

**Clovis Housing
& Redevelopment Agency, Inc.**

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



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Introductory Section

Clovis Housing and Redevelopment Agency, Inc.
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June 30, 2019

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Clovis Housing and Redevelopment Agency, Inc.
Official Roster
June 30, 2019

Board of Commissioners

Chairman	Robert Telles
Vice-Chairman	Vacant
Resident Commissioner	Tammy Flowers
Commissioner	Betty Jane Williams
Commissioner	Kenneth Chretien
Secretary	Charlotte Molette

Administrative Officials

Executive Director	Charlotte Molette
Admin/Accounting Assistant	Sherre Lott
Section 8 Program Manager	Sonya Tapia
Director of Modernization & Procurement	Brian McAlister
Maintenance Supervisor	Grady Anthony
Section 8 FSS Coordinator	Josie Mount
Section 8 Eligibility/Occupancy Interviewer	Kendra Chretien
Section 8 HQS Inspector	Charles Large

Report

INDEPENDENT AUDITORS' REPORT

Brian S. Colon, Esq.
New Mexico State Auditor
The Office of Management and Budget
To the Executive Director and the Board of Commissioners
Clovis Housing and Redevelopment Agency, Inc.
Clovis, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of Clovis Housing and Redevelopment Agency, Inc. (the "Housing Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 and the GASB Supplementary Pension Schedules on pages 46 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The introductory section; other disclosures; the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the Combining Financial Statements within the Supplementary Information section; and the Schedule of Collateral Pledged by Depository for Public Funds and Schedule of Deposit Accounts within the Supporting Schedules section required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for purposes of additional analysis as required by the U.S Department of Housing and Urban Development and is not a required part of the financial statements.

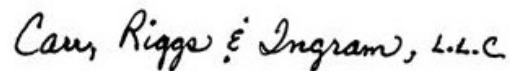
The Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information, and Supporting Schedules in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion,

the Schedule of Expenditures of Federal Awards, the Combining Financial Statements within the Supplementary Information, and the Supporting Schedules are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The introductory section and other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019, on our consideration of the Housing 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's 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 Housing Authority's internal control over financial reporting and compliance.



Carr, Riggs & Ingram, LLC
Albuquerque, NM
September 27, 2019

Clovis Housing and Redevelopment Agency, Inc.

Management's Discussion and Analysis

June 30, 2019

As management of the Clovis Housing and Redevelopment Agency, Inc. (the Housing Authority), we offer the readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements of the Housing Authority and additional information provided.

Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3,470,848 (*net position*). Of this amount, \$1,208,443 (*unrestricted net position*) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.
- During the fiscal year the Housing Authority's total net position decreased by \$171,295 as a result of higher utilization of Housing Authority Payment Vouchers (HAP), resulting in much higher HAP expenditures.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was \$1,208,443 or 32.05% of the total Housing Authority operating expenses.

Housing Authority Financial Statements

The Housing Authority's mission focuses on the planning, design, construction, preservation, rehabilitation, financing, and management of housing, primarily for low- and moderate-income households, assisting in the revitalization of neighborhoods, and redevelopment of commercial and industrial areas in the City of Clovis.

The Housing Authority, as of June 30, 2019, owned 131 residential units that are leased to low-income families and individuals. In addition, housing assistance was being paid for 608 units under the Federal Housing Choice Voucher programs for privately-owned existing housing.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in FY 2019 focuses on the financial activities of the Housing Authority as a whole.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority's basic financial statements comprise two components: 1) basic financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements Used in Fiscal Year 2019

The Housing Authority is presenting its fiscal year 2019 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019

Financial Statements Used in Fiscal Year 2019 (continued)

The statement of net position reports all financial and capital assets of the Housing Authority and is presented in a format where assets plus deferred outflows equal liabilities plus deferred inflows plus net position.

The statement of revenues, expenses and changes in net position (similar to an income statement) includes operating revenues, such as charges for services, operating and capital grants and miscellaneous revenues. Operating expenses include administration, tenant services, utilities, ordinary maintenance & operations, general, housing assistance payments and depreciation. Non-operating revenues include interest income and gain on disposal of assets. The statement's focus is the change in net position, which is similar to net income or loss.

The statement of cash flows is included, which discloses net cash used in operating activities, net cash used in capital and related financing activities, net cash used in noncapital and related financing activities, and net cash used in investing activities, if applicable.

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Housing Authority's net position and changes in net position in full compliance with GASB 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

Housing Authority Programs

The Housing Authority maintains four programs accounted for in its Low-Rent Public Housing and Housing Choice Vouchers Section 8 rental assistance programs. The detailed program financial statements provide separate information for the Low-Rent Public Housing and the Section 8 Housing Choice Voucher programs of the Housing Authority. The Resident Opportunity and Supportive Services federal program provides grant money to the Housing Authority to operate the Family Self Sufficiency program, which is maintained in the Low-Rent Public Housing programs. Capital Fund Projects grant resources and capital assets are accounted for in the Low Rent Public Housing program.

Individual program financial statements can be found on pages 52 through 62 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 26-45 of this report.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Housing Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,470,848 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position (64.6 percent) reflect its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Housing Authority use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Housing Authority had a balance of \$20,446 of restricted net position. This restriction is related to requirements of the Section 8 Housing Choice Voucher Program established by the US Department of Housing and Urban Development. This amount is restricted for the payment of housing assistance payments.

The remaining balance of *unrestricted net position* of \$1,208,443 may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Housing Authority is able to report positive balances in all categories of net position, both for the Housing Authority as a whole as well as for its individual programs. The same situation held true for the prior fiscal year.

There was a decrease of \$26,887 (2.28 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was primarily due to a release of restrictions on cash and an increase in administrative fees.

There was a decrease of \$87,383 (3.75 percent) in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this increase is attributable to the Housing Authority's additions to capital assets during the fiscal year being a larger amount than the ongoing utilization of capital assets (depreciation expense).

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2019	June 30, 2018
Assets		
Current assets	\$ 1,863,637	\$ 1,787,172
Restricted assets	145,680	270,860
Capital assets, net of accumulated depreciation	2,241,959	2,329,347
Total assets	4,251,276	4,387,379
Deferred outflows	214,500	157,491
Total assets and deferred outflows	\$ 4,465,776	\$ 4,544,870
Liabilities and Net Position		
Current liabilities (payable from current assets)	\$ 69,970	\$ 76,736
Current liabilities (payable from restricted assets)	125,234	139,615
Noncurrent liabilities	772,895	636,202
Total liabilities	968,099	852,553
Deferred inflows	26,829	50,174
Net investment in capital assets	2,241,959	2,329,345
Restricted	20,446	131,245
Unrestricted	1,208,443	1,181,553
Total net position	3,470,848	3,642,143
Total liabilities, deferred inflows, and net position	\$ 4,465,776	\$ 4,544,870

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019

Government-wide Financial Analysis (continued)

Housing Authority activities: Key elements of Housing Authority activities are as follows:

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2019	June 30, 2018
Operating revenues:		
Tenant rent and other tenant revenue	\$ 455,368	\$ 418,418
Subsidy grants	2,936,402	2,799,441
Total operating revenues	3,391,770	3,217,859
Operating expenses:		
Personnel services	710,772	711,583
Contractual services	48,571	49,142
Supplies	44,405	49,084
Maintenance and materials	107,637	100,269
Utilities	165,815	167,479
Telephone	7,364	7,456
Insurance	132,616	125,330
Bad debt	5,163	18,225
Housing assistance payments	2,269,888	2,083,090
Depreciation	248,385	256,933
Miscellaneous	29,856	36,136
Total operating expenses	3,770,472	3,604,727
Operating (loss)	(378,702)	(386,868)
Non-operating revenues (expenses):		
Capital grants	201,243	221,871
Interest income	3,322	1,527
Repayments to HUD	-	-
Miscellaneous income	2,842	4,474
Total non-operating revenues	207,407	227,490
Change in net position	(171,295)	(159,378)
Net position, beginning of year	3,642,143	3,801,521
Net position, end of year	\$ 3,470,848	\$ 3,642,143

Total operating revenues increase of \$173,911 (5.40 percent) during the year. Most of this increase is the increase in tenant revenue and subsidy grants.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019

Government-wide Financial Analysis (continued)

Capital Fund grant awards decreased by \$20,628 (9.30 percent) over the prior year. These grants are on a reimbursement basis and there were fewer expenditures on these projects than in the prior year.

