: The Authority will devote appropriate resources to ensure timely year-end financial reporting close-out.

ALBUQUERQUE HOUSING AUTHORITY FUND
AN ENTERPRISE FUND OF THE CITY OF ALBUQUERQUE, NEW MEXICO
STATUS OF PRIOR YEAR AUDIT FINDINGS
June 30, 2013

Prior-Year Number	Description	Current-Year Status
FS 12-01	Cash and Investment Reconciliations (Material Weakness)	Repeated as finding 2013-001
FS 12-02	Journal Entries (Significant Deficiency)	Repeated as finding 2013-003
FS 12-03	Unrecorded Capital Asset Additions (Significant Deficiency)	Resolved
FS 12-04	Accounts Payable Cutoff (Significant Deficiency)	Resolved
SA 12-01	Reporting Unclaimed Property (Other)	Resolved
SA 12-02	Audit Report Due Date (Other)	Repeated as finding 2013-004

ALBUQUERQUE HOUSING AUTHORITY

EXIT CONFERENCE

June 30, 2013

An exit conference was held on March 5, 2014, and attended by the following:

City of Albuquerque Personnel:

Pamela Fanelli, CMA
Controller

B. Jesse Muñiz
Assistant Accounting Officer

Albuquerque Housing Authority Personnel:

Linda Bridge
Executive Director and Secretary to the Board

Andrew Estocin
Associate Director

Janet McHard, CPA, CFE, MAFF, CFF
Chairperson, Board of Housing Commissioners

Stephen J. Vogel
Housing Commissioner at Large

Barbara D'Onofrio
Fiscal Manager

REDW, LLC Personnel:

Wesley Daniels, CPA
Senior Manager