

**STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2013**

INTRODUCTORY SECTION

**STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
Board of Commissioners and Management
June 30, 2013**

Board of Commissioners

Chairman	Robert Telles
Vice-Chairman	Rev. George Morgan, Sr.
Commissioner	Zeke Martinez
Commissioner	Kenneth Chretien
Commissioner	Betty Jane Williams

Agency Officials

Executive Director	Charlotte Molette
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STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
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FOR THE YEAR ENDED JUNE 30, 2013

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FINANCIAL SECTION



Griego Professional Services, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, New Mexico State Auditor
The Office of Management and Budget
Executive Director and Board of Commissioners
Clovis Housing and Redevelopment Agency, Inc., Clovis, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Clovis Housing and Redevelopment Agency, Inc. (the Agency), as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the Agency's nonmajor business-type and the budgetary comparisons for the major business-type funds, presented as supplementary information, as defined by the Government Accounting Standards Board (GASB), in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2013, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the Agency, as of June 30, 2013, and the respective changes in financial position thereof and the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Phone (505) 856-2741 - Fax (505) 856-7510

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Financial Data Schedule on pages 3-7 and 39-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the agency's financial statements, the combining and individual fund financial statements, the financial data schedule and the budgetary comparisons. The Schedule of Expenditures of federal awards as required by Office of Management and Budget *Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the other schedules required by 2.2.2.NMAC* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Expenditures of federal awards and other schedules required by 2.2.2 NMAC* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the *Schedule of Expenditures and other schedules required by 2.2.2 NMAC* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The management's discussion and analysis has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2013 on our consideration of Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 15, 2013

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis (MD&A)

June 30, 2013

INTRODUCTION

The Clovis Housing and Redevelopment Agency, Inc. (the Agency) is a component unit of the City of Clovis and is empowered to implement housing, community development, redevelopment, and revitalization programs within the City of Clovis, New Mexico (the City). The Agency has the power to acquire, lease, and improve property; to acquire via eminent domain; to investigate and determine whether an area is blighted; and to carry out a redevelopment plan in cooperation with local government.

The Agency presents this discussion and analysis of its financial performance during the fiscal year (FY) ended June 30, 2013, to assist the reader in focusing on significant financial issues and concerns. This discussion and analysis is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999.

The Agency's FY 2013 annual financial report consists of two parts – the management's discussion and analysis, and the basic financial statements (which include notes to those financial statements). Also included are supplementary schedules that show information that was sent to the U.S. Department of Housing and Urban Development (HUD) related to our basic financial statements.

The primary focus of the Agency's financial statements is on the financial statements of a single business-type activity that combines all programs administered by the Agency.

FINANCIAL HIGHLIGHTS FOR FY 2013

Under GASB 34, the Agency's single business-type activities financial statements for FY 2013 report on all of the Agency's assets, liabilities, revenues, expenses, and net assets under the programs it administers. In summary, the Agency's FY 2013 financial highlights included the following:

- Total assets and liabilities of the Agency were approximately \$4,162,248 and \$151,146, respectively; thus total net assets were approximately \$4,011,102 at June 30, 2013.
- Total revenues (including non-operating revenues) and expenses were approximately \$2,745,215 and \$3,028,580, respectively; thus net assets decreased by approximately \$283,365 during the fiscal year.
- Revenues are derived from various sources with approximately 15% from non-grant sources and 85% received either directly or indirectly from the U.S. Department of Housing and Urban Development (HUD). Rental revenues from Agency-owned properties were approximately \$339,123, or 12% of total revenues.
- Cash flows used for operating activities was \$717,954. Furthermore, after considering investing activities and both capital and noncapital financing activities, the decrease in cash and cash equivalents for the year was approximately \$259,417.

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis (MD&A)

June 30, 2013

AGENCY FINANCIAL STATEMENTS

The Agency's mission in the City 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 Agency, as of June 30, 2013, 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 Agency's financial reporting objective under GASB 34 in FY 2013 focuses on the financial activities of the Agency as a whole.

Financial Statements Used in FY 2013

The Agency is presenting its FY 2013 discussion and analysis based on the financial results of its enterprise programs in four basic financial statements – the balance sheet; the statement of revenues, expenses and changes in net assets; the statement of changes in net assets and the statement of cash flows. The balance sheet reports all financial and capital assets of the Agency and is presented in a format where assets equal liabilities plus net assets, formerly known as fund equity. Net assets are broken down into the following three categories.

- *Net assets, invested in capital assets, net of related debt* consist of all capital assets net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- *Restricted net assets* consist of assets that are restricted by constraints placed on the asset by external parties, such as, creditors, grantors, contributors, laws, or regulations reduced by liabilities payable from such assets.
- *Unrestricted net assets* consist of net assets that do not meet the definition of *net assets invested in capital assets, net of related debt, or restricted net assets*.

The statement of revenues, expenses and changes in net assets (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 assets, which is similar to net income or loss.

The statement of changes in net assets provides a detail of the increase in net assets for each category, net assets invested in capital assets and unrestricted net assets, from FY 2012 to FY 2013.

Finally, a 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.

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis (MD&A)

June 30, 2013

These financial statements utilize the economic resources measurement focus and the full accrual basis of accounting. They report the Agency's net assets and changes in net assets 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.

In FY 2013, the following programs make up the Agency's single business-type activities financial statements:

- *Low Rent Public Housing Program* – Funding is from federal grants from HUD, rents, and other user charges and provides essential affordable housing for low-income families, disabled person, and the elderly.
- *Section 8 Housing Choice Voucher Programs* – This program is funded by HUD and is a subsidy program for very low- and extremely low-income families seeking housing in the private rental market.
- *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.

Net Assets

The following table reflects the Agency's condensed summary of the balance sheet as of June 30, 2013 and 2012:

**Table 1
Summary of Balance Sheet
As of June 30,**

	<u>2013</u>	<u>2012</u>
Current assets:	\$ 1,787,287	\$ 1,720,323
Other non-current assets	83,417	400,982
Capital assets, net of accumulated depreciation	2,291,544	2,353,532
Total assets	<u>\$ 4,162,248</u>	<u>\$ 4,474,837</u>
Current liabilities:	\$ 82,283	\$ 75,815
Long-term liabilities	68,863	104,555
Total liabilities	<u>\$ 151,146</u>	<u>\$ 180,370</u>
Net assets:		
Invested in capital assets	\$ 2,291,544	\$ 2,353,532
Restricted	58,930	376,677
Unrestricted	1,660,628	1,564,258
Total net assets	<u>\$ 4,011,102</u>	<u>\$ 4,294,467</u>

Capital assets net of accumulated depreciation comprise about 55% of the Agency's total assets, while the amount of net assets invested in capital assets, net of related debt, amounts to about 57% of total net assets.