Increases in several categories of operating expenses reflect the increases in ongoing residential tenant operations and maintenance. Operating expenses overall increased \$165,745 (4.59 percent) from the prior year. The majority of this increase occurred in housing assistance payment expenses.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2019, amounts to \$2,241,959 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total decrease in the Housing Authority's net investment in capital assets for the current fiscal year was \$87,383 (3.75 percent).

Major capital asset events during the current fiscal year included the following:

Ongoing capital fund program improvements, an exterior door replacement, and an electrical upgrade totaling \$475,294 were placed in service during the current fiscal year. Buildings and Improvements additions in the current fiscal year were \$160,997.

Clovis Housing and Redevelopment Agency, Inc.'s Capital Assets

	June 30, 2019	June 30, 2018
Land	\$ 179,270	\$ 179,270
Land improvements	661,575	655,247
Buildings and improvements	7,585,133	6,948,843
Dwelling equipment	295,533	296,827
Nondwelling equipment	342,122	350,349
Construction in progress	-	475,293
Accumulated depreciation	(6,821,674)	(6,576,482)
Capital assets, net	\$ 2,241,959	\$ 2,329,347

Additional information on Housing Authority's capital assets can be found on pages 36-37 of this report.

Noncurrent liabilities

At the end of the current fiscal year, the Housing Authority had noncurrent compensated absences outstanding in the amount of \$6,003 and a net pension liability of \$772,895.



**Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2019**

Economic Factors

Rental occupancy rates of the Housing Authority's Low-Rent Public Housing Program remains at capacity and has remained stable with slight variations over the past five years. The Housing Authority continues to be rated as a High Performer in the annual assessment through the Public Housing Assessment System.

Requests for Information

This financial report is designed to provide a general overview of Clovis Housing and Redevelopment Agency, Inc.'s finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 2101 W. Grand Street, Clovis, NM, 88102-8102.

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Financial Statements

Clovis Housing and Redevelopment Agency, Inc.
Statement of Net Position
June 30, 2019

Assets

Current assets

Cash and cash equivalents	\$	1,710,319
Investments		115,504
Accounts receivable - tenants		2,365
Inventory		16,141
Prepaid expenses		19,308

Total current assets		1,863,637
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Non-current assets

Restricted cash and cash equivalents		145,680
Capital assets		9,063,633
Less: accumulated depreciation		(6,821,674)

Total non-current assets		2,387,639
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Total assets		4,251,276
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Deferred Outflows

Deferred Outflows - Pension		214,500
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Total deferred outflows		214,500
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Total assets and deferred outflows	\$	4,465,776
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The accompanying notes are an integral part of these financial statements.

Liabilities	
Current liabilities	
Accounts payable	\$ 28,376
Accrued payroll	26,419
Compensated absences	15,175
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Total current liabilities	69,970
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Current liabilities (payable from restricted assets)	
Tenant deposits	15,466
FSS deposits	109,768
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Total current liabilities (payable from restricted assets)	125,234
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Non-current liabilities	
Compensated absences	6,003
Net pension liability	766,892
<hr/>	
Total non-current liabilities	772,895
<hr/>	
Total liabilities	968,099
<hr/>	
Deferred Inflows	
Deferred Inflows - Pension	26,829
<hr/>	
Total deferred inflows	26,829
<hr/>	
Net Position	
Net investment in capital assets	2,241,959
Restricted for:	
Section 8 housing	20,446
Unrestricted	1,208,443
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Total net position	3,470,848
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Total liabilities, deferred inflows, and net position	\$ 4,465,776
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The accompanying notes are an integral part of these financial statements.

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Clovis Housing and Redevelopment Agency, Inc.
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019

Operating revenues	
Rental revenue	\$ 377,688
Other tenant revenue	77,680
Subsidy grants	2,936,402
<hr/>	
Total operating revenues	3,391,770
<hr/>	
Operating expenses	
Personnel services	710,772
Contractual services	48,571
Supplies	44,405
Maintenance and materials	107,637
Utilities	165,815
Telephone	7,364
Insurance	132,616
Bad debt	5,163
Housing assistance payments	2,269,888
Depreciation	248,385
Miscellaneous	29,856
<hr/>	
Total operating expenses	3,770,472
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Operating loss	(378,702)
<hr/>	
Non-operating revenues (expenses)	
Interest income	3,322
Miscellaneous income	2,842
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Total non-operating revenues (expenses)	6,164
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Total income (loss) before capital grants	(372,538)
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Capital grants	201,243
<hr/>	
Change in net position	(171,295)
<hr/>	
Total net position - beginning of year	3,642,143
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Total net position - end of year	\$ 3,470,848
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The accompanying notes are an integral part of these financial statements.

Clovis Housing and Redevelopment Agency, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash flows from operating activities:	
Cash received from tenant rents and charges	\$ 432,296
Cash payments to employees for services	(661,073)
Cash payments to suppliers for goods and services	(2,801,910)
Cash received from subsidy grants	2,936,402
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Net cash used by operating activities	(94,285)
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Cash flows from noncapital financing activities:	
Miscellaneous income	2,842
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Net cash provided by noncapital financing activities	2,842
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Cash flows from capital and related financing activities:	
Capital grants	201,243
Acquisition of capital assets	(160,997)
<hr/>	
Net cash used by capital and related financing activities	40,246
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Cash flows from investing activities:	
Interest on cash deposits	2,599
<hr/>	
Net cash provided by investing activities	2,599
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Net decrease in cash and cash equivalents	(48,598)
<hr/>	
Cash and cash equivalents - beginning of year	1,904,597
<hr/>	
Cash and cash equivalents - end of year	\$ 1,855,999
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The accompanying notes are an integral part of these financial statements.

Reconciliation of operating income to net cash provided by operating activities:

Operating loss	\$	(378,702)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation		248,385
Bad debt expense		5,163
Noncash pension expense		53,224
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Tenants receivable		(7,528)
Inventory		3,376
Prepaid expenses		(171)
Accounts payable		1,037
Accrued payroll expenses		(3,979)
FSS deposits		(14,122)
Prepaid rent		(1,163)
Accrued compensated absences		(781)
Tenant deposits		(259)
Deferred outflows - pensions		1,235
<hr/>		
Net cash provided by operating activities	\$	(94,285)
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The accompanying notes are an integral part of these financial statements.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

Clovis Housing and Redevelopment Agency, Inc. (the “Housing Authority”) is a public housing authority that provides affordable housing to low-income and disadvantaged families of the City of Clovis, New Mexico. The programs are primarily funded with federal grants and tenant rents.

The Housing Authority of the City of Clovis was organized August 8, 1939. The Cooperative Agreement between the City of Clovis and the Housing Authority was entered into August 7, 1941. The Housing Authority was incorporated as a New Mexico non-profit corporation in September of 1992. On January 29, 1994 the name was changed to Clovis Housing and Redevelopment Agency, Inc. In May of 1995 the Housing Authority was granted an exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Housing Authority has an elected Chairman, a four member council and a secretary. The Housing Authority manages two (2) lower rent public housing developments containing 131 total units and administers Housing and Urban Development’s (HUD) Housing Choice Vouchers Section 8 housing assistance program.

The reporting entity for the Housing Authority is based upon criteria established by the Governmental Accounting Standards Board (GASB). All functions of the Housing Authority for which it exercises oversight responsibility are included. The oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, and special financing relationships.

