



A Helping Hand When You Need It Most

***State of New Mexico
Clovis Housing and Redevelopment Agency, Inc.
Annual Financial Report
For the Year Ended June 30, 2014***



**Accounting &
Consulting Group, LLP**
Certified Public Accountants

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STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
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June 30, 2014

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STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Official Roster
June 30, 2014

<u>Name</u>		<u>Title</u>
	<u>Board of Commissioners</u>	
Robert Telles		Chairperson
Rev. George Morgan, Sr.		Vice-Chairperson, Resident Commisisoner
Zeke Martinez		Commissioner
Kenneth Chretien		Commissioner
Betty Jane Williams		Commissioner
	<u>Administrative Officials</u>	
Charlotte Molette		Executive Director

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FINANCIAL SECTION



Accounting & Consulting Group, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Hector H. 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 Financial Statements

We have audited the accompanying financial statements of Clovis Housing and Redevelopment Agency, Inc. (the "Housing Authority") as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents. We have also audited the budget comparison schedule presented as supplementary information in the statement of revenues, expenses and changes in net position—budget and actual as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority as of June 30, 2014, and the respective changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the statement of revenues, expenses and changes in net position—budget and actual referred to above presents fairly, in all material respects, the budgetary comparison of the Housing Authority in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the Housing Authority's basic financial statements and the budgetary comparison. 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*, the Program Detail Financial Statements within the Supplementary Information Section and Supporting Schedules I and II required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule III Financial Data Schedule is presented for purposes of additional analysis as required by the U.S Department of Housing and Urban Development and is not a required part of the financial statements.

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

The introductory section 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 September 26, 2014, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Housing Authority's internal control over financial reporting and compliance.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, NM
September 26, 2014

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2014

As management of the Clovis Housing and Redevelopment Agency, Inc., we offer the readers of the Clovis Housing and Redevelopment Agency, Inc.'s financial statements this narrative overview and analysis of the financial activities of the Clovis Housing and Redevelopment Agency, Inc. for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the financial statements of the Clovis Housing and Redevelopment Agency, Inc. and additional information provided.

Financial Highlights

- The assets of the Clovis Housing and Redevelopment Agency, Inc. exceeded its liabilities at the close of the most recent fiscal year by \$4,030,990 (*net position*). Of this amount, \$1,729,508 (*unrestricted net position*) may be used to meet the Agency's ongoing obligations to residents and creditors.
- During the fiscal year the Agency's total net position decreased by \$8,472. This amount is a combination of an increase of net position in the Low-Rent Public Housing activities of \$43,036 and a decrease in the Housing Choice Voucher program in the amount of \$51,508.
- As the end of the current year fiscal year, unrestricted net position of the Agency was \$1,729,508 or 54% of the total Agency operating expenses.

Agency Financial Statements

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

The Agency, as of June 30, 2014, 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 2014 focuses on the financial activities of the Agency as a whole.

Overview of the Financial Statements

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

Financial Statements Used in Fiscal Year 2014

The Agency is presenting its fiscal year 2014 discussion and analysis based on the financial results of its enterprise programs in four basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; the statement of cash flows, and the statement of revenues, expenses and changes in net position – budget and actual.

The statement of net position reports all financial and capital assets of the Agency and is presented in a format where assets equal liabilities plus net position.

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

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2014

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

The statement of revenues, expenses and changes in net position – budget and actual compares actual amounts spent to the Agency's budgeted amounts for the fiscal year.

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.

Agency Programs

The Clovis Housing and Redevelopment Agency, Inc. maintain four programs accounted for in its Low-Rent Public Housing and Housing Choice Vouchers Section 8 rental assistance programs. The detailed program financial statements provide separate information for the Low-Rent Public Housing, and the Housing Choice Vouchers Section 8 rental assistance programs of the Clovis Housing and Redevelopment Agency, Inc. The Resident Opportunity and Supportive Services federal program provides grant money to the Housing Authority to administer the Home Ownership program and these resources are accounted for within the Low Rent Public Housing program. Capital Fund Projects grant resources and capital assets are accounted for in the Low Rent Public Housing program as well.

Individual program financial statements can be found at exhibits A-1 through A-3 of this report.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 22-32 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Clovis Housing and Redevelopment Agency, Inc., assets exceeded liabilities by \$4,030,990 at the close of the most recent fiscal year.

By far the largest portion of the Clovis Housing and Redevelopment Agency, Inc.'s net position (55.4 percent) reflect its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Clovis Housing and Redevelopment Agency, Inc. use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Clovis Housing and Redevelopment Agency, Inc.'s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2014

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2014	June 30, 2013
Assets		
Current assets	\$ 1,803,626	\$ 1,751,306
Restricted assets	138,718	147,758
Capital assets, net of accumulated depreciation	<u>2,236,755</u>	<u>2,291,544</u>
 Total assets	 <u>\$ 4,179,099</u>	 <u>\$ 4,190,608</u>
 Liabilities and Net Assets		
Current liabilities (payable from current assets)	\$ 73,354	\$ 67,007
Current liabilities (payable from restricted assets)	73,991	83,234
Noncurrent liabilities	<u>764</u>	<u>905</u>
 Total liabilities	 <u>148,109</u>	 <u>151,146</u>
 Net investment in capital assets	 2,236,755	 2,291,544
Restricted	64,727	123,271
Unrestricted	<u>1,729,508</u>	<u>1,624,647</u>
 Total net position	 <u>4,030,990</u>	 <u>4,039,462</u>
 Total liabilities and net position	 <u>\$ 4,179,099</u>	 <u>\$ 4,190,608</u>

The remaining balance of *unrestricted net position* (\$1,729,508) may be used to meet the Agency's ongoing obligations to residents and creditors.