The Agency's remaining net assets consist of restricted net assets and unrestricted net assets, which include cash in the bank, inventory, and other assets less all other liabilities not previously applied.

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

Management's Discussion and Analysis (MD&A)

June 30, 2013

Revenues, Expenses and Changes in Net Assets

The results of the Agency's operations are reported in the statement of revenues, expenses and changes in net assets. In FY 2013, the Agency realized a decrease in net assets of approximately \$283,365. Table 2 presents a condensed summary of data from the Agency's statement of revenues, expenses and changes in net assets.

Table 2
Summary of Revenues, Expenses and Changes in Net Assets
Year Ended June 30,

	<u>2013</u>	<u>2012</u>
Revenues:		
Operating revenues		
Charges for services	\$ 339,123	\$ 331,418
Miscellaneous	72,592	190,394
Non-operating revenues	<u>2,333,500</u>	<u>2,508,250</u>
Total revenues	<u>2,745,215</u>	<u>3,030,062</u>
Expenses:		
Operating expenses		
Administration	412,039	428,000
Utilities	199,291	189,001
Maintenance and operations	230,876	221,260
Tenant services	63,980	61,798
Insurance	65,288	87,147
Other expenses	40,826	21,098
Capital fund expenditures	79,329	57,568
Depreciation	183,258	168,684
Loss on disposal of equipment	364	-
Housing assistance payments	<u>1,753,329</u>	<u>1,772,933</u>
Total expenses	<u>3,028,580</u>	<u>3,007,489</u>
Increase/(decrease) in net assets	<u>(283,365)</u>	<u>22,573</u>
Net assets at Beginning of Year	4,294,467	4,267,619
Prior period adjustment	-	4,275
Net assets at Beginning of Year - Restated	<u>4,294,467</u>	<u>4,271,894</u>
Net assets at End of Year	<u>\$ 4,011,102</u>	<u>\$ 4,294,467</u>

Approximately 85% and 83% of the Agency's total revenues in fiscal years 2013 and 2012, respectively, were non-operating revenues that were derived from intergovernmental subsidies and interest income. The remaining 15% were operating revenues derived other rents, user charges, and miscellaneous revenues.

In FY 2013, the Agency incurred expenses totaling \$3,028,580 compared to \$3,007,489 which represents an increase of \$21,091, or approximately 1% from the prior year. Approximately \$1,753,329, or 58%, of the expenses are housing assistance payments made in the Section 8 Housing Choice Voucher program. Operating expenses include costs related to administration, tenant services, utilities, ordinary maintenance & operations, general and depreciation expenses.

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

Management’s Discussion and Analysis (MD&A)

June 30, 2013

The Agency’s FY 2013 Financial Data Schedule, included with these financial statements, supplies activity detail for the Statement of Revenues, Expenses and Change in Net Assets and shows noteworthy transactions that influenced financial results of its rental assistance programs – the Low Rent Public Housing Program and Section 8 Housing Choice Voucher and its capital fund programs. These transactions include:

- *The Low Rent Public Housing Program* had total revenues and expenses of approximately \$953,803 and \$989,544. Within the *Low Rent Public Housing Program* there was \$172,604 of *Capital Fund Projects* revenues.
- *The Housing Choice Voucher (Section 8) Program* had revenues totaling approximately \$1,791,412 and expenses (mainly housing assistance payments) of approximately \$2,039,036.

CAPITAL ASSET AND DEBT ADMINISTRATION

The Agency’s capital assets as of June 30, 2013, included land, structures & improvements and machinery & equipment that totaled \$7,870,459 (without accumulated depreciation), most of which is comprised of Public Housing units available for lease to low- and moderate-income residents and construction in these Public Housing areas in the City of Clovis. A breakdown of these assets is shown in Table 3.

Table 3
Change in Capital Assets of the Agency
June 30,

	<u>2013</u>	<u>2012</u>
Nondepreciable assets:		
Land	\$ 179,270	\$ 179,270
Construction in progress	340,681	401,506
Depreciable capital assets:		
Structures and improvements	6,766,780	6,612,951
Machinery and equipment	583,728	561,735
Less: accumulated depreciation	<u>(5,578,915)</u>	<u>(5,401,930)</u>
Totals	<u>\$ 2,291,544</u>	<u>\$ 2,353,532</u>

The Agency had approximately \$114,997 in net additions to capital assets in FY 2013.

CONTACTING AGENCY MANAGEMENT

This financial report is designed to provide the citizens of the City of Clovis, taxpayers, and creditors with a general overview of the Agency’s finances and to demonstrate the Agency’s accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to the Executive Director, 2101 W. Grand Street, Clovis, New Mexico 88102.

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit A

ASSETS

Current assets:

Cash and cash equivalents	\$	1,428,343
Short term investments		263,856
Accounts Receivable		28,360
Inventory		13,962
Prepaid expenses		16,785
<i>Total current assets</i>		1,751,306

Noncurrent assets:

Restricted cash and cash equivalents		147,758
Land, structures and equipment, net of accumulated depreciation		2,291,544
<i>Total noncurrent assets</i>		2,439,302

<i>Total assets</i>	\$	4,190,608
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LIABILITIES

Accounts payable	\$	11,438
Accrued salaries and benefits		25,301
Other accrued expenses		13,981
Compensated absences, current amounts		16,287

Non-current liabilities:

Tenant financial self sufficiency deposits		67,958
Compensated absences, net of current amounts		905
<i>Total liabilities</i>		135,870

Deferred inflow of resources

Tenant security deposits		15,276
Deferred revenue - prepaid rents		-
<i>Total deferred inflow of resources</i>		15,276

NET POSITION

Net investment in capital assets		2,291,544
Restricted		123,271
Unrestricted		1,624,647
<i>Total net position</i>		4,039,462

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B

<i>Operating revenues:</i>	
Charges for services	\$ 339,123
Miscellaneous	72,592
<i>Total operating revenues</i>	411,715
 <i>Operating expenses:</i>	
Administration	448,103
Utilities	199,291
Ordinary maintenance and operations	230,876
Tenant services	63,980
Insurance	65,288
Other expenses	4,762
Capital fund expenditures	50,969
Depreciation	183,258
<i>Total operating expenses</i>	1,246,527
<i>Operating income</i>	(834,812)
 <i>Non-operating revenues (expenses):</i>	
Operating grants	2,071,659
Other government grants	81,441
Capital grants	172,604
Fraud recovery revenue	4,614
Interest income	3,182
Loss on asset disposal	(364)
Housing assistance payments	(1,753,329)
<i>Total non-operating revenues</i>	579,807
<i>Change in net position</i>	(255,005)
<i>Net position - beginning of year</i>	4,294,467
<i>Net position - end of year</i>	\$ 4,039,462