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2019.

This summary of significant accounting policies of the Housing Authority is presented to assist in the understanding of the Housing Authority’s financial statements. The financial statements and notes are the representation of the Housing Authority’s management, who is responsible for their integrity and objectivity. The financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities.

The following programs are maintained by the Housing Authority:

Low Rent Public Housing Program – The overall objective of the Public and Indian Housing program is to provide and operate cost-effective, decent, safe and affordable dwellings for lower income families.

Section 8 Housing Choice Voucher Program – These programs, funded through direct grants from HUD, provide rental assistance to qualified families through rent subsidies paid directly to third-party landlords.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting Entity (Continued)

Capital Fund Projects – Funded on a reimbursement basis by HUD, the program funds may be used for the development, financing, and modernization of public housing developments and for management improvements. Per HUD requirements, these funds are presented within the Low Rent Public Housing Program on the Financial Statements.

Public Housing Family Self Sufficiency Under ROSS – Funded by HUD, the program funds are used to address the needs of public housing residents by providing supportive services, resident empowerment activities, and/or assisting residents in becoming economically self-sufficient. Per HUD requirements, these funds are closed out into the Low Rent Public Housing Program on the Financial Statements.

In evaluating how to define the Housing Authority for financial reporting purposes, management has considered all potential programs and operations of the Housing Authority. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Housing Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, the Housing Authority has no component units.

Basis of Accounting and Measurement Focus

The Housing Authority's basic financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as set forth or adopted by the Governmental Accounting Standards Board ("GASB") and the Financial Accounting Standards Board ("FASB"), and their predecessors, the National Council on Governmental Accounting ("NCGA") and the Accounting Principles Board ("APB"), respectively. Generally accepted accounting principles for local governments include those principles prescribed by the American Institute of Certified Public Accountants in the publication entitled Audits of State and Local Governmental Units.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (Continued)

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The Housing Authority's proprietary (enterprise) funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Revenue is recognized when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets and deferred outflows net of total liabilities and deferred inflows) are segregated into net investment in capital assets; restricted; and unrestricted components.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services and subsidy grants.

The Authority receives no property tax revenue and had no tax abatements requiring separate disclosure under GASB Statement No. 77.

Operating expenses for enterprise funds include the personnel services, utilities, housing assistance payments, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents. Cash on the cash flow statement consists of the Housing Authority's cash and cash equivalents and short term investments with an original maturity date of less than 90 days.

Revenue Recognition

Dwelling rental revenues are recorded as rents become due. Rental payments received in advance are deferred until earned.

Grant revenues are recognized as revenues when the related costs are incurred. All other revenues are recognized when they are received and are not susceptible to accrual because they are usually not measurable until payment is actually received.

The Housing Authority has entered into contracts with U.S. Department of Housing and Urban Development (HUD) to develop, manage and own public housing projects. HUD makes monthly operating subsidy contributions within the public housing program. Such contributions are reflected as operating grant revenue. Contributions received from HUD for capital additions and improvements are reported as capital grants revenue.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Measurement Focus (Continued)

Estimates

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

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Deposits and Investments

The Housing Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by a Housing Authority of the United States. The Housing Authority's cash and cash equivalents are considered to be cash on hand and demand deposits. Short term investments are Certificates of Deposits and time accounts with original maturities of three months or less from the date of acquisition and are classified consistent with the Financial Data Schedule outline prescribed by HUD.

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts.

To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized. HUD depository agreements with the Housing Authority require 100% of the Housing Authority's balances on deposit with any one institution to be collateralized. If the securities pledged are United States government securities, they are pledged at market value.

Inventory

The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditures at the time of consumption. Inventory for the Housing Authority is valued at cost using the First In, First Out method.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and detail financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are defined by the Housing Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. The Housing Authority does have an exception for purchases made under Capital Fund Projects under which hard costs, regardless of dollar amount, may be capitalized based upon grantor guidelines from the US Department of Housing and Urban Development (HUD). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	40 years
Building and improvements	40 years
Dwelling equipment	5 years – 10 years
Non-dwelling equipment	5 years – 10 years

In the Financial Data Schedule, the Construction in Progress contains \$342,892 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 5.

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

The Housing Authority has five types of items that qualify for reporting in this category. The items, are contributions subsequent to measurement date, the net difference between expected and actual earnings on pension plan investments, the difference between expected and actual experience, change in proportion, and change of assumptions, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in the appropriate future period. The Housing Authority has recorded \$39,364 related to contributions subsequent to the measurement date, \$56,877 related to the net difference between expected and actual earnings on pension plan investments, \$22,164 related to the difference between expected and actual experience, \$26,565 related to changes in proportion, and \$69,530 related to the change of assumptions.

Other Liabilities

The Housing Authority maintains liabilities related to deposits made by tenants for the following: 1) tenant security/damage deposits and pet deposits related to occupancy in the Housing Authority's Low Rent Public Housing Program and 2) escrow accounts related to tenant participation in the Family Self Sufficiency program. Cash and investment amounts related to these liabilities are kept in separate bank accounts are considered restricted cash.

Compensated Absences

Housing Authority employees are entitled to be compensated for accrued vacation time off, which is reported as an expense and a liability of the program that will fund it. There is a cap of 96 hours of vacation leave that an employee is permitted to accrue. When an employee separates from employment with the Housing Authority in good standing, the employee is eligible to receive payment for accrued time remaining.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Housing Authority has three types of items that qualify for reporting in this category. The items, change of assumptions, the difference between expected and actual experience, and changes in proportion and difference between employer contributions and proportional share of contributions, are reported on the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The Housing Authority has recorded \$4,409 related to change of assumptions, \$20,135 related to the difference between expected and actual experience, and \$2,285 related to the changes in proportion and differences between employer contributions and proportionate share of contributions.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

Net Position

Net position is reported in three categories: net investment in capital assets, restricted, and unrestricted:

- **Net investment in capital assets** – This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** – Net position is reported as restricted when constraints placed on net position use are either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – Net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Unrestricted and Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Housing Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets

The Housing Authority’s budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), using an estimate of the anticipated revenue and expenditures. Annual budgets of the Housing Authority are prepared prior to June 1 and must be approved by resolution of the Board of Commissioners. Once the budget has been formally approved, any amendments must also be approved by the Board of Commissioners.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Mexico Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position (Continued)

New Accounting Standards Adopted

During the year ended June 30, 2019, the Housing Authority adopted GASB Statement No. 83, *Certain Asset Retirement Obligations*, and GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. These two statements are required to be implemented as of June 30, 2019, if applicable.

The implementation of these statements did not have a significant impact on the Housing Authority because the activities of the Housing Authority were not affected by the statements in a material manner.

NOTE 2: DEPOSITS AND INVESTMENTS

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing Authority properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Housing Authority. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution. The only funds held in a non-interest bearing account are the funds in the rent account, from which excess funds are then transferred to an interest-bearing account on a monthly basis.

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

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

The Housing Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority’s deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2019, \$1,246,476 of the Housing Authority’s bank balance of \$1,996,476 was exposed to custodial credit risk. Although the \$1,246,476 was uninsured, all of that amount was collateralized by collateral held by the pledging bank’s trust department, not in the Housing Authority’s name. None of the Housing Authority’s deposits were uninsured and uncollateralized at June 30, 2019.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law. The collateral pledged for both deposits and investments is listed on the Schedule of Collateral Pledged by Depository for Public Funds of this report.