At the end of the current fiscal year, the Clovis Housing and Redevelopment Agency, Inc. is able to report positive balances in both categories of net assets, both for the Agency as a whole as well as for its individual programs. The same situation held true for the prior fiscal year.

There was an increase of \$104,861 (6.4 percent) in unrestricted net assets reported by the Clovis Housing and Redevelopment Agency, Inc. as compared to the prior year.

There was a decrease of \$54,789 in net investment in capital assets reported in connection with the Clovis Housing and Redevelopment Agency, Inc.'s activities. The majority of this decrease is attributable to ongoing utilization of capital assets (depreciation expense) being a larger amount than the Agency's additions to capital assets during the fiscal year.

- The Agency's net position decreased by \$8,472 during the current fiscal year. This amount is a combination of an increase of net position in the Low-Rent Public Housing activities as a result of increased tenant rent income and operating subsidy and a decrease in the Housing Choice Voucher program as a result of increased amounts of housing assistance payments.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2014

Government-wide Financial Analysis (continued)

Agency activities: Key elements of Agency activities are as follows:

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

Operating revenues:		
Tenant rent	\$ 353,125	\$ 339,123
Subsidy grants	<u>2,622,280</u>	<u>2,153,100</u>
 Total operating revenues	 <u>2,975,405</u>	 <u>2,492,223</u>
Operating expenses:		
Personnel services	608,513	559,306
Contractual services	43,083	44,511
Supplies	34,222	41,806
Maintenance and materials	74,806	102,497
Utilities	219,501	199,291
Telephone	7,602	7,313
Insurance	51,827	70,070
Bad debt	13,525	5,710
Housing assistance payments	1,934,533	1,753,329
Depreciation	187,771	183,258
Miscellaneous	<u>34,222</u>	<u>33,129</u>
 Total operating expenses	 <u>3,209,605</u>	 <u>3,000,220</u>
 Operating (loss)	 <u>(234,200)</u>	 <u>(507,997)</u>
Non-operating revenues (expenses):		
Capital grants	148,032	172,604
Interest income	2,828	3,182
Miscellaneous income	<u>74,868</u>	<u>77,206</u>
 Total non-operating revenues	 <u>225,728</u>	 <u>252,992</u>
 Change in net assets	 (8,472)	 (255,005)
 Net position, beginning of year	 <u>4,039,462</u>	 <u>4,294,467</u>
 Net position, end of year	 <u>\$ 4,030,990</u>	 <u>\$ 4,039,462</u>

Total operating revenues increased \$483,182 (19.3 percent) during the year. Most of this increase is the increase in operating subsidy grants..

Capital Fund grant awards decreased \$24,572 (14.2 percent) over the prior year. These grants are on a reimbursement basis and there were less expenditures on these projects than in the prior year.

Increases in several categories of operating expenses reflect the increases in ongoing residential tenant operations and maintenance. Operating expenses overall increased \$209,385 (6.9 percent) from the prior year. The majority of this increase occurred in housing assistance payments.

**Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2014**

Capital Assets and Debt Administration

The Clovis Housing and Redevelopment Agency, Inc.'s net investment in capital assets for its business type activities as of June 30, 2014, amounts to \$2,236,755 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total decrease in the Clovis Housing and Redevelopment Agency, Inc.'s net investment in capital assets for the current fiscal year was 2.39 percent.

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

Ongoing tenant dwelling equipment replacements were completed with new equipment and related structural improvements and administrative equipment for both programs totaling \$78,848 were placed in service during the current fiscal year. Construction in progress additions in the current fiscal year were \$54,134.

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

	June 30, 2014	June 30, 2013
Land	\$ 179,270	\$ 179,270
Land improvements	403,777	393,197
Buildings and improvements	6,623,873	6,373,583
Dwelling equipment	271,911	209,745
Nondwelling equipment	301,508	373,983
Construction in progress	217,917	340,681
Accumulated depreciation	<u>(5,761,501)</u>	<u>(5,578,915)</u>
Capital assets, net	<u><u>\$ 2,236,755</u></u>	<u><u>\$ 2,291,544</u></u>

Additional information on Clovis Housing and Redevelopment Agency, Inc.'s capital assets can be found on page 28-29 of this report.

Long-term debt

At the end of the current fiscal year, Clovis Housing and Redevelopment Agency, Inc. had noncurrent compensated absences outstanding in the amount of \$764.

Budgetary Highlights

The original budget for the Agency was amended in the current fiscal year with an overall decrease in expenditures of \$39,640. During the year, operating revenues exceeded budgetary expectations by \$423,199. Cost savings were incurred by the Agency creating a favorable budgetary variation of \$20,209 in expenditures.

Economic Factors

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

Requests for Information

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

**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Net Position
 June 30, 2014

Exhibit A-1

ASSETS

Current assets

Cash and cash equivalents	\$ 1,508,350
Short term investments	266,621
Accounts receivable - tenants	2,166
Inventory	12,596
Prepaid expenses	13,893
<i>Total current assets</i>	1,803,626

Non-current assets

Restricted cash and cash equivalents	138,718
Capital assets	7,998,256
Less: accumulated depreciation	(5,761,501)
<i>Total non-current assets</i>	2,375,473

<i>Total assets</i>	\$ 4,179,099
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LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 29,978
Accrued payroll	27,120
Compensated absences	16,256
<i>Total current liabilities</i>	73,354

Current liabilities (payable from restricted assets)

Tenant deposits	14,816
FSS deposits	59,175
<i>Total current liabilities (payable from restricted assets)</i>	73,991

Non-current liabilities

Compensated absences	764
<i>Total non-current liabilities</i>	764

<i>Total liabilities</i>	148,109
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Net position:

Net investment in capital assets	2,236,755
Restricted for:	
Section 8 housing	64,727
Unrestricted	1,729,508
<i>Total net position</i>	4,030,990