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit C

	<u>Net Investment in Capital Assets</u>	<u>Unrestricted Net Position</u>	<u>Restricted Net Position</u>	<u>Total</u>
Balance June 30, 2012	\$ 2,183,512	\$ 1,564,258	\$ 376,677	\$ 4,124,447
Change in net position for the year ended June 30, 2013	<u>108,032</u>	<u>60,389</u>	<u>(253,406)</u>	<u>(84,985)</u>
Balance June 30, 2013	<u>\$ 2,291,544</u>	<u>\$ 1,624,647</u>	<u>\$ 123,271</u>	<u>\$ 4,039,462</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit D

<i>Cash flows from operating activities:</i>	
Cash received from customers	\$ 383,427
Cash paid to suppliers and employees	(1,073,038)
<i>Net cash used for operating activities</i>	<u>(689,611)</u>
<i>Cash flows used by noncapital financing activities:</i>	
Intergovernmental HUD operating subsidy	2,071,659
Housing assistance payments	(1,753,329)
Fraud recovery income	4,614
<i>Net cash provided by noncapital financing activities</i>	<u>322,944</u>
<i>Cash flows used by capital financing activities:</i>	
Acquisition and construction of capital assets	(121,270)
Intergovernmental HUD capital subsidy	172,604
Loss on asset disposal	(364)
<i>Net cash provided by capital financing activities</i>	<u>50,970</u>
<i>Cash flows from investing activities:</i>	
Interest received	<u>3,182</u>
Net decrease in cash and cash equivalents	(312,515)
Cash and cash equivalents - beginning of year	<u>2,071,031</u>
Cash and cash equivalents - end of year	<u>\$ 1,758,516</u>
<i>Reconciliation of operating loss to net cash used for operating activities:</i>	
Operating loss	\$ (834,812)
<i>Adjustments to reconcile operating loss to net cash used for operating activities:</i>	
Depreciation	183,258
Increase in accounts receivable	(28,360)
Decrease in prepaid expenses	22,314
Increase in inventory	(2,787)
Increase in accounts payable	1,336
Increase in accrued salaries	3,296
Decrease in accrued expenses	(35,718)
Decrease in deferred revenue	(331)
Increase in tenant security deposits	403
Increase in compensated absences	1,790
<i>Net cash used for operating activities</i>	<u>\$ (689,611)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

The Clovis Housing and Redevelopment Agency, Inc. (the Agency) was organized under New Mexico statutes, to provide a conduit for housing funds for disadvantaged citizens of the City of Clovis, New Mexico. The Agency is a political subdivision of the State of New Mexico.

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. (the Agency). In May of 1995 the Agency was granted an organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Agency has an elected Chairman, a four member council and a secretary. The Agency 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 financial statements present only the financial position, results of operations and cash flows of the Agency. As of June 30, 2013 the Authority is no longer a component unit of the City of Clovis, its financial position, results of operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the Agency's accounting policies are described below.

The following programs are maintained by the Agency:

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 Programs – These programs, funded through direct grants from HUD, provide rental assistance to qualified families through rent subsidies paid directly to third-party landlords.

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.

Resident Opportunity and Supportive Services – 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 presented within the Low Rent Public Housing Program on the Financial Statements.

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity*

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. The decision to include potential component units in the financial reporting entity was made by applying the criteria set forth in GASB #61. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the requirement that the primary government and the component unit have a financial benefit or burden relationship.

A second criterion used in evaluating potential component units is the management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

A third criterion in evaluating potential component units requires the blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. Based upon the application of these criteria, the Agency has no component units.

B. *Basis of Presentation*

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

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

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

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

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

- B. *Basis of Presentation (Continued)*
As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.
- C. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*
The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows.

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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

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

Inventories: The inventory held consists of expendable supplies held for consumption and recorded at cost. The cost is recorded as expenditure at the time of consumption. Inventory for the Agency is valued at cost.

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

Capital Assets: Proprietary fund property and equipment acquisitions are recorded at cost or, if contributed property, at their fair market value at the time the contribution is made. Repairs and maintenance are recorded as expenses, while renewals and betterments are capitalized. Assets capitalized have an original cost of \$5,000 or more, per section 12-6-10 NMSA 1978, and a useful life of more than one year. Depreciation is recorded using the straight-line method based on the estimated useful life of the asset. The following lives are utilized:

Land Improvements	40 years
Buildings and Improv	40 years
Machinery and Equipment	5-10 years
Computers and Software	3-5 years
Vehicles	5 years

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

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

Cash Flows: For the purpose of the statement of cash flows, the Agency considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

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

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

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

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

Net Position: Net position comprises the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components:

- a) Net investment in capital assets, consists of all capital assets, net of accumulated depreciation and reduced by the outstanding debt that is attributable to the acquisition, construction and improvement of the assets: debt related to the unspent proceeds or other restricted cash and investments is excluded from the determination.
- b) Restricted net position consists of assets for which constraints are placed thereon by external parties, such as: lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates.
- c) Unrestricted net position consists of all other assets not included in the above categories.

Restricted Assets: Certain resources set aside for modernization and development, as well as security deposits held as insurance against the non-payment for services rendered are classified on the balance sheet as restricted because their use is limited.

The Agency's policy is to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Revenue Recognition: Dwelling rental revenues are recorded as rentals become due. Rental payments received in advance, if any, are deferred until earned.

The Agency has entered into annual contributions contracts with HUD to develop, manage and own public housing projects and to administer the federal Section 8 housing programs, whereby monthly housing assistance payments are made to landlords on behalf of eligible lower income individuals and families. HUD makes monthly operating subsidy contributions within the public housing program and monthly contributions for housing assistance payments and administration fees for the Section 8 program. Such contributions are reflected as operating grants in the accompanying financial statements.

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Equity (Continued)

Budgetary Information: The Executive Director annually obtains from HUD approved operating budgets for the fiscal year commencing the following July 1. The Agency's Commission is required to obtain approval from HUD for any revisions that alter the total expenditures, the legal level of budgetary control, of any grant programs. HUD program budgets are prepared on a regulatory basis which is comparable to the GAAP financial presentation included in this report. Therefore, budgetary data for the Agency's programs are included as supplementary information.