	The Bank of Clovis	Wells Fargo Bank, N.A.	Total
Amount of deposits	\$ 1,461,710	\$ 534,766	\$ 1,996,476
FDIC coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	961,710	284,766	1,246,476
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	961,710	284,766	1,246,476
Uninsured and uncollateralized	\$ -	\$ -	\$ -
Collateral requirement (100% of uninsured public funds)	\$ 961,710	\$ 284,766	\$ 1,246,476
Pledged collateral	1,035,025	311,475	1,346,500
Over (under) collateralization	\$ 73,315	\$ 26,709	\$ 100,024

The Housing Authority currently maintains a balance of \$145,680 in restricted cash on the Statement of Net Position for the following liabilities/programs:

Tenant security deposits	\$ 15,466
Family Self Sufficiency escrow accounts	109,768
Section 8 Housing Assistance Payments	20,446
Total restricted cash	\$ 145,680

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 2: DEPOSITS AND INVESTMENTS (Continued)

Reconciliation to Statement of Net Position

The carrying amount of deposits and investments shown above are included in the Housing Authority's statement of net position as follows:

Cash and cash equivalents per Statement of Net Position	\$ 1,710,319
Investments per Statement of Net Position	115,504
Restricted cash and cash equivalents per Statement of Net Position	145,680
<u>Total cash and cash equivalents</u>	<u>1,971,503</u>
Add: outstanding checks	25,023
Less: petty cash	(50)
<u>Bank balance of deposits</u>	<u>\$ 1,996,476</u>

NOTE 3: ACCOUNTS RECEIVABLE

As of June 30, 2019, the Housing Authority had \$2,365 in tenant receivables with no allowance for doubtful accounts as the full balance is considered receivable.

Tenant receivables	\$ 2,365
<u>Allowance for doubtful accounts - tenants</u>	<u>-</u>
<u>Total</u>	<u>\$ 2,365</u>

NOTE 4: PREPAID ITEMS

As of June 30, 2019, the Housing Authority had \$19,308 in prepaid expenses related to insurance coverage and software support contracts on the Statement of Net Position.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 5: CAPITAL ASSETS

The following summarizes changes in capital assets activity for the Section 8 Program during fiscal year 2019.

Section 8 Program	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets being depreciated:				
Buildings and improvements	\$ 6,024	\$ -	\$ -	\$ 6,024
Non-dwelling equipment	79,705	-	-	79,705
Total capital assets being depreciated	85,729	-	-	85,729
Accumulated Depreciation:				
Buildings and improvements	6,024	-	-	6,024
Non-dwelling equipment	79,705	-	-	79,705
Total accumulated depreciation	85,729	-	-	85,729
Total section 8 capital assets being depreciated, net of depreciation	\$ -	\$ -	\$ -	\$ -

Depreciation expense for the year ended June 30, 2019 totaled \$0 for the Section 8 Program.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 5: CAPITAL ASSETS (Continued)

The following summarizes changes in capital assets activity for the Low Rent Public Housing Program during fiscal year 2019.

Public Housing Program	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 179,270	\$ -	\$ -	\$ -	\$ 179,270
Construction in progress	475,294		-	(475,294)	-
Total capital assets not being depreciated	654,564	-	-	(475,294)	179,270
Capital assets being depreciated:					
Land improvements	655,247	-	-	6,328	661,575
Buildings and improvements	6,942,818	160,997	-	475,294	7,579,109
Dwelling equipment	296,827	-	1,294	-	295,533
Non-dwelling equipment	270,644	-	1,899	(6,328)	262,417
Total capital assets being depreciated	8,165,536	160,997	3,193	475,294	8,798,634
Accumulated Depreciation:					
Land improvements	361,742	-	-	-	361,742
Buildings and improvements	5,614,614	228,300	-	-	5,842,914
Dwelling equipment	274,773	9,098	1,294	-	282,577
Non-dwelling equipment	239,624	10,987	1,899	-	248,712
Total accumulated depreciation	6,490,753	248,385	3,193	-	6,735,945
Total public housing program capital assets, net of depreciation	\$ 2,329,347	\$ (87,388)	\$ -	\$ -	\$ 2,241,959

The assets that were transferred are comprised of transfers from construction in progress to depreciable asset categories.

Depreciation expense for the year ended June 30, 2019 totaled \$248,385 for the Low Rent Public Housing Program.

In the Financial Data Schedule, the Construction in Progress category contains \$342,892 in capital assets in service which are recorded in depreciating categories on the financial statements.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 6: LONG-TERM LIABILITIES

The following summarizes changes in long-term liability activity during fiscal year 2019.

	Balance				Balance	Due Within
	June 30, 2018	Additions	Retirements		June 30, 2019	One Year
Compensated						
absences	\$ 17,836	\$ 30,921	\$ 27,579		\$ 21,178	\$ 15,175
Totals	\$ 17,836	\$ 30,921	\$ 27,579		\$ 21,178	\$ 15,175

NOTE 7: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following inter-program transfers have been reported on the Statement of Revenues, Expenditures, and Changes in Net Position. Per HUD requirements the Public Housing Family Self Sufficiency (ROSS) fund must close out to the Low Rent Public Housing Program at year end.

Transfer From	Transfer to	
Family Self Sufficiency Under ROSS	Low Rent Public Housing Program	\$ 80,973
		\$ 80,973

NOTE 8: CONTINGENT LIABILITIES

Federal Grants—The Housing Authority receives federal grants for various specific purposes. These grants are subject to audit, which may result in requests for reimbursements to granting agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowance, if any, will not be material to the financial statements.

NOTE 9: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

General Information about the Pension Plan

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

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 9: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

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

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2018 available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>

Contributions. The contribution requirements of defined benefit plan members and the Clovis Housing & Redevelopment Agency, Inc. are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY2019 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 40 of the PERA FY17 annual audit report at <http://www.nmpera.org/financial-overview/retirement-fund-valuation-reports>. The PERA coverage option that applies to Clovis Housing & Redevelopment Agency, Inc. is: Municipal General Division. Statutorily required contributions to the pension plan from the Clovis Housing & Redevelopment Agency, Inc. were \$39,364 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2018, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2018.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Clovis Housing & Redevelopment Agency, Inc.’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2018. Only employer contributions for the pay period end dates that fell within the period of July 1, 2017 to June 30, 2018 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2018 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 9: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

For PERA Fund Municipal General Division, at June 30, 2018, Clovis Housing & Redevelopment Agency, Inc. reported a liability of \$766,892 for its proportionate share of the net pension liability. At June 30, 2019, Clovis Housing & Redevelopment Agency, Inc.'s proportion was 0.0481 percent, which changed from its proportion of 0.0460 percent as of June 30, 2018.

For the year ended June 30, 2019, Clovis Housing & Redevelopment Agency, Inc. recognized PERA Fund Municipal General Division pension expense of \$91,961. At June 30, 2019, Clovis Housing & Redevelopment Agency, Inc. reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 69,530	\$ 4,409
Net difference between projected and actual earnings on pension plan investments	56,877	-
Changes in proportion and differences between Clovis Housing & Redevelopment Agency, Inc.'s contributions and proportionate share of contributions	26,565	2,285
Clovis Housing & Redevelopment Agency, Inc.'s difference between expected and actual experience	22,164	20,135
Clovis Housing & Redevelopment Agency, Inc.'s contributions subsequent to the measurement date	39,364	-
Total	\$ 214,500	\$ 26,829

\$39,364 reported as deferred outflows of resources related to pensions resulting from Clovis Housing & Redevelopment Agency, Inc.'s contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (89,511)
2021	(41,962)
2022	(13,916)
2023	(2,918)

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 9: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2017 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2018 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2017, actuarial valuation.

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Pay
Amortization period	Solved for based on statutory rates
Actuarial assumptions:	
Investment rate of return	7.25% annual rate, net of investment expense
Projected benefit payment	100 years
Payroll growth	3.00%
Projected salary increases	3.25% to 13.50% annual rate
Includes inflation at	2.50% annual rate first 9 years, 2.75% all other years
Mortality assumption	The mortality assumptions are based on the RPH-2014 Blue Collar mortality table with female ages set forward one year. Future improvement in mortality rates is assumed using 60% of the MP-2017 projection scale generationally. For non-public safety groups, 25% of in-service deaths are assumed to be duty related and 35% are assumed to be duty-related for public safety groups.
Experience study dates	July 1, 2008 to June 30, 2017 (demographic) and July 1, 2010 through June 30, 2018 (economic)

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

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 9: PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (Continued)

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.48%
Risk Reduction & Mitigation	21.50	2.37
Credit Oriented Fixed Income	15.00	5.47
Real Assets	20.00	6.48
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASB Statement No. 67.