<i>Total liabilities and net position</i>	\$ 4,179,099
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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, 2014

Exhibit A-2

<i>Operating revenues</i>	
Rental revenue	\$ 353,125
Subsidy grants	<u>2,622,280</u>
<i>Total operating revenues</i>	<u>2,975,405</u>
<i>Operating expenses</i>	
Personnel services	608,513
Contractual services	43,083
Supplies	34,222
Maintenance and materials	74,806
Utilities	219,501
Telephone	7,602
Insurance	51,827
Bad debt	13,525
Housing assistance payments	1,934,533
Depreciation	187,771
Miscellaneous	<u>34,222</u>
<i>Total operating expenses</i>	<u>3,209,605</u>
<i>Operating (loss) income</i>	<u>(234,200)</u>
<i>Non-operating revenues (expenses)</i>	
Capital grants	148,032
Interest income	2,828
Miscellaneous income	<u>74,868</u>
<i>Total non-operating revenues (expenses)</i>	<u>225,728</u>
<i>Change in net position</i>	(8,472)
<i>Total net position - beginning of year</i>	<u>4,039,462</u>
<i>Total net position - end of year</i>	<u><u>\$ 4,030,990</u></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, 2014

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents	\$ 341,716
Cash payments to employees for services	(606,866)
Cash payments to suppliers for goods and services	(2,404,504)
Cash received from subsidy grants	<u>2,622,280</u>
<i>Net cash (used) by operating activities</i>	<u>(47,374)</u>
 <i>Cash flows from noncapital financing activities:</i>	
Miscellaneous income	<u>74,868</u>
<i>Net cash provided by noncapital financing activities</i>	<u>74,868</u>
 <i>Cash flows from capital and related financing activities:</i>	
Capital grants	176,392
Acquisition of capital assets	<u>(132,982)</u>
<i>Net cash provided by capital and related financing activities</i>	<u>43,410</u>
 <i>Cash flows from investing activities:</i>	
Interest on cash deposits	<u>63</u>
<i>Net cash provided by investing activities</i>	<u>63</u>
<i>Net increase in cash and cash equivalents</i>	70,967
<i>Cash and cash equivalents - beginning of year</i>	<u>1,576,101</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 1,647,068</u></u>

The accompanying notes are an integral part of these financial statements

<i>Reconciliation of operating (loss) to</i>	
<i>net cash (used) by operating activities:</i>	
Operating (loss)	\$ (234,200)
Adjustments to reconcile operating (loss)	
to net cash (used) by operating activities:	
Depreciation	187,771
Changes in assets and liabilities	
Accounts receivable	(2,166)
Inventory	1,366
Prepaid expenses	2,892
Accounts payable	4,559
Accrued payroll expenses	1,819
FSS Deposits	(8,783)
Accrued compensated absences	(172)
Tenant deposits	(460)
	<hr/>
<i>Net cash (used) by operating activities</i>	<u><u>\$ (47,374)</u></u>

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

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

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

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2014.

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

The following programs are maintained by the Housing Authority:

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

Section 8 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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Reporting Entity

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

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

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

Basis of Accounting and Measurement Focus

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for rent and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Housing Authority's cash flow statement includes changes in both operating cash and restricted cash and cash equivalents.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

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

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

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

Estimates

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

Assets, Liabilities and Net Position

Deposits and Investments

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

Before any local funds are invested or reinvested for the purpose of short-term investment pursuant to Section 6-10-10.1 NMSA 1978, as amended, the local public body finance official shall notify and make such funds available to banks, savings and loan associations and credit unions located within the geographical boundaries of their respective governmental unit, subject to the limitation on credit union accounts. To be eligible for such funds, the financial institution shall pay to the local public body the rate established by the state treasurer pursuant to a policy adopted by the State Board of Finance for such short-term investments.

State regulations require that uninsured demand deposits and deposit-type investments such as certificates of deposit, be collateralized by the depository thrift or banking institution. Currently, state statutes require that a minimum of fifty percent (50%) of balances on deposit with any one institution must be collateralized. If the securities pledged are United States government securities, they are pledged at market value; if they are New Mexico municipal bonds, they are pledged at par value.

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.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position (continued)

Inventory

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

Prepaid Expenses

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

Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	40 years
Building and site improvements	40 years
Machinery and equipment	5 years – 10 years
Vehicles	5 years
Computers and software	3 years – 5 years

In Note 4 to the categories Dwelling Equipment and Non-dwelling Equipment are composed of a combination of machinery and equipment, vehicles, and computers and software. In the Financial Data Schedule, the Construction in Progress category contains \$206,472 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 4.

Compensated Absences

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position (continued)

Net Position

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

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

Unrestricted and Restricted Revenues

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

Budgets

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

New Accounting Standards Adopted

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”), establishes 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. The implementation of GASB 65 is not expected to have a significant impact on the Housing Authority’s financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

State Statutes authorize the investment of Housing Authority funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Housing Authority properly followed State investment requirements as of June 30, 2014.

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

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

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

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

By operation of federal law, beginning January 1, 2013, funds deposited in a noninterest-bearing transaction account (including an Interest on Lawyer Trust Account) no longer will receive unlimited deposit insurance coverage by the FDIC. Beginning January 1, 2013, all of the Housing Authority's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts.

Custodial Credit Risk – Deposits

Custodial Credit Risk – Custodial credit risk is the risk that in the event of bank failure, the Housing Authority's deposits may not be returned to it. The Housing Authority does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63 NMSA 1978). At June 30, 2014, \$1,186,330 of the Housing Authority's bank balance of \$1,936,330 was exposed to custodial credit risk. Although the \$1,186,330 was uninsured, all of that amount was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name. None of the Housing Authority's deposits were uninsured and uncollateralized at June 30, 2014.