Note 2. Cash and Cash Equivalents

State statutes authorize the investment of the Agency's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Agency properly followed State investment requirements as of June 30, 2013.

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 Agency. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

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

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, from December 31, 2010 through December 31, 2012, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

Deposits

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

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Cash and Cash Equivalents (Continued)

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of bank failure, the Agency’s deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the Agency for at least one half of the amount on deposit with the institution.

	<u>Bank of Clovis</u>	<u>Wells Fargo Bank</u>	<u>Total</u>
Total amounts of deposits*	\$ 1,159,444	\$ 693,508	\$ 1,852,952
FDIC coverage	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>
Total uninsured public funds	909,444	443,508	1,352,952
Pledged collateral held by pledging bank’s trust department but not in agency’s name	<u>554,881</u>	<u>969,503</u>	<u>1,524,384</u>
Uninsured and uncollateralized	<u>\$ 354,563</u>	<u>\$ (525,995)</u>	<u>\$ (171,432)</u>
Collateral requirement (50% of uninsured public funds)	\$ 454,722	221,754	676,476
Pledged collateral	<u>554,881</u>	<u>969,503</u>	<u>1,524,384</u>
Total over collateralized	<u>\$ (100,159)</u>	<u>\$ (747,749)</u>	<u>\$ (847,908)</u>

* Total amount of deposits per bank includes deposit accounts and certificates of deposit.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. The Agency 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, 2013, none of the Agency’s bank balances of \$1,852,952 was exposed to custodial credit risk because it was uninsured and the collateral was held by the pledging bank’s trust department in the Agency’s name.

Reconciliation of Cash and Temporary Investments

Balance Sheet – Proprietary Funds	
Cash and cash equivalents per Exhibit A	\$1,839,957
Less: Petty cash	(50)
Add: Outstanding and other reconciling items	<u>13,045</u>
Total amount of deposits per bank	<u>\$1,852,952</u>

Note 3. Accounts Receivable

The Agency had an accounts receivable at June 30, 2013 totaling \$28,360. There is no corresponding allowance for uncollectible accounts receivable as the entire amount is considered collectable.

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Interfund Receivables, Payables and Transfers

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

As of June 30, 2013 there were no interfund receivables for the Agency.

Note 5. Land, structures and equipment

	Balance 6/30/2012	Additions	Deletions	Adjustments/ Transfers	Balance 6/30/2013
Low Rent Public Housing					
Capital Assets, Not Being Depreciated:					
Land	\$ 179,270	\$ 0	\$ 0	\$ 0	\$ 179,270
Construction in Progress	401,506	66,588	0	(127,413)	340,681
Total Capital Assets, Not Being Depreciated:	580,776	66,588	0	(127,413)	519,951
Capital Assets, Being Depreciated:					
Land Improvements	351,460	0	0	41,737	393,197
Buildings & Improvements	6,261,491	55,045	0	57,047	6,373,583
Dwelling Equipment	215,206	0	(5,461)	0	209,745
Non-dwelling Equipment	260,800	0	(1,175)	28,629	288,254
Total Capital Assets, Being Depreciated	7,088,957	55,045	(6,636)	127,413	7,264,779
Accumulated Depreciation:					
Land Improvements	207,092	23,494	0	1,311	231,897
Buildings & Improvements	4,653,264	141,170	0	26,840	4,821,274
Dwelling Equipment	249,179	2,135	(5,461)	(42,087)	203,766
Non-dwelling Equipment	217,459	15,254	(811)	7,935	239,837
Total Accumulated Depreciation	5,326,994	182,053	(6,272)	(6,001)	5,496,774
Capital Assets Being Depreciated	1,767,963	(127,008)	(364)	133,414	1,768,005
Total Capital Assets, Low Rent Public Housing	2,342,739	(60,420)	(364)	6,001	2,287,956
Section 8 Vouchers					
Capital Assets, Being Depreciated:					
Non-dwelling Equipment	85,729	0	0	0	85,729
Accumulated Depreciation:					
Non-dwelling Equipment	80,936	1,205	0	0	82,414
Capital Assets Being Depreciated, Section 8	4,793	(1,205)	0	0	3,315
Total Capital Assets, Government-wide	<u>\$ 2,347,532</u>	<u>\$ (61,625)</u>	<u>\$ (364)</u>	<u>\$ 6,001</u>	<u>\$ 2,291,544</u>

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 6. Compensated Absences

The Agency’s policy allows employees to accumulate limited amounts of vacation and sick pay, which are payable to the employee upon termination or retirement.

Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
\$ 15,402	\$ 3,262	\$ 1,473	\$ 17,191

The current portion of Accrued Compensated Absences at June 30, 2013 is \$16,286.

Note 7. Deferred Inflow of Resources

Deferred inflows relate to prepaid tenant rent. At the end of the fiscal year, the Agency maintained deferred inflow of resources in the amount of \$15,276.

Note 8. 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 Agency 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.

Note 9. Pension Plan – Public Employees Retirement Association’s Pension Plan

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

Funding Policy. Plan members are required to contribute 7.00% of their gross salary. The Clovis Housing and Independent Agency Inc.’s is required to contribute 7.00% of the gross covered salary. The contribution requirements of plan members and the Clovis Housing and Independent Agency Inc. are established in State statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Clovis Housing and Independent Agency Inc.’s contributions to PERA for the fiscal years ending June 30, 2013, 2012 and 2011 were \$33,794, \$33,434, and \$33,053, respectively, which equal the amount of the required contributions for each fiscal year.

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 10. Post Employment Benefits—State Retiree Health Care Plans

The Agency has not elected to participate in the New Mexico Public Employee Health Care Act plan and there are no required contributions for fiscal year ending June 30, 2013

Note 11. Contingent Liabilities

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

Note 12. Concentrations

Approximately 85% of the Agency's revenues are derived from grants from various federal agencies. Reduction or interruption of these funds is not expected, however, if reduction or interruption of funding occurred it would have a material impact on the operations of the Agency.

Note 13. Commitments

The Agency has no outstanding commitments as of June 30, 2013.

Note 14. Subsequent Accounting Standard Pronouncements

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which is effective for financial statement periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances.

Note 14. Subsequent Accounting Standard Pronouncements (Continued)

In June 2011, the GASB issued Statement No. 63, *Financial reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position* which is effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The objective of this statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

components of the residual measure and by renaming that measure as net position, rather than net assets.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is effective for financial statement periods beginning after December 15, 2013. The Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

No significant pronouncements were issued or became effect for fiscal years subsequent to the year ending June 30, 2013.