Therefore, the 7.25 assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Clovis Housing & Redevelopment Agency, Inc.'s net pension liability in each PERA Fund Division that Clovis Housing & Redevelopment Agency, Inc. participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.25%) or one percentage point higher (8.25%) than the single discount rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
PERA Fund Municipal General Division			

Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	\$ 1,181,729	\$ 766,892	\$ 423,962
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Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY18 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. As of June 30, 2019, amounts due to PERA from the Housing Authority totaled \$3,211.

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 10: RISK MANAGEMENT

The Housing Insurance Authority provides coverage for all risks except for flood, earthquake, and boiler and machinery failure in the amount of \$12,683,839 for Housing Authority owned buildings and improvements with a \$1,000 deductible per occurrence. General liability coverage is afforded to all employees and board members with a limit of \$1,000,000 per occurrence. The automobile and property liability limit is a combined limit of \$300,000 with a \$250 deductible. Omaha Property and Casualty provide coverage for flood with a separate \$1,000 deductible per occurrence. Ohio Casualty provides coverage for public employee dishonesty with a \$100,000 per employee covered. Worker's Compensation insurance is purchased through New Mexico Mutual Casualty Company with a bodily injury by an accident or disease limit of \$100,000 per individual. Injury by disease has a limit of \$500,000 per policy. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the previous three years.

NOTE 11: CONCENTRATIONS

A significant portion of the revenues of the Housing Authority are received from programs directed by the United States Department of Housing and Urban Development. Receipt of these funds is contingent upon the Housing Authority's continued compliance with grant provisions and the continuance of the grant programs by this United States Governmental agency.

NOTE 12: SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2019, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is September 27, 2019 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

NOTE 13: CAPITAL FUND CLOSEOUTS

The following Capital Fund Program was completed and closed out during the year:

Statement of Actual Modernization Costs
 Capital Fund Program
 Annual Contributions Contract NM02P002501-17
 June 30, 2019

1. The Actual Modernization Costs for the project are as follows:

Funds approved	\$ 208,051
Funds expended	<u>208,051</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
HUD grants	\$ 208,051
Funds expended	<u>208,051</u>
Excess (deficiency) of funds expended	<u>\$ -</u>

Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2019

NOTE 13: CAPITAL FUND CLOSEOUTS (Continued)

2. The distribution of costs shown on the Final Statement of Modernization Costs dated November 19, 2018, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

NOTE 14: COMMITMENTS

The Housing Authority has the following commitments at June 30, 2019 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2017:	\$1,000
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NOTE 15: SUBSEQUENT PRONOUNCEMENTS

In January 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

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

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

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

Required Supplementary Information

**Clovis Housing and Redevelopment Agency, Inc.
Schedule of Employer's Proportionate Share of the Net Pension
Liability of PERA Fund Municipal General Division
Public Employees Retirement Association (PERA) Plan
Last 10 Fiscal Years***

	2019 Measurement Date (As of and for the Year Ended June 30, 2018)	2018 Measurement Date (As of and for the Year Ended June 30, 2017)
Clovis Housing and Redevelopment Agency, Inc.'s proportion of the net pension liability	0.0481%	0.0460%
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	\$ 766,892	\$ 632,079
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 548,636	\$ 522,240
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability as a percentage of its covered-employee payroll	139.78%	121.03%
Plan fiduciary net position as a percentage of the total pension liability	71.13%	73.74%

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

*See independent auditors' report.
See notes to supplementary information.*

2017	2016	2015
Measurement	Measurement	Measurement
Date	Date	Date
(As of and for	(As of and for	(As of and for
the Year Ended	the Year Ended	the Year Ended
June 30, 2016)	June 30, 2015)	June 30, 2014)
0.0447%	0.0448%	0.0482%
\$ 714,155	\$ 456,775	\$ 376,012
\$ 494,436	\$ 484,722	\$ 510,981
144.44%	94.23%	73.59%
69.18%	76.99%	81.29%

*See independent auditors' report.
See notes to supplementary information.*

Clovis Housing and Redevelopment Agency, Inc.
Schedule of Employer Contributions
Public Employees Retirement Association (PERA) Plan
PERA Municipal General Division
Last 10 Fiscal Years*

	As of and for the Year Ended June 30, 2019	As of and for the Year Ended June 30, 2018
Contractually required contributions	\$ 39,364	\$ 40,599
Contributions in relation to the contractually required contribution	(39,364)	(40,599)
Contribution deficiency (excess)		\$ -
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 559,599	\$ 548,636
Contributions as a percentage of covered-employee payroll	7%	7%

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

See independent auditors' report.
See notes to supplementary information.

As of and for the Year Ended June 30, 2017	As of and for the Year Ended June 30, 2016	As of and for the Year Ended June 30, 2015
\$ 38,646	\$ 36,588	\$ 35,440
<u>(38,646)</u>	<u>(36,588)</u>	<u>(35,440)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 522,240	\$ 494,436	\$ 484,722
7%	7%	7%

*See independent auditors' report.
See notes to supplementary information.*

Clovis Housing and Redevelopment Agency, Inc.
Notes to Supplementary Information
June 30, 2019

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA June 30, 2018 audit which is available at <http://s3.amazonaws.com/boardaudio/cafr/CAFR2018Final.pdf>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2017 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2018-PERA-Valuation-Report-FINAL.pdf>. See the notes to the financial statements on the CAFR page 95 which summarizes actuarial assumptions and methods effective with the June 30, 2017 valuation.

See independent auditors' report.

Supplementary Information

Clovis Housing and Redevelopment Agency, Inc.
Statement of Net Position - Detail
June 30, 2019

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program
Assets		
Current assets		
Cash and cash equivalents	\$ 1,217,245	\$ 493,074
Investments	115,504	-
Accounts receivable - tenants	2,365	-
Inventory	16,141	-
Prepaid expenses	16,835	2,473
Total current assets	1,368,090	495,547
Non-current assets		
Restricted cash and cash equivalents	125,234	20,446
Capital assets	8,977,904	85,729
Less: accumulated depreciation	(6,735,945)	(85,729)
Total non-current assets	2,367,193	20,446
Total assets	3,735,283	515,993
Deferred Outflows		
Deferred Outflows - Pension	155,375	59,125
Total deferred outflows	155,375	59,125
Total assets and deferred outflows	\$ 3,890,658	\$ 575,118

See independent auditors' report.

	Public Housing Family Self Sufficiency Under ROSS	Total
\$	-	\$ 1,710,319
	-	115,504
	-	2,365
	-	16,141
	-	19,308
	-	<u>1,863,637</u>
	-	145,680
	-	9,063,633
	-	<u>(6,821,674)</u>
	-	<u>2,387,639</u>
	-	<u>4,251,276</u>
	-	<u>214,500</u>
	-	<u>214,500</u>
\$	-	<u><u>\$ 4,465,776</u></u>

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Statement of Net Position - Detail
June 30, 2019

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program
Liabilities		
Current liabilities		
Accounts payable	\$ 26,859	\$ 1,517
Accrued payroll	26,419	-
Compensated absences	11,639	3,536
Total current liabilities	64,917	5,053
Current liabilities (payable from restricted assets)		
Tenant deposits	15,466	-
FSS deposits	109,768	-
Total current liabilities (payable from restricted assets)	125,234	-
Non-current liabilities		
Compensated absences	6,003	-
Net pension liability	526,948	239,944
Total non-current liabilities	532,951	239,944
Total liabilities	723,102	244,997
Deferred Inflows		
Deferred Inflows - Pension	19,379	7,450
Total deferred inflows	19,379	7,450
Net Position		
Net investment in capital assets	2,241,959	-
Restricted for:		
Section 8 housing	-	20,446
Unrestricted	906,218	302,225
Total net position	3,148,177	322,671
Total liabilities, deferred inflows, and net position	\$ 3,890,658	\$ 575,118

See independent auditors' report.