Section 6-10-17, New Mexico Statutes Annotated, 1978 Compilation states the types of collateral allowed is limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico. All depositories had collateral exceeding the amount required by law.

	<u>The Bank of Clovis</u>	<u>Wells Fargo Bank, N.A.</u>	<u>Total</u>
Amount of deposits	\$ 1,257,961	\$ 678,369	\$ 1,936,330
FDIC coverage	<u>(500,000)</u>	<u>(250,000)</u>	<u>(750,000)</u>
Total uninsured public funds	<u>\$ 757,961</u>	<u>\$ 428,369</u>	<u>\$ 1,186,330</u>
 Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	 <u>\$ 757,961</u>	 <u>\$ 428,369</u>	 <u>\$ 1,186,330</u>
 Uninsured and uncollateralized	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 Collateral requirement (50% of uninsured public funds)	 \$ 378,981	 \$ 214,185	 \$ 593,166
Pledged collateral	<u>1,065,828</u>	<u>464,895</u>	<u>1,530,723</u>
Over (under) collateralization	<u>\$ 686,847</u>	<u>\$ 250,710</u>	<u>\$ 937,557</u>

The collateral pledged for both deposits and investments is listed on Schedule I of this report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

Reconciliation to Statement of Net Position

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

Cash and cash equivalents per Exhibit A-1	\$ 1,508,350
Short term investments per Exhibit A-1	266,621
Restricted cash and cash equivalents per Exhibit A-1	<u>138,718</u>
 Total cash and cash equivalents	 <u>1,913,689</u>
 Add: outstanding checks	 30,304
Less: deposits in transit	(7,613)
Less: petty cash	<u>(50)</u>
 Bank balance of deposits	 <u><u>\$ 1,936,330</u></u>

NOTE 3. ACCOUNTS RECEIVABLE

As of June 30, 2014, the Housing Authority had tenant accounts receivable totaling \$2,166. For the year ended June 30, 2014, there was no allowance for uncollectable tenant accounts receivable. The entire balance of tenant accounts receivable is considered collectable.

NOTE 4. CAPITAL ASSETS

The following summarizes changes in capital assets activity for the Section 8 Program during fiscal year 2014.

<u>Section 8 Program</u>	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
Capital assets being depreciated:					
Buildings and Improvements	\$ -	\$ -	\$ -	\$ 6,024	\$ 6,024
Non-dwelling Equipment	<u>85,729</u>	<u>-</u>	<u>-</u>	<u>(6,024)</u>	<u>79,705</u>
Total capital assets being depreciated	<u>85,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,729</u>
Accumulated Depreciation:					
Buildings and Improvements	-	1,205	-	2,436	\$ 3,641
Non-dwelling Equipment	<u>82,141</u>	<u>-</u>	<u>-</u>	<u>(2,436)</u>	<u>79,705</u>
Total accumulated depreciation	<u>82,141</u>	<u>1,205</u>	<u>-</u>	<u>-</u>	<u>83,346</u>
Total capital assets being depreciated, net of depreciation	<u><u>\$ 3,588</u></u>	<u><u>\$ (1,205)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,383</u></u>

The assets that were transferred are comprised of assets that were misclassified in prior year.

Depreciation expense for the year ended June 30, 2014 totaled \$1,205 for the Section 8 Program.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 4. CAPITAL ASSETS (continued)

The following summarizes changes in capital assets activity for the Low Rent Public Housing Program during fiscal year 2014.

	Balance June 30, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<u>Public Housing Program</u>					
Capital assets not being depreciated:					
Land	\$ 179,270	\$ -	\$ -	\$ -	\$ 179,270
Construction in Progress	340,681	54,134	-	(176,898)	217,917
Total capital assets not being depreciated	<u>519,951</u>	<u>54,134</u>	<u>-</u>	<u>(176,898)</u>	<u>397,187</u>
Capital assets being depreciated:					
Land Improvements	393,197	10,580	-	-	403,777
Buildings & Improvements	6,373,583	61,839	-	182,427	6,617,849
Dwelling Equipment	209,745	1,000	988	49,879	259,636
Non-dwelling Equipment	288,254	5,429	4,197	(55,408)	234,078
Total capital assets being depreciated	<u>7,264,779</u>	<u>78,848</u>	<u>5,185</u>	<u>176,898</u>	<u>7,515,340</u>
Accumulated Depreciation:					
Land Improvements	231,897	23,118	-	-	255,015
Buildings and Improvements	4,821,274	146,893	-	-	4,968,167
Dwelling Equipment	203,766	8,719	988	-	211,497
Non-dwelling Equipment	239,837	7,836	4,197	-	243,476
Total accumulated depreciation	<u>5,496,774</u>	<u>186,566</u>	<u>5,185</u>	<u>-</u>	<u>5,678,155</u>
Total public housing program capital assets, net of depreciation	<u>\$ 2,287,956</u>	<u>\$ (53,584)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,234,372</u>

The assets that were transferred are comprised of assets that were misclassified in prior year, and transfers from Construction in progress to depreciable asset categories.

Depreciation expense for the year ended June 30, 2014 totaled \$186,566 for the Low Rent Public Housing Program.

In the Financial Data Schedule, the Construction in Progress category contains \$206,472 in capital assets in service which are recorded in depreciating categories on the financial statements.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 5. LONG-TERM LIABILITIES

The following summarizes changes in long-term debt activity during fiscal year 2014.

	Balance June 30, 2013	Additions	Retirements	Balance June 30, 2014	Due Within One Year
Compensated absences	\$ 17,191	\$ 14,680	\$ 14,851	\$ 17,020	\$ 16,256
Totals	<u>\$ 17,191</u>	<u>\$ 14,680</u>	<u>\$ 14,851</u>	<u>\$ 17,020</u>	<u>\$ 16,256</u>

NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

During the course of operations transactions occur between programs for loans. These are reported as “Due from other funds” and “Due to other funds” on the Statement of Net Position - Detail.