Note 15. Subsequent Events

The date to which events occurring after June 30, 2013, the date of the most recent balance sheet, has been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2013. There were no events noted as of this date.

Note 16. Other Required Individual Fund Disclosures

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

Excess of expenditures over appropriations. There were no funds which exceeded approved budgetary authority for the year ended June 30, 2013.

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
COMBINING STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2013

Statement A-1
Page 1 of 2

ASSETS	Public Housing <u>14,850</u>	Section 8 <u>14,871</u>	<u>Total</u>
Cash and cash equivalents	790,140	638,203	\$ 1,428,343
Short term investments	263,856	-	263,856
Accounts Recievable	28,360	-	28,360
Inventory	13,962	-	13,962
Prepaid expenses	13,077	3,708	16,785
Restricted cash and cash equibalents	24,487	123,271	147,758
Land, structures, and equipment, net of accumulated depreciation	<u>2,287,956</u>	<u>3,588</u>	<u>2,291,544</u>
<i>Total assets</i>	<u>\$ 3,421,838</u>	<u>\$ 768,770</u>	<u>\$ 4,190,608</u>
LIABILITIES			
Accounts payable	\$ 11,438	\$ -	\$ 11,438
Accrued salaries and benefits	25,140	161	25,301
Other accrued liabilities	13,981	-	13,981
Compensated absences, current portion	8,418	7,869	16,287
<i>Non-current liabilities:</i>			
Tenant financial self-sufficiency deposits	9,028	58,930	67,958
Compensated absences, net of current portion	<u>659</u>	<u>246</u>	<u>905</u>
<i>Total liabilities</i>	<u>68,664</u>	<u>67,206</u>	<u>135,870</u>
<i>Deferred inflow of resources</i>			
Tenant security deposits	15,276	-	15,276
Deferred revenue - prepaid rent	-	-	-
<i>Total deferred inflow of resources</i>	<u>15,276</u>	<u>-</u>	<u>15,276</u>
<i>Net position:</i>			
Investment in capital assets	2,287,956	3,588	2,291,544
Restricted net position	-	123,271	123,271
Unrestricted	<u>1,049,942</u>	<u>574,705</u>	<u>1,624,647</u>
<i>Total net position</i>	<u>3,337,898</u>	<u>701,564</u>	<u>4,039,462</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-2

	Public Housing 14.850	Section 8 14.871	Total
<i>Operating revenues:</i>			
Charges for services	\$ 339,123	\$ -	\$ 339,123
Miscellaneous	34,492	38,100	72,592
<i>Total operating revenues</i>	<u>373,615</u>	<u>38,100</u>	<u>411,715</u>
<i>Operating expenses:</i>			
Administration	213,583	234,520	448,103
Tenant Services	32,073	31,907	63,980
Utilities	199,291	-	199,291
Ordinary maintenance and operations	219,822	11,054	230,876
Insurance	58,267	7,021	65,288
Other expenses	4,762	0	4,762
Capital fund expenditures	50,969	-	50,969
Depreciation	182,053	1,205	183,258
<i>Total operating expenses</i>	<u>960,820</u>	<u>285,707</u>	<u>1,246,527</u>
<i>Operating Income/(loss)</i>	<u>(587,205)</u>	<u>(247,607)</u>	<u>(834,812)</u>
<i>Non-operating revenues (expenses):</i>			
Operating grants	359,459	1,712,200	2,071,659
Other government grants	45,021	36,420	81,441
Capital grants	172,604	-	172,604
Fraud recovery income	-	4,614	4,614
Interest income	3,104	78	3,182
Loss on asset disposal	(364)	-	(364)
Housing assistance payments	-	(1,753,329)	(1,753,329)
<i>Total non-operating revenues (expenses)</i>	<u>579,824</u>	<u>(17)</u>	<u>579,807</u>
<i>Net income (loss)</i>	(7,381)	(247,624)	(255,005)
<i>Net position - beginning of year</i>	<u>3,345,279</u>	<u>949,188</u>	<u>4,294,467</u>
<i>Net position - end of year</i>	<u>\$ 3,337,898</u>	<u>\$ 701,564</u>	<u>\$ 4,039,462</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
COMBINING STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Statement A-3

	<u>Public Housing</u>	<u>Section 8</u>	<u>Total</u>
	14.850	14.871	
<i>Cash flows from operating activities:</i>			
Cash received from customers	\$ 345,327	38,100	\$ 383,427
Cash paid to suppliers and employees	<u>(754,165)</u>	<u>(318,873)</u>	<u>(1,073,038)</u>
<i>Net cash used for operating activities</i>	<u>(408,838)</u>	<u>(280,773)</u>	<u>(689,611)</u>
<i>Cash flows used by noncapital financing activities:</i>			
Intergovernmental HUD operating subsidy	359,459	1,712,200	2,071,659
Housing assistance payments	-	(1,753,329)	(1,753,329)
Fraud recovery income	-	4,614	4,614
<i>Net cash provided by (used for) noncapital financing activities</i>	<u>359,459</u>	<u>(36,515)</u>	<u>322,944</u>
<i>Cash flows used by capital financing activities:</i>			
Acquisition and construction of capital assets	(121,270)	-	(121,270)
Intergovernmental HUD capital subsidy	172,604	-	172,604
Loss on asset disposal	<u>(364)</u>	<u>-</u>	<u>(364)</u>
<i>Net cash provided by capital financing activities</i>	<u>50,970</u>	<u>-</u>	<u>50,970</u>
<i>Cash flows from investing activities:</i>			
Interest received	<u>3,104</u>	<u>78</u>	<u>3,182</u>
Net increase/(decrease) in cash and cash equivalents	4,695	(317,210)	(312,515)
Cash and cash equivalents - beginning of year	<u>1,028,767</u>	<u>1,042,264</u>	<u>2,071,031</u>
Cash and cash equivalents - end of year	<u>\$ 1,033,462</u>	<u>\$ 725,054</u>	<u>\$ 1,758,516</u>
<i>Reconciliation of operating loss to net cash used for operating activities:</i>			
Operating loss	\$ (587,205)	\$ (247,607)	\$ (834,812)
<i>Adjustments to reconcile operating loss to net cash used for operating activities:</i>			
Depreciation	182,053	1,205	183,258
Increase in accounts receivable	(28,360)	-	(28,360)
(Increase)/decrease in prepaid expenses	23,052	(738)	22,314
Increase in inventory	(2,787)	-	(2,787)
Increase/(decrease) in accounts payable	1,695	(359)	1,336
Increase in accrued salaries	3,135	161	3,296
Decrease in accrued expenses	(665)	(35,053)	(35,718)
Decrease in deferred revenue	(331)	-	(331)
Increase in tenant security deposits	403	-	403
Increase in compensated absences	172	1,618	1,790
<i>Net cash used for operating activities</i>	<u>\$ (408,838)</u>	<u>\$ (280,773)</u>	<u>\$ (689,611)</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-4