Public Housing Family Self Sufficiency Under ROSS	Total
\$ -	\$ 28,376
-	26,419
-	15,175
-	69,970
-	15,466
-	109,768
-	125,234
-	6,003
-	766,892
-	772,895
-	968,099
-	26,829
-	26,829
-	2,241,959
-	20,446
-	1,208,443
-	3,470,848
\$ -	\$ 4,465,776

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Statement of Revenues, Expenses and Changes in Net Position - Detail
For the Year Ended June 30, 2019

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program
Operating revenues		
Rental revenue	\$ 377,688	\$ -
Other tenant revenue	37,429	40,251
Subsidy grants	485,083	2,370,346
Total operating revenues	900,200	2,410,597
Operating expenses		
Personnel services	537,809	172,963
Contractual services	21,598	26,973
Supplies	43,160	1,245
Maintenance and materials	107,637	-
Utilities	165,815	-
Telephone	7,364	-
Insurance	120,247	12,369
Bad debt	5,163	-
Housing assistance payments	-	2,269,888
Depreciation	248,385	-
Miscellaneous	7,188	22,668
Total operating expenses	1,264,366	2,506,106
Operating income(loss)	(364,166)	(95,509)
Non-operating revenues (expenses)		
Interest income	2,374	948
Miscellaneous income	-	2,842
Total non-operating revenues (expenses)	2,374	3,790
Income (loss) before transfers and capital grants	(361,792)	(91,719)
Capital grants	201,243	-
Transfers in	80,973	-
Transfers out	-	-
Change in net position	(79,576)	(91,719)
Total net position - beginning of year	3,227,753	414,390
Total net position - end of year	\$ 3,148,177	\$ 322,671

See independent auditors' report.

Public Housing Family Self Sufficiency Under ROSS	Total
\$ -	\$ 377,688
-	77,680
80,973	2,936,402
80,973	3,391,770
-	710,772
-	48,571
-	44,405
-	107,637
-	165,815
-	7,364
-	132,616
-	5,163
-	2,269,888
-	248,385
-	29,856
-	3,770,472
80,973	(378,702)
-	3,322
-	2,842
-	6,164
80,973	(372,538)
-	201,243
-	80,973
(80,973)	(80,973)
-	(171,295)
-	3,642,143
\$ -	\$ 3,470,848

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Statement of Cash Flows - Detail
For the Year Ended June 30, 2019

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program
Cash flows from operating activities:		
Cash received from tenant rents and charges	\$ 392,045	\$ 40,251
Cash payments to employees for services	(500,285)	(160,788)
Cash payments to suppliers for goods and services	(467,830)	(2,334,080)
Cash received from subsidy grants	485,083	2,370,346
Net cash provided (used) by operating activities	(90,987)	(84,271)
Cash flows from noncapital financing activities:		
Miscellaneous income	-	2,842
Transfers in (out)	80,973	-
Net cash provided (used) by noncapital financing activities	80,973	2,842
Cash flows from capital and related financing activities:		
Capital grants	201,243	-
Acquisition of capital assets	(160,997)	-
Net cash (used) by capital and related financing activities	40,246	-
Cash flows from investing activities:		
Interest on cash deposits	1,651	948
Net cash provided (used) by investing activities	1,651	948
Net increase (decrease) in cash and cash equivalents	31,883	(80,481)
Cash and cash equivalents - beginning of year	1,310,596	594,001
Cash and cash equivalents - end of year	\$ 1,342,479	\$ 513,520

See independent auditors' report.

Public Housing Family Self Sufficiency Under ROSS	Total
\$ -	\$ 432,296
-	(661,073)
-	(2,801,910)
<u>80,973</u>	<u>2,936,402</u>
80,973	(94,285)
-	2,842
<u>(80,973)</u>	<u>-</u>
(80,973)	2,842
-	201,243
-	(160,997)
-	40,246
-	2,599
-	2,599
-	(48,598)
-	1,904,597
<u>\$ -</u>	<u>\$ 1,855,999</u>

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Statement of Cash Flows - Detail
For the Year Ended June 30, 2019

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program
Reconciliation of operating (loss) income to net cash provided (used) by operating activities:		
Operating (loss) income	\$ (364,166)	\$ (95,509)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:		
Depreciation	248,385	-
Bad debt expense	5,163	-
Noncash pension expense	40,910	12,314
Changes in assets, deferred outflows, liabilities, and deferred inflows		
Tenants receivable	(7,528)	-
Inventory	3,376	-
Prepaid expenses	(148)	(23)
Accounts payable	1,951	(914)
Accrued payroll expenses	(3,979)	-
FSS deposits	(14,122)	-
Prepaid rent	(1,163)	-
Accrued compensated absences	(356)	(425)
Tenant deposits	(259)	-
Deferred outflows - pensions	949	286
Net cash provided (used) by operating activities	\$ (90,987)	\$ (84,271)

See independent auditors' report.

Public Housing Family Self Sufficiency Under ROSS	Total
\$ 80,973	\$ (378,702)
-	248,385
-	5,163
-	53,224
-	(7,528)
-	3,376
-	(171)
-	1,037
-	(3,979)
-	(14,122)
-	(1,163)
-	(781)
-	(259)
-	1,235
\$ 80,973	\$ (94,285)

See independent auditors' report.

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Supporting Schedules

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Clovis Housing and Redevelopment Agency, Inc.
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2019

Name of Depository/ Location of Safekeeper	Description of Pledged Collateral	Maturity	CUSIP No.	Fair Market Value June 30, 2019
Wells Fargo Bank, N.A.				
BNY Mellon: New York, NY	FMAC FGPC 3.000%	12/1/2042	31292LWG6	\$ 311,475
Total Wells Fargo Bank				311,475
The Bank of Clovis				
Plains Capital Bank: Lubbock, TX	SAN JUAN CNTY ISD 22 NM 24	8/1/2024	798359JN6	250,503
Plains Capital Bank: Lubbock, TX	FHLMC 20YR	10/1/2031	3128CUTW6	224,047
Plains Capital Bank: Lubbock, TX	FNR 2012-141 PD	10/25/2041	3136AABB0	560,475
Total The Bank of Clovis				1,035,025
Total Pledged Collateral				\$ 1,346,500

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Schedule of Deposit Accounts
June 30, 2019

Bank Name/ Account Name	Account Type	Bank Balance	Deposits In Transit
The Bank of Clovis			
General Fund	Checking	\$ 8,328	\$ -
Public Housing	Checking	850,830	-
Money Market	Money Market	355,092	-
Certificate of Deposit	CD	55,837	-
Certificate of Deposit	CD	59,667	-
Tenant Security Deposit	Checking	15,520	-
FSS Deposits & Escrow Vouchers	Money Market	116,436	-
Total Bank of Clovis		1,461,710	-
Wells Fargo Bank			
Payroll Clearing	Checking	15,671	-
Section 8 General Fund	Checking	519,095	-
Total Wells Fargo Bank		534,766	-
Petty cash		50	-
Total deposits		\$ 1,996,526	\$ -
Cash and cash equivalents and short term investments per financial statements			
Cash and cash equivalents per Statement of Net Position			
Restricted cash and cash equivalents per Statement of Net Position			
Investments per Statement of Net Position			
Total cash, cash equivalents, and short term investments			

See independent auditors' report.