<u>Due from</u>	<u>Due to</u>	
Housing Choice Vouchers Program	Low Rent Public Housing Program	<u>\$ 9,630</u>

NOTE 7. CONTINGENT LIABILITIES

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

NOTE 8. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN

Plan Description. Substantially all of the Housing Authority’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 <http://www.pera.state.nm.us>.

Funding Policy. Plan members are required to contribute 8.50% of their gross salary (7.00% of their gross salary, if it is less than \$20,000). The Housing Authority is required to contribute 7.00% of the gross covered salary. The contribution requirements of plan members and the Housing Authority are established in State Statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Housing Authority’s contributions to PERA for the fiscal years ending June 30, 2014, 2013 and 2012 were \$35,768, \$33,794, and \$33,434, 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, 2014

NOTE 9. RISK MANAGEMENT

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

NOTE 10. CONCENTRATIONS

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

NOTE 11. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2014, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is September 26, 2014 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

NOTE 12. SUBSEQUENT PRONOUNCEMENTS

In June 2012, GASB Statement No. 68 *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014. Earlier application is encouraged. The standard will be implemented during fiscal year June 30, 2015 and is expected to impact the Housing Authority's financial statements.

In January 2013, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, Effective Date: The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. Earlier application is encouraged. The provisions of this Statement generally are required to be applied prospectively.

In November 2013, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2014. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement 68. The standard will be implemented during fiscal year June 30, 2015.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2014

NOTE 13. CAPITAL FUND PROGRAM CLOSEOUTS

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

Statement of Actual Modernization Costs
 Capital Fund Program
 Annual Contributions Contract NM02P002501-11
 June 30, 2014

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

Funds approved	\$ 205,413
Funds expended	<u>205,413</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
HUD grants	\$ 205,413
Funds expended	<u>205,413</u>
Excess (deficiency) of funds expended	<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated January 29, 2014, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

NOTE 14. COMMITMENTS

The Housing Authority has the following commitments at June 30, 2014 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2013:	\$	32,180.25
CFP 2012:	\$	6,705.48

SUPPLEMENTARY INFORMATION

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STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Revenues, Expenses and Changes in
 Net Position - Budget and Actual
 For the Year Ended June 30, 2014

Statement A-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues</i>				
Rental revenue (tenants)	\$ 330,000	\$ 330,000	\$ 353,125	\$ 23,125
Operating subsidies and grants	2,222,206	2,222,206	2,622,280	400,074
<i>Total operating revenues</i>	<u>2,552,206</u>	<u>2,552,206</u>	<u>2,975,405</u>	<u>423,199</u>
<i>Operating expenses</i>				
Personnel services	517,664	519,974	608,513	(88,539)
Contractual services	48,070	55,120	43,083	12,037
Supplies	37,500	37,500	34,222	3,278
Maintenance and materials	227,108	207,108	74,806	132,302
Utilities	188,010	193,010	219,501	(26,491)
Telephone	7,500	7,500	7,602	(102)
Insurance	87,000	53,000	51,827	1,173
Housing assistance payments	1,935,306	1,935,306	1,934,533	773
Miscellaneous	20,000	20,000	34,222	(14,222)
<i>Total operating expenses (budgeted)</i>	<u>3,068,158</u>	<u>3,028,518</u>	<u>3,008,309</u>	<u>20,209</u>
Depreciation	-	-	187,771	(187,771)
Bad debt	-	-	13,525	(13,525)
<i>Total operating expenses (non-budgeted)</i>	<u>-</u>	<u>-</u>	<u>201,296</u>	<u>(201,296)</u>
<i>Total operating expenses</i>	<u>3,068,158</u>	<u>3,028,518</u>	<u>3,209,605</u>	<u>(181,087)</u>
<i>Operating income (loss)</i>	<u>(515,952)</u>	<u>(476,312)</u>	<u>(234,200)</u>	<u>(242,112)</u>
<i>Non-operating revenues (expenses)</i>				
Capital grants	-	-	148,032	148,032
Interest income	2,500	2,500	2,828	328
Miscellaneous income	73,220	72,920	74,868	1,948
<i>Total non-operating revenues</i>	<u>75,720</u>	<u>75,420</u>	<u>225,728</u>	<u>150,308</u>
<i>Change in net position</i>	<u>\$ (440,232)</u>	<u>\$ (400,892)</u>	<u>\$ (8,472)</u>	<u>\$ 392,420</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Statement of Net Position - Detail
June 30, 2014