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
PUBLIC HOUSING PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable/ (Unfavorable)
<i>Revenues:</i>				
Tenant rent	150,000	330,000	339,123	9,123
Other operating revenue	13,600	69,720	34,492	(35,228)
<i>Total revenues</i>	<u>163,600</u>	<u>399,720</u>	<u>373,615</u>	<u>(26,105)</u>
<i>Expenditures:</i>				
Current				
Administration	181,650	258,420	213,583	44,837
Tenant services	-	33,590	32,073	1,517
Utilities	84,650	199,510	199,291	219
Ordinary maintenance and operations	90,520	222,488	219,822	2,666
Insurance	32,550	58,870	58,267	603
Other expenses	32,550	-	4,762	(4,762)
Depreciation expense	-	-	182,053	(182,053)
Capital fund expenditures	-	-	50,969	(50,969)
<i>Total expenditures</i>	<u>421,920</u>	<u>772,878</u>	<u>960,820</u>	<u>(187,942)</u>
<i>Operating Income (loss)</i>	<u>(258,320)</u>	<u>(373,158)</u>	<u>(587,205)</u>	<u>161,837</u>
<i>Non-operating revenues (expenses):</i>				
Designated cash	(261,755)	370,658	-	(370,658)
HUD operating subsidy	260,000	-	404,480	404,480
HUD capital grants	260,000	-	172,604	172,604
Investment income	75	2,500	3,104	604
Loss on disposal of assets	-	-	(364)	(364)
<i>Total non-operating revenues (expenses)</i>	<u>258,320</u>	<u>373,158</u>	<u>579,824</u>	<u>206,666</u>
<i>Change in net position</i>	<u>\$ -</u>	<u>\$ -</u>	(7,381)	<u>\$ 368,503</u>
<i>Net Position - beginning of year</i>			<u>1,028,767</u>	
<i>Net position - end of year</i>			<u>\$ 1,021,386</u>	
Reconciliation to GAAP Basis				
Net change in net position			\$ (7,381)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (7,381)</u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement A-5

CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
HOUSING CHOICE VOUCHERS SECTION 8 PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable/ (Unfavorable)
<i>Revenues:</i>				
Tenant rent	\$ 44,260	\$ 283,988	\$ -	\$ (283,988)
Other operating revenue	-	3,500	3,047	(453)
<i>Total revenues</i>	<u>44,260</u>	<u>287,488</u>	<u>3,047</u>	<u>(284,441)</u>
<i>Expenditures:</i>				
Current				
Administration	48,275	326,020	227,851	98,169
Tenant services	-	-	31,907	(31,907)
Utilities	-	-	-	-
Ordinary maintenance and operations	-	-	11,054	(11,054)
Insurance	700	13,000	11,803	1,197
Other expenses	-	-	-	-
Depreciation expense	-	-	1,205	(1,205)
Capital fund expenditures	-	-	-	-
<i>Total expenditures</i>	<u>48,975</u>	<u>339,020</u>	<u>283,820</u>	<u>55,200</u>
<i>Operating income (loss)</i>	<u>(4,715)</u>	<u>(51,532)</u>	<u>(280,773)</u>	<u>(229,241)</u>
<i>Non-operating revenues (expenses):</i>				
Designated cash	4,703	51,532	-	(51,532)
HUD operating subsidy	-	-	1,753,234	1,753,234
HUD capital grants	-	-	-	-
Housing assistance payments	-	-	(1,753,329)	(1,753,329)
Investment income	12	-	78	78
Loss on asset disposal	-	-	-	-
<i>Total non-operating revenues (expenses)</i>	<u>4,715</u>	<u>51,532</u>	<u>(17)</u>	<u>(51,549)</u>
<i>Change in net assets</i>	<u>\$ -</u>	<u>\$ -</u>	<u>(280,790)</u>	<u>\$ (280,790)</u>
<i>Net position - beginning of year</i>			<u>1,042,264</u>	
<i>Net position - end of year</i>			<u>\$ 761,474</u>	
Reconciliation to GAAP Basis				
Net change in net position			\$ (280,790)	
Adjustments to revenues			35,053	
Adjustments to expenditures			(1,887)	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ (247,624)</u>	

The accompanying notes are an integral part of these financial statements

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
SCHEDULE OF CASH AND CASH EQUIVALENTS BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2013

Schedule I

Financial Institution	Wells Fargo Bank, N.A.	The Bank of Clovis	Total
<i>BALANCE PER BANK</i>			
Checking - Public Housing - CFP	\$ -	\$ 782,997	\$ 782,997
Checking - Public Housing - General Fund Payables	-	6,360	6,360
Checking - Public Housing - Tenant Security Deposits	-	15,560	15,560
Savings - Public Housing - Savings	-	5,577	5,577
Checking - Public Housing - Family Self Sufficiency	-	90,671	90,671
Money Market Account	-	151,265	151,265
Certificate of Deposit	-	52,990	52,990
Certificate of Deposit	-	54,024	54,024
Checking - Public Housing Account - Payroll	10,159	-	6,054
Checking - Section 8 Account - General Fund	683,349	-	948,281
 Total on Deposit	 693,508	 1,159,444	 1,852,952
 Reconciling Items	 15,119	 (28,164)	 (13,045)
 Reconciled Balance, June 30, 2013	 <u>\$ 708,627</u>	 <u>\$ 1,131,280</u>	 1,839,907
 Petty Cash			 <u>50</u>
 Total Cash per Government-wide Financial Statements			 <u>\$ 1,839,957</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
SCHEDULE OF DEPOSITORY COLLATERAL - PUBLIC FUNDS
JUNE 30, 2013