Outstanding		Book	
Checks		Balance	
\$	4,317	\$	4,010
	2,289		848,541
	-		355,092
	-		55,837
	-		59,667
	54		15,466
	6,668		109,768
	<u>13,328</u>		<u>1,448,381</u>
	6,119		9,552
	5,575		513,520
	<u>11,694</u>		<u>523,072</u>
	-		50
\$	<u>25,022</u>	\$	<u>1,971,503</u>
		\$	1,710,319
			145,680
			115,504
		\$	<u>1,971,503</u>

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871
111	Cash - Unrestricted	\$ 862,153	\$ 493,074
113	Cash - Other Restricted	109,768	20,446
114	Cash - Tenant Security Deposits	15,466	-
100	Total Cash	987,387	513,520
126	Accounts Receivable - Tenants - Dwelling Rents	2,365	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	2,365	-
131	Investments - Unrestricted	470,596	-
130	Total Investments	470,596	-
142	Prepaid Expenses and Other Assets	16,835	2,473
143	Inventories	16,141	-
150	Total Current Assets	1,493,324	515,993
161	Land	179,270	-
162	Buildings	7,253,913	6,024
163	Furniture, Equipment & Machinery - Dwellings	295,533	-
164	Furniture, Equipment & Machinery - Administration	262,417	79,705
165	Leasehold Improvements	643,879	-
166	Accumulated Depreciation	(6,735,945)	(85,729)
167	Construction in progress	342,892	-
160	Total Capital Assets, Net of Accumulated Depreciation	2,241,959	-
180	Total Non-Current Assets	2,241,959	-
190	Total Assets	3,735,283	515,993
200	Deferred Outflows of Resources	155,375	59,125
290	Total Assets and Deferred Outflows of Resources	\$ 3,890,658	\$ 575,118

See independent auditors' report.

Public Housing Family Self- Sufficiency under ROSS		Total	
14.877			
\$	-	\$	1,355,227
	-		130,214
	-		15,466
	-		1,500,907
	-		2,365
	-		2,365
	-		470,596
	-		470,596
	-		19,308
	-		16,141
	-		2,009,317
	-		179,270
	-		7,259,937
	-		295,533
	-		342,122
	-		643,879
	-		(6,821,674)
	-		342,892
	-		2,241,959
	-		2,241,959
	-		4,251,276
	-		214,500
\$	-	\$	4,465,776

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871
312	Accounts Payable <= 90 Days	\$ 5,672	\$ 1,517
321	Accrued Wage/Payroll Taxes Payable	26,419	-
322	Accrued Compensated Absences - Current Portion	11,639	3,536
331	Accounts payable - HUD PHA programs	-	-
341	Tenant Security Deposits	15,466	-
342	Unearned Revenues	-	-
345	Other Current Liabilities	109,768	-
346	Accrued Liabilities - Other	21,187	-
347	Inter Program Due To	-	-
310	Total Current Liabilities	190,151	5,053
354	Accrued Compensated Absences - Non-Current	6,003	-
357	Accrued Pension and OPEB Liabilities	526,948	239,944
350	Total Non-Current Liabilities	532,951	239,944
300	Total Liabilities	723,102	244,997
400	Deferred Inflows of Resources	19,379	7,450
508.1	Net investment in capital assets	2,241,959	-
511	Restricted Net Position	-	20,446
512.1	Unrestricted Net Position	906,218	302,225
513	Total Equity/Net Position	3,148,177	322,671
600	Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position	\$ 3,890,658	\$ 575,118

See independent auditors' report.

Public Housing Family Self- Sufficiency under ROSS			
14.877		Total	
\$	-	\$	7,189
	-		26,419
	-		15,175
	-		-
	-		15,466
	-		-
	-		109,768
	-		21,187
	-		-
	-		195,204
	-		6,003
	-		766,892
	-		772,895
	-		968,099
	-		26,829
	-		2,241,959
	-		20,446
	-		1,208,443
	-		3,470,848
\$	-	\$	4,465,776

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14,850	Housing Choice Vouchers Program 14,871
70300	Net Tenant Rental Revenue	\$ 377,688	\$ -
70400	Tenant Revenue - Other	8,290	-
70500	Total Tenant Revenue	385,978	-
70600	HUD PHA Operating Grants	485,083	2,370,346
70610	Capital Grants	-	-
71100	Investment Income - Unrestricted	2,374	948
71400	Fraud Recovery	-	2,842
71500	Other Revenue	29,139	40,251
71600	Gain or Loss on Sale of Capital Assets	-	-
70000	Total Revenue	902,574	2,414,387
91100	Administrative Salaries	174,083	122,340
91200	Auditing Fees	13,154	12,000
91310	Book-keeping Fee	4,067	9,998
91500	Employee Benefit Contributions - Administrative	70,420	50,623
91600	Office Expenses	20,002	20,534
91700	Legal Expense	4,691	-
91800	Travel	600	-
91900	Other Operating - Administrative	-	2,134
91000	Total Operating - Administrative	287,017	217,629
92100	Tenant Services - Salaries	79,045	-
92300	Employee Benefit Contributions - Tenant Services	13,749	-
92500	Total Tenant Services	92,794	-
93100	Water	56,228	-
93200	Electricity	61,873	-
93300	Gas	34,025	-
93600	Sewer	13,689	-
93800	Other Utilities Expense	-	-
93000	Total Utilities	165,815	-

See independent auditors' report.

	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
\$	-	\$ -	\$ 377,688
	-	-	8,290
	-	-	385,978
	41,598	80,973	2,978,000
	159,645	-	159,645
	-	-	3,322
	-	-	2,842
	-	-	69,390
	-	-	-
	201,243	80,973	3,599,177
	-	-	296,423
	-	-	25,154
	-	-	14,065
	-	-	121,043
	-	-	40,536
	-	-	4,691
	-	-	600
	-	-	2,134
	-	-	504,646
	-	-	79,045
	-	-	13,749
	-	-	92,794
	-	-	56,228
	-	-	61,873
	-	-	34,025
	-	-	13,689
	-	-	-
	-	-	165,815

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Financial Data Schedule
June 30, 2019

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871
94100	Ordinary Maintenance & Operation - Labor	\$ 185,181	\$ -
94200	Ordinary Maintenance & Operation - Materials & Other	37,384	1,245
94300	Ordinary Maintenance & Operation Contracts	66,726	4,975
94500	Employee Benefit Contributions - Ordinary Maintenance	47,257	-
94000	Total Maintenance	336,548	6,220
96110	Property Insurance	32,473	-
96120	Liability Insurance	5,012	12,369
96130	Workmen's Compensation	-	-
96140	All Other Insurance	82,762	-
96100	Total Insurance Premiums	120,247	12,369
96200	Other General Expenses	8,397	-
96210	Compensated Absences	-	-
96300	Payment In Lieu of Taxes	-	-
96400	Bad Debt - Tenant Rents	5,163	-
96000	Total Other General	13,560	-
96900	Total Operating Expenses	1,015,981	236,218
97000	Excess Operating Revenue Over Operating Expenses	(113,407)	2,178,169
97300	Housing Assistance Payments	-	2,269,888
97350	HAP Portability-In	-	-
97400	Depreciation Expense	248,385	-
90000	Total Expenses	\$ 1,264,366	\$ 2,506,106
10010	Operating Transfers In	122,571	-
10020	Operating Transfers Out	-	-
10091	Inter Project excess Cash Transfer In	-	-
10092	Inter Project excess Cash Transfer Out	-	-
10100	Total Other Financing Sources (Uses)	122,571	-

See independent auditors' report.