Statement B-1

	Low Rent Public Housing Program	Housing Choice Vouchers Program	Total
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	\$ 910,095	\$ 598,255	\$ 1,508,350
Short term investments	266,621	-	266,621
Accounts receivable - tenants	2,166	-	2,166
Due from other funds	9,630	-	9,630
Inventory	12,596	-	12,596
Prepaid expenses	11,551	2,342	13,893
<i>Total current assets</i>	<u>1,212,659</u>	<u>600,597</u>	<u>1,813,256</u>
<i>Non-current assets</i>			
Restricted cash and cash equivalents	24,169	114,549	138,718
Capital assets	7,912,527	85,729	7,998,256
Less: accumulated depreciation	(5,678,155)	(83,346)	(5,761,501)
<i>Total non-current assets</i>	<u>2,258,541</u>	<u>116,932</u>	<u>2,375,473</u>
<i>Total assets</i>	<u>\$ 3,471,200</u>	<u>\$ 717,529</u>	<u>\$ 4,188,729</u>
LIABILITIES AND NET POSITION			
<i>Current liabilities</i>			
Accounts payable	\$ 29,795	\$ 183	\$ 29,978
Accrued payroll	27,120	-	27,120
Compensated absences	8,418	7,838	16,256
Due to other funds	-	9,630	9,630
<i>Total current liabilities</i>	<u>65,333</u>	<u>17,651</u>	<u>82,984</u>
<i>Current liabilities (payable from restricted assets)</i>			
Tenant deposits	14,816	-	14,816
FSS deposits	9,353	49,822	59,175
<i>Total current liabilities (payable from restricted assets)</i>	<u>24,169</u>	<u>49,822</u>	<u>73,991</u>
<i>Non-current liabilities</i>			
Compensated absences	764	-	764
<i>Total non-current liabilities</i>	<u>764</u>	<u>-</u>	<u>764</u>
<i>Total liabilities</i>	<u>90,266</u>	<u>67,473</u>	<u>157,739</u>
<i>Net position:</i>			
Net investment in capital assets	2,234,372	2,383	2,236,755
Restricted for:			
Section 8 housing	-	64,727	64,727
Unrestricted	1,146,562	582,946	1,729,508
<i>Total net position</i>	<u>3,380,934</u>	<u>650,056</u>	<u>4,030,990</u>
<i>Total liabilities and net position</i>	<u>\$ 3,471,200</u>	<u>\$ 717,529</u>	<u>\$ 4,188,729</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO

Statement B-2

Clovis Housing and Redevelopment Agency, Inc.
Statement of Revenues, Expenses and Changes in Net Position - Detail
For the Year Ended June 30, 2014

	Low Rent Public Housing Program	Housing Choice Vouchers Program	Total
<i>Operating revenues</i>			
Rental revenue	\$ 353,125	\$ -	\$ 353,125
Subsidy grants	466,377	2,155,903	2,622,280
<i>Total operating revenues</i>	<u>819,502</u>	<u>2,155,903</u>	<u>2,975,405</u>
<i>Operating expenses</i>			
Personnel services	369,339	239,174	608,513
Contractual services	14,910	28,173	43,083
Supplies	32,507	1,715	34,222
Maintenance and materials	68,693	6,113	74,806
Utilities	219,501	-	219,501
Telephone	7,602	-	7,602
Insurance	38,358	13,469	51,827
Bad debt	13,525	-	13,525
Housing assistance payments	-	1,934,533	1,934,533
Depreciation	186,566	1,205	187,771
Miscellaneous	9,328	24,894	34,222
<i>Total operating expenses</i>	<u>960,329</u>	<u>2,249,276</u>	<u>3,209,605</u>
<i>Operating (loss) income</i>	<u>(140,827)</u>	<u>(93,373)</u>	<u>(234,200)</u>
<i>Non-operating revenues (expenses)</i>			
Capital grants	148,032	-	148,032
Interest income	2,767	61	2,828
Miscellaneous income	33,064	41,804	74,868
<i>Total non-operating revenues (expenses)</i>	<u>183,863</u>	<u>41,865</u>	<u>225,728</u>
<i>Change in net position</i>	43,036	(51,508)	(8,472)
<i>Total net position - beginning of year</i>	<u>3,337,898</u>	<u>701,564</u>	<u>4,039,462</u>
<i>Total net position - end of year</i>	<u>\$ 3,380,934</u>	<u>\$ 650,056</u>	<u>\$ 4,030,990</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 - Detail
 For the Year Ended June 30, 2014

Statement B-3
 Page 1 of 2

	Low Rent Public Housing Program	Housing Choice Vouchers Program	Total
<i>Cash flows from operating activities:</i>			
Cash received from tenant rents	\$ 350,824	\$ (9,108)	\$ 341,716
Cash payments to employees for services	(367,254)	(239,612)	(606,866)
Cash payments to suppliers for goods and services	(397,156)	(2,007,348)	(2,404,504)
Cash received from subsidy grants	466,377	2,155,903	2,622,280
<i>Net cash provided (used) by operating activities</i>	<u>52,791</u>	<u>(100,165)</u>	<u>(47,374)</u>
<i>Cash flows from noncapital financing activities:</i>			
Miscellaneous income	33,064	41,804	74,868
Settlement of interfund balances	(9,630)	9,630	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>23,434</u>	<u>51,434</u>	<u>74,868</u>
<i>Cash flows from capital and related financing activities:</i>			
Capital grants	176,392	-	176,392
Acquisition of capital assets	(132,982)	-	(132,982)
<i>Net cash provided by capital and related financing activities</i>	<u>43,410</u>	<u>-</u>	<u>43,410</u>
<i>Cash flows from investing activities:</i>			
Interest on cash deposits	2	61	63
<i>Net cash provided by investing activities</i>	<u>2</u>	<u>61</u>	<u>63</u>
<i>Net increase in cash and cash equivalents</i>	119,637	(48,670)	70,967
<i>Cash and cash equivalents - beginning of year</i>	<u>814,627</u>	<u>761,474</u>	<u>1,576,101</u>
<i>Cash and cash equivalents - end of year</i>	<u><u>\$ 934,264</u></u>	<u><u>\$ 712,804</u></u>	<u><u>\$ 1,647,068</u></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 - Detail
 For the Year Ended June 30, 2014

Statement B-3
 Page 2 of 2

	Low Rent Public Housing Program	Housing Choice Vouchers Program	Total
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>			
Operating (loss) income	\$ (140,827)	\$ (93,373)	\$ (234,200)
<i>Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:</i>			
Depreciation	186,566	1,205	187,771
<i>Changes in assets and liabilities</i>			
Accounts receivable	(2,166)	-	(2,166)
Inventory	1,366	-	1,366
Prepaid expenses	1,526	1,366	2,892
Accounts payable	4,376	183	4,559
Accrued payroll expenses	1,980	(161)	1,819
FSS deposits	325	(9,108)	(8,783)
Accrued compensated absences	105	(277)	(172)
Tenant deposits	(460)	-	(460)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 52,791</u>	<u>\$ (100,165)</u>	<u>\$ (47,374)</u>