Schedule II

Name of Depository	Description of Pledged Collateral	Fair Market Value June 30, 2013	Collateral Location
The Bank of Clovis	FNR 2003-28 TB CUSIP #31393AFC6 5.00%, Due 08/25/2022	\$ 4,396	PCB: Plains Capital Bank
The Bank of Clovis	MBS FNMA 15-Yr CUSIP #31416CEC6 6.50%, Due 02/01/2024	283,590	PCB: Plains Capital Bank
The Bank of Clovis	San Juan Cnty NW Cent CUSIP #798359JN6 3.00%, Due 08/01/2024	<u>266,895</u>	PCB: Plains Capital Bank
SUBTOTAL The Bank of Clovis		<u>554,881</u>	
Wells Fargo Bank, N.A.	FG G0852 CUSIP #3128MJSP6 3.00%, Due 05/01/2043	463,629	Bank of New York Mellon
Wells Fargo Bank, N.A.	FN AL0604 CUSIP #3138EGU69 3.00%, Due 08/01/2026	<u>505,874</u>	Bank of New York Mellon
SUBTOTAL Wells Fargo, Bank, N.A.		<u>969,503</u>	
TOTAL Pledged Securities		<u><u>\$ 1,524,384</u></u>	

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule III

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development		
Public and Indian Housing	14.850	\$ 359,459
Section 8 Housing Choice Vouchers (1)	14.871	1,748,620
Capital Fund Projects	14.872	172,604
Public Housing Family Self-Sufficiency under Resident Opportunity and Supportive Services	14.877	<u>45,021</u>
Total Federal Financial Assistance		<u>\$ 2,325,704</u>

(1) Denotes Major Federal Financial Assistance Program

The accompanying notes are an integral part of these financial statements

COMPLIANCE AND FEDERAL FINANCIAL ASSISTANCE



Griego Professional Services, LLC

Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Hector Balderas, New Mexico State Auditor
The Office of Management and Budget
Executive Director and Board of Commissioners
Clovis Housing and Redevelopment Agency, Inc., Clovis, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, the aggregate remaining fund information, of the Clovis Housing and Redevelopment Agency, Inc. (the Agency) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and the combining and individual funds and related budgetary comparison of the Agency, presented as supplemental information, and have issued our report hereon date November 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

GRIEGO PROFESSIONAL SERVICES, LLC

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

Albuquerque, NM
November 15, 2013



Griego Professional Services, LLC

Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

Hector Balderas, 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 Compliance for Each Major Federal Program

We have audited the Clovis Housing and Redevelopment Agency, Inc.'s (the Agency) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2013. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

P.O. Box 37379 • Albuquerque, NM 87176-7379
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Phone (505) 856-2741 - Fax (505) 856-7510

Report on Internal Control Over Compliance

Management of the Agency 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 Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Agency'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

GRIEGO PROFESSIONAL SERVICES, LLC



Albuquerque, NM
November 15, 2013

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clovis Housing and Redevelopment Agency, Inc. (the Agency) and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

The Agency did not provide any federal awards to subrecipients during the year.

3. Non-Cash Assistance

The Agency did not receive any non-cash assistance during the year.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 2,204,069
Total expenditures funded by other sources	<u>795,787</u>
Total expenditures	<u>\$ 2,999,856</u>

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule IV

Section I – Summary of Audit Results

Financial Statements:

- | | |
|---|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 1. Internal control over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiency identified? | No |
| c. Control Deficiency identified not considered to be a significant deficiency? | No |
| d. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | | | | | | | | | |
|---|------------|-----------------------------------|-----------------|--------|--|--|--------|--|-----------------------------------|--|
| 1. Internal control over major programs: | | | | | | | | | | |
| a. Material weaknesses identified? | No | | | | | | | | | |
| b. Significant deficiency identified not considered to be material weaknesses? | No | | | | | | | | | |
| c. Control deficiency identified not considered to be significant deficiency? | No | | | | | | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | | | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? | No | | | | | | | | | |
| 4. Identification of major programs: | | | | | | | | | | |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 150px;">CFDA</td> <td style="width: 100px;"></td> <td style="text-align: center;">Federal Program</td> </tr> <tr> <td style="text-align: center;">Number</td> <td></td> <td></td> </tr> <tr> <td style="text-align: center;">14.871</td> <td></td> <td style="text-align: center;">Section 8 Housing Choice Vouchers</td> </tr> </table> | CFDA | | Federal Program | Number | | | 14.871 | | Section 8 Housing Choice Vouchers | |
| CFDA | | Federal Program | | | | | | | | |
| Number | | | | | | | | | | |
| 14.871 | | Section 8 Housing Choice Vouchers | | | | | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$300,000 | | | | | | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | | | | | | |

STATE OF NEW MEXICO
CLOVIS HOUSING AND REDEVELOPMENT AGENCY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Schedule IV

Section I – Financial Statement Findings

None

Section II—Federal Award Findings

None

Section III – Prior Year Audit Findings

None

Section IV – Other Disclosures

Auditor Prepared Financials

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

Exit Conference

The contents of this report were discussed on November 25, 2013. The following individuals were in attendance:

Clovis Housing and Redevelopment Agency, Inc. Officials

Charlotte Molette, Executive Director J.J.
Rev. George Morgan Sr., Board Vice-Chairman
Sherre Lott, Accounting and Administrative Assistant

Griego Professional Services, LLC

Griego, CPA

OTHER SUPPLEMENTAL INFORMATION

Clovis Housing and Redevelopment Agency, Inc. (NM002)

CLOVIS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

	Project Total	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self-Sufficiency under ROSS	Subtotal	Total
111 Cash - Unrestricted	\$790,140	\$702,544		\$702,544	\$1,492,684
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted	\$9,028	\$58,930		\$58,930	\$67,958
114 Cash - Tenant Security Deposits	\$15,459	\$0		\$0	\$15,459
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$814,627	\$761,474	\$0	\$761,474	\$1,576,101
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants					
126.1 Allowance for Doubtful Accounts - Tenants					
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$0	\$0	\$0
131 Investments - Unrestricted	\$263,856	\$0		\$0	\$263,856
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$13,077	\$3,708		\$3,708	\$16,785
143 Inventories	\$13,962	\$0		\$0	\$13,962
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$1,105,522	\$765,182	\$0	\$765,182	\$1,870,704
161 Land	\$179,270			\$0	\$179,270
162 Buildings	\$6,373,583	\$0		\$0	\$6,373,583
163 Furniture, Equipment & Machinery - Dwellings	\$209,745			\$0	\$209,745
164 Furniture, Equipment & Machinery - Administration	\$288,254	\$85,729		\$85,729	\$373,983
165 Leasehold Improvements	\$393,197			\$0	\$393,197
166 Accumulated Depreciation	(\$5,496,774)	(\$82,141)		(\$82,141)	(\$5,578,915)
167 Construction in Progress	\$340,681			\$0	\$340,681
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,287,956	\$3,588	\$0	\$3,588	\$2,291,544
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$2,287,956	\$3,588	\$0	\$3,588	\$2,291,544
190 Total Assets	\$3,393,478	\$768,770	\$0	\$768,770	\$4,162,248