	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
\$	-	\$ -	\$ 185,181
	-	-	38,629
	-	-	71,701
	-	-	47,257
	-	-	342,768
	-	-	32,473
	-	-	17,381
	-	-	-
	-	-	82,762
	-	-	132,616
	-	-	8,397
	-	-	-
	-	-	-
	-	-	5,163
	-	-	13,560
	-	-	1,252,199
	201,243	80,973	2,346,978
	-	-	2,269,888
	-	-	-
	-	-	248,385
\$	-	\$ -	\$ 3,770,472
	-	-	122,571
	(41,598)	(80,973)	(122,571)
	-	-	-
	-	-	-
	(41,598)	(80,973)	-

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Financial Data Schedule
June 30, 2019

Line Item		Low Rent	Housing
Number	Description	Public Housing	Choice
		Program	Vouchers
		NM002000001	Program
		14.850	14.871
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (239,221)	\$ (91,719)
11030	Beginning Equity	3,227,753	414,390
11040-10	Correction of Equity classification	-	-
11040-20	Equity Transfers	159,645	-
11040-30	Prior Year Voids	-	-
11040-40	Return of Funds to HUD	-	-
	Ending Equity (deficit)	\$ 3,148,177	\$ 322,671
11190	Unit Months Available	1,572	7,296
11210	Number of Unit Months Leased	1,525	4,982
11270	Excess Cash	\$ 1,189,020	\$ -
11620	Building Purchases	132,816	-
11630	Furniture & Equipment - Dwelling Purchases	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-
11650	Leasehold Improvements Purchases	26,829	-

See independent auditors' report.

	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
\$	159,645	\$ -	\$ (171,295)
	-	-	3,642,143
	-	-	-
	(159,645)	-	-
	-	-	-
	-	-	-
\$	-	\$ -	\$ 3,470,848
	-	-	8,868
	-	-	6,507
\$	-	\$ -	\$ 1,189,020
	-	-	132,816
	-	-	-
	-	-	-
	-	-	26,829

See independent auditors' report.

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Compliance Section

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colon, Esq.
New Mexico State Auditor
The Office of Management and Budget
Executive Director and the Board of Commissioners of
Clovis Housing and Redevelopment Agency, Inc.
Clovis, New Mexico

We have audited, 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, the financial statements of the Clovis Housing and Redevelopment Agency, Inc. (the "Housing Authority") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 27, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2019-001.

Housing Authority's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority'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 Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC
Albuquerque, New Mexico
September 27, 2019

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Federal Financial Assistance

**REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITORS' REPORT

Brian S. Colon, Esq.
New Mexico State Auditor
The Office of Management and Budget
Executive Director and the Board of Commissioners of
Clovis Housing and Redevelopment Agency, Inc.
Clovis, New Mexico

Report on Compliance for the Major Federal Program

We have audited Clovis Housing and Redevelopment Agency, Inc.'s (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2019. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

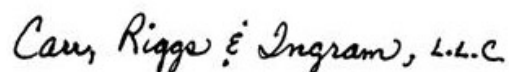
Report on Internal Control Over Compliance

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

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

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

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



Carr, Riggs & Ingram, LLC
Albuquerque, NM
September 27, 2019

Clovis Housing and Redevelopment Agency, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass Through Grantor/Program Title	Grant or State Number	Federal CFDA Number
<u>U.S. Department of Housing and Urban Development</u>		
Direct Programs:		
Public and Indian Housing	NM002000001	14.850
Section 8 Housing Choice Voucher Program (1)	N/A	* 14.871
Public Housing Capital Fund	CFP 2018	14.872
Total Public Housing Capital Fund		
ROSS Family Self Sufficiency Program	NM002FSH453A014	14.877
Total U.S. Department of Housing and Urban Development - Direct Programs		
Total Expenditures of Federal Awards		

* Major program
(1) Housing Voucher Cluster

See independent auditors' report.

Federal Expenditures	Funds Provided to Subrecipients	Noncash Assistance
\$ 485,083	\$ -	\$ -
2,370,346	-	-
201,243	-	-
201,243	-	-
80,973	-	-
3,137,645	-	-
<u>\$ 3,137,645</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

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Clovis Housing and Redevelopment Agency, Inc.
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Clovis Housing and Redevelopment Agency, Inc. (The "Housing Authority") and is presented on the full accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Federally Funded Loans

The Housing Authority has no federally funded loans or loan guarantee programs as of June 30, 2019.

10% de minimis Indirect Cost Rate

The Housing Authority did not elect to use the allowed 10% indirect cost rate.

Federally Funded Insurance

The Housing Authority has no federally funded insurance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,137,645
Total expenditures funded by other sources	793,804
<hr/>	
Total expenditures (including capitalized expenditures)*	\$ 3,931,449
<hr/> <hr/>	

*Expenses on the SFA include \$160,997 of capitalized expenditures required by HUD to be included. These are not included on the statement of Revenues, Expenses, and Changes in Net Position.

See independent auditors' report.

Clovis Housing and Redevelopment Agency, Inc.
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted |
| c. Noncompliance material to the financial statements noted? | None Noted |

Federal Awards:

- | | | | | | | | |
|--|----------------|-------------------------|-----------------|--------|--|-------------------------|--|
| 1. Internal control over major programs: | | | | | | | |
| a. Material weaknesses identified? | None Noted | | | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted | | | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No | | | | | | |
| 4. Identification of major programs: | | | | | | | |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</td> <td style="width: 20px;"></td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">14.871</td> <td></td> <td style="text-align: center;">Housing Voucher Cluster</td> </tr> </table> | CFDA
Number | | Federal Program | 14.871 | | Housing Voucher Cluster | |
| CFDA
Number | | Federal Program | | | | | |
| 14.871 | | Housing Voucher Cluster | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | | | |

SECTION II – PRIOR YEAR AUDIT FINDINGS

NM 2018-002 Travel and Per Diem (Other Noncompliance) – Resolved
NM 2018-001 Stale Dated Checks (Other Noncompliance) – Resolved

Clovis Housing and Redevelopment Agency, Inc.
Schedule of Findings and Questioned Costs
June 30, 2019

SECTION III – FINANCIAL STATEMENT FINDINGS

None

SECTION IV – SECTION 12-6-5 NMSA 1978 FINDINGS

NM 2019-001 Housing Quality Standards Enforcement (HQS) Tracking (Other Noncompliance)

Condition: The Housing Authority's listing for the Housing Quality Standards (HQS) Enforcement Indicator included a unit that had not failed its HQS inspection.

Criteria: Per 24 CFR 985 Sections 101-103, the Authority is required to file an annual Section 8 Management Assessment Program (SEMAP) Report. HQS Enforcement is Indicator 6 of the SEMAP Report.

Effect: The Authority's population of HQS Inspection failures included in their SEMAP Report was overstated by one inspection related to the housing unit that did not have a failed inspection.

Cause: The housing unit was inspected on November 6, 2018 and passed that inspection. However, the date that was entered into the system as passed on November 30, 2018. The gap between the inspection date and the pass date made this inspection appear to be a failed inspection and it was included in the Authority's listing for Indicator 6 of the SEMAP Report.

Auditors' Recommendation: We recommend that the Authority put in place procedures to review the listing assembled for the HQS Enforcement indicator on the SEMAP Report to verify that it includes only the Authority's failed HQS Inspections for the year.

Authority's Response: The PHA has procedures in place for review of HQS Enforcement; this appears to be a typographical error. Beginning immediately, the Authority will pay more attention to what is put into the system by both the initial inspector and Quality Control Inspectors. The Section 8 Program Manager will review the information input.

SECTION V – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

Clovis Housing and Redevelopment Agency, Inc.
Other Disclosures
June 30, 2019

AUDITOR PREPARED FINANCIAL STATEMENTS

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Clovis Housing and Redevelopment Agency, Inc. (the "Housing Authority") from the original books and records provided to them by the management of the Housing Authority. The responsibility for the financial statements remains with the Housing Authority.

EXIT CONFERENCE

The contents of the report for Clovis Housing and Redevelopment Agency, Inc. were discussed on September 27, 2019. The following individuals were in attendance.

Clovis Housing and Redevelopment Agency, Inc.

Charlotte Molette, Executive Director
Sonya Tapia, Section 8 Program Manager
Betty Jane Williams, Commissioner
Tammy Flowers, Resident Commissioner

Carr, Riggs & Ingram, LLC

Benjamin Martinez, CPA, Manager