The accompanying notes are an integral part of these financial statements

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SUPPORTING SCHEDULES

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Collateral Pledged by Depository for Public Funds
 June 30, 2014

Schedule I

Name of Depository/Location of Safekeeper	Description of Pledged Collateral	Maturity	CUSIP No.	Fair Market Value June 30, 2014
Wells Fargo Bank, N.A.				
BNY Mellon: New York, NY	FMAC FGPC G08525, 3.000%	5/1/2043	3128MJSP6	\$ 464,895
Total Wells Fargo Bank				<u>464,895</u>
The Bank of Clovis				
Plains Capital Bank: Lubbock, TX	MBS FNMA 15yr, 6.5%	2/1/2024	31416CEC6	200,578
Plains Capital Bank: Lubbock, TX	SAN JUAN CNTY NW CENT, 3.0%	8/1/2024	798359JN6	250,000 *
Plains Capital Bank: Lubbock, TX	MBS FHLMC Gold 20Yr, 4.5%	10/1/2031	3128CUTW6	<u>615,250</u>
Total The Bank of Clovis				<u>1,065,828</u>
Total Pledged Collateral				<u><u>\$ 1,530,723</u></u>

* Note: As per NMSA 2.2.2.10 (N) (4), the value of collateral consisting of obligations of the State of New Mexico, its agencies, institutions, counties, municipalities or other subdivisions shall be par value.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Deposit Accounts
 June 30, 2014

Schedule II

Bank Name/Account Name	Account Type	Bank Balance	Deposits In Transit	Outstanding Checks	Book Balance
Bank of Clovis					
General Fund	Checking	\$ 3,919	\$ 1,232	\$ 1,846	\$ 3,305
Public Housing	Checking	904,415	4,117	7,883	900,649
Savings	Savings	5,582	-	-	5,582
Money Market	Money Market	151,569	-	-	151,569
Certificate of Deposit	CD	55,667	-	-	55,667
Certificate of Deposit	CD	53,803	-	-	53,803
Tenant Security Deposit	Checking	15,151	50	386	14,815
FSS Deposits & Escrow Vouchers	Money Market	67,855	-	8,680	59,175
Total Bank of Clovis		<u>1,257,961</u>	<u>5,399</u>	<u>18,795</u>	<u>1,244,565</u>
Wells Fargo Bank					
Payroll Clearing	Checking	9,938	-	3,846	6,092
Section 8 General Fund	Checking	668,431	2,214	7,663	662,982
Total Wells Fargo Bank		<u>678,369</u>	<u>2,214</u>	<u>11,509</u>	<u>669,074</u>
Petty cash		<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total		<u>\$ 1,936,380</u>	<u>\$ 7,613</u>	<u>\$ 30,304</u>	<u>\$ 1,913,689</u>
Cash and cash equivalents and short term investments per financial statements					
Cash and cash equivalents per Exhibit A-1				\$ 1,508,350	
Restricted cash and cash equivalents per Exhibit A-1				138,718	
Short term investments per Exhibit A-1				<u>266,621</u>	
Total deposits					<u>\$ 1,913,689</u>

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2014

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Public Housing Family Self-Sufficiency under ROSS 14.877	Total
111	Cash - Unrestricted	\$ 910,095	\$ 598,255	\$ -	\$ 1,508,350
113	Cash - Other Restricted	9,353	114,549	-	123,902
114	Cash - Tenant Security Deposits	14,816	-	-	14,816
100	Total Cash	<u>934,264</u>	<u>712,804</u>	<u>-</u>	<u>1,647,068</u>
126	Accounts Receivable - Tenants - Dwelling Rents	2,166	-	-	2,166
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-
120	Total Receivables, Net of Allowance for Doubtful Accounts	<u>2,166</u>	<u>-</u>	<u>-</u>	<u>2,166</u>
131	Investments - Unrestricted	266,621	-	-	266,621
132	Investments - Restricted	-	-	-	-
135	Investments - Restricted for Payment of Current Liability	-	-	-	-
130	Total Investments	<u>266,621</u>	<u>-</u>	<u>-</u>	<u>266,621</u>
142	Prepaid Expenses and Other Assets	11,551	2,342	-	13,893
143	Inventories	12,596	-	-	12,596
143.1	Allowance for Obsolete Inventories	-	-	-	-
144	Inter Program Due From	9,630	-	-	9,630
150	Total Current Assets	<u>1,236,828</u>	<u>715,146</u>	<u>-</u>	<u>1,951,974</u>
161	Land	179,270	-	-	179,270
162	Buildings	6,421,694	6,024	-	6,427,718
163	Furniture, Equipment & Machinery - Dwellings	258,636	-	-	258,636
164	Furniture, Equipment & Machinery - Administration	235,341	79,705	-	315,046
165	Leasehold Improvements	393,197	-	-	393,197
166	Accumulated Depreciation	(5,678,155)	(83,346)	-	(5,761,501)
167	Construction in progress	424,389	-	-	424,389
160	Total Capital Assets, Net of Accumulated Depreciation	<u>2,234,372</u>	<u>2,383</u>	<u>-</u>	<u>2,236,755</u>
180	Total Non-Current Assets	<u>2,234,372</u>	<u>2,383</u>	<u>-</u>	<u>2,236,755</u>
190	Total Assets	<u>\$ 3,471,200</u>	<u>\$ 717,529</u>	<u>\$ -</u>	<u>\$ 4,188,729</u>