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

Clovis Housing and Redevelopment Agency, Inc. (NM002)

CLOVIS, NM

Entity Wide Balance Sheet Summary

Submission Type: Unaudited/A-133

311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$11,438	\$0		\$0	\$11,438
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$25,140	161		\$161	\$25,301
322 Accrued Compensated Absences - Current Portion	\$8,418	\$7,869		\$7,869	\$16,287
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$15,276	\$0		\$0	\$15,276
342 Deferred Revenues	\$0	\$0		\$0	\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other	\$13,981	\$0		\$0	\$13,981
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$74,253	\$8,030	\$0	\$8,030	\$82,283
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other	\$9,028	\$58,930		\$58,930	\$67,958
354 Accrued Compensated Absences - Non Current	\$659	\$246		\$246	\$905
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$9,687	\$59,176	\$0	\$59,176	\$68,863
300 Total Liabilities	\$83,940	\$67,206	\$0	\$67,206	\$151,146
508.1 Invested In Capital Assets, Net of Related Debt	\$2,287,956	\$3,588		\$3,588	\$2,291,544
511.1 Restricted Net Assets	\$0	\$58,930		\$58,930	\$58,930
512.1 Unrestricted Net Assets	\$1,021,582	\$639,046	\$0	\$639,046	\$1,660,628
513 Total Equity/Net Assets	\$3,309,538	\$701,564	\$0	\$701,564	\$4,011,102
600 Total Liabilities and Equity/Net Assets	\$3,393,478	\$768,770	\$0	\$768,770	\$4,162,248

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

Clovis Housing and Redevelopment Agency, Inc. (NM002)
CLOVIS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

	Project Total	14.871 Housing Choice Vouchers	14.877 Public Housing Family Self- Sufficiency under ROSS	Subtotal	Total
70300 Net Tenant Rental Revenue	\$339,123	\$0	\$0	\$0	\$339,123
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$339,123	\$0	\$0	\$0	\$339,123
70600 HUD PHA Operating Grants	\$404,480	\$1,748,620	\$0	\$1,748,620	\$2,153,100
70610 Capital Grants	\$172,604	\$0		\$0	\$172,604
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue	\$577,084	\$1,748,620	\$0	\$1,748,620	\$2,325,704
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$3,104	\$78	\$0	\$78	\$3,182
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery	\$0	\$4,614	\$0	\$4,614	\$4,614
71500 Other Revenue	\$34,492	\$38,100	\$0	\$38,100	\$72,592
71600 Gain or Loss on Sale of Capital Assets	(\$364)	\$0	\$0	\$0	(\$364)
72000 Investment Income - Restricted					
70000 Total Revenue	\$953,439	\$1,791,412	\$0	\$1,791,412	\$2,744,851
91100 Administrative Salaries	\$139,101	\$148,032		\$148,032	\$287,133
91200 Auditing Fees	\$6,795	\$12,000		\$12,000	\$18,795
91300 Management Fee					
91310 Book-keeping Fee	\$3,778	\$9,360		\$9,360	\$13,138
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$37,157	\$36,064		\$36,064	\$73,221
91600 Office Expenses	\$10,082	\$18,610		\$18,610	\$28,692
91700 Legal Expense	\$3,940	\$0		\$0	\$3,940
91800 Travel	\$760	139		\$139	\$899
91810 Allocated Overhead					
91900 Other	\$11,970	\$10,315		\$10,315	\$22,285
91000 Total Operating - Administrative	\$213,583	\$234,520	\$0	\$234,520	\$448,103
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$32,073	\$31,907		\$31,907	\$63,980
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$32,073	\$31,907	\$0	\$31,907	\$63,980
93100 Water	\$66,855	\$0		\$0	\$66,855
93200 Electricity	\$71,958	\$0		\$0	\$71,958
93300 Gas	\$46,772	\$0		\$0	\$46,772
93400 Fuel					
93500 Labor					
93600 Sewer	\$13,706	\$0		\$0	\$13,706
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$199,291	\$0	\$0	\$0	\$199,291

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

Clovis Housing and Redevelopment Agency, Inc. (NM002)
CLOVIS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

94100 Ordinary Maintenance and Operations - Labor	\$109,354	\$0	\$0	\$109,354
94200 Ordinary Maintenance and Operations - Materials and Other	\$32,589	\$2,416	\$2,416	\$35,005
94300 Ordinary Maintenance and Operations Contracts	\$52,261	\$8,638	\$8,638	\$60,899
94500 Employee Benefit Contributions - Ordinary Maintenance	\$25,618	\$0	\$0	\$25,618
94000 Total Maintenance	\$219,822	\$11,054	\$0	\$230,876
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$58,267	\$0	\$0	\$58,267
96120 Liability Insurance	\$0	\$7,021	\$7,021	\$7,021
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$58,267	\$7,021	\$0	\$65,288
96200 Other General Expenses	\$45	\$0	\$0	\$45
96210 Compensated Absences	\$0	\$0	\$0	\$0
96300 Payments in Lieu of Taxes	(\$260)	\$0	\$0	(\$260)
96400 Bad debt - Tenant Rents	\$4,977	\$0	\$0	\$4,977
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$4,762	\$0	\$0	\$4,762
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$727,798	\$284,502	\$0	\$284,502
97000 Excess of Operating Revenue over Operating Expenses	\$225,641	\$1,506,910	\$0	\$1,506,910
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$0	\$1,753,329	\$0	\$1,753,329
97350 HAP Portability-In				
97400 Depreciation Expense	\$182,053	\$1,205	\$0	\$183,258
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds	\$79,329	\$0	\$0	\$79,329
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$261,382	\$1,754,534	\$0	\$1,754,534
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				

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

Clovis Housing and Redevelopment Agency, Inc. (NM002)
CLOVIS, NM

Entity Wide Revenue and Expense Summary

Submission Type: Unaudited/A-133

10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$35,741)	(\$247,624)	\$0	(\$247,624)	(\$283,365)
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$3,345,279	\$949,188	\$0	\$949,188	\$4,294,467
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity	\$0	\$423,579		\$423,579	\$423,579
11180 Housing Assistance Payments Equity	\$0	\$277,985		\$277,985	\$277,985
11190 Unit Months Available	1572	7296		7296	8868
11210 Number of Unit Months Leased	1565	5388		5388	6953
11270 Excess Cash	\$881,753			\$0	\$881,753
11610 Land Purchases					
11620 Building Purchases	\$55,045	\$0		\$0	\$55,045
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					

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