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2014

Schedule III
 Page 2 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
312	Accounts Payable <= 90 Days	\$ 29,795	\$ 183	\$ -	\$ 29,978
321	Accrued Wage/Payroll Taxes Payable	27,120	-	-	27,120
	Accrued Compensated Absences -				
322	Current Portion	8,418	7,838	-	16,256
331	Accounts payable - HUD PHA programs	-	-	-	-
341	Tenant Security Deposits	14,816	-	-	14,816
342	Deferred Revenues	-	-	-	-
345	Other Current Liabilities	9,353	-	-	9,353
346	Accrued Liabilities - Other	-	49,822	-	49,822
347	Inter Program Due To	-	9,630	-	9,630
310	Total Current Liabilities	<u>89,502</u>	<u>67,473</u>	<u>-</u>	<u>156,975</u>
	Accrued Compensated Absences - Non-				
354	Current	<u>764</u>	<u>-</u>	<u>-</u>	<u>764</u>
350	Total Non-Current Liabilities	<u>764</u>	<u>-</u>	<u>-</u>	<u>764</u>
300	Total Liabilities	<u>90,266</u>	<u>67,473</u>	<u>-</u>	<u>157,739</u>
508.1	Net investment in capital assets	2,234,372	2,383	-	2,236,755
511	Restricted Net Position	-	116,675	-	116,675
512.1	Unrestricted Net Position	<u>1,146,562</u>	<u>530,998</u>	<u>-</u>	<u>1,677,560</u>
513	Total Equity/Net Position	<u>3,380,934</u>	<u>650,056</u>	<u>-</u>	<u>4,030,990</u>
600	Total Liabilities and Equity/Net Position	<u>\$ 3,471,200</u>	<u>\$ 717,529</u>	<u>\$ -</u>	<u>\$ 4,188,729</u>

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2014

Schedule III
 Pages 3 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
70300	Net Tenant Rental Revenue	\$ 353,125	\$ -	\$ -	\$ 353,125
70400	Tenant Revenue - Other	-	-	-	-
70500	Total Tenant Revenue	353,125	-	-	353,125
70600	HUD PHA Operating Grants	442,948	2,155,903	45,020	2,643,871
70610	Capital Grants	126,441	-	-	126,441
70800	Other Governmental Grants	-	-	-	-
71100	Investment Income - Unrestricted	2,761	61	-	2,822
71400	Fraud Recovery	-	4,103	-	4,103
71500	Other Revenue	33,070	37,262	-	70,332
70000	Total Revenue	958,345	2,197,329	45,020	3,200,694
91100	Administrative Salaries	149,330	154,110	-	303,440
91200	Auditing Fees	6,795	12,000	-	18,795
91310	Book-keeping Fee	4,003	10,605	-	14,608
	Employee Benefit Contributions -				
91500	Administrative	14,416	48,427	-	62,843
91600	Office Expenses	18,555	24,530	-	43,085
91700	Legal Expense	4,112	183	-	4,295
91800	Travel	752	31	-	783
91810	Allocated Overhead	-	-	-	-
91900	Other Operating - Administrative	2,077	333	-	2,410
91000	Total Operating - Administrative	200,040	250,219	-	450,259
92100	Tenant Services - Salaries	-	34,923	32,259	67,182
	Employee Benefit Contributions - Tenant				
92300	Services	-	-	12,761	12,761
92500	Total Tenant Services	-	34,923	45,020	79,943
93100	Water	74,244	-	-	74,244
93200	Electricity	73,084	-	-	73,084
93300	Gas	58,484	-	-	58,484
93600	Sewer	13,689	-	-	13,689
93800	Other Utilities Expense	-	-	-	-
93000	Total Utilities	219,501	-	-	219,501

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2014

Schedule III
 Pages 4 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
94100	Ordinary Maintenance & Operation - Labor	136,017	-	-	136,017
94200	Ordinary Maintenance & Operation - Materials & Other	28,620	1,715	-	30,335
94300	Ordinary Maintenance & Operation Contracts	46,949	5,385	-	52,334
94500	Employee Benefit Contributions - Ordinary Maintenance	24,451	-	-	24,451
94000	Total Maintenance	<u>236,037</u>	<u>7,100</u>	<u>-</u>	<u>243,137</u>
96110	Property Insurance	38,358	13,469	-	51,827
96120	Liability Insurance	-	-	-	-
96130	Workmen's Compensation	-	-	-	-
96140	All Other Insurance	-	-	-	-
96100	Total Insurance Premiums	<u>38,358</u>	<u>13,469</u>	<u>-</u>	<u>51,827</u>
96200	Other General Expenses	21,177	6,113	-	27,290
96210	Compensated Absences	105	1,714	-	1,819
96300	Payment In Lieu of Taxes	-	-	-	-
96400	Bad Debt - Tenant Rents	13,525	-	-	13,525
96000	Total Other General	<u>34,807</u>	<u>7,827</u>	<u>-</u>	<u>42,634</u>
96900	Total Operating Expenses	<u>\$ 728,743</u>	<u>\$ 313,538</u>	<u>\$ 45,020</u>	<u>\$ 1,087,301</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>229,602</u>	<u>1,883,791</u>	<u>-</u>	<u>2,113,393</u>
97300	Housing Assistance Payments	-	1,924,406	-	1,924,406
97350	HAP Portability-In	-	10,127	-	10,127
97400	Depreciation Expense	186,566	1,205	-	187,771
90000	Total Expenses	<u><u>\$ 915,309</u></u>	<u><u>\$ 2,249,276</u></u>	<u><u>\$ 45,020</u></u>	<u><u>\$ 3,209,605</u></u>
10010	Operating Transfers In	21,743	-	-	21,743
10020	Operating Transfers Out	(21,743)	-	-	(21,743)
10091	Inter Project excess Cash Transfer In	-	-	-	-
10092	Inter Project excess Cash Transfer Out	-	-	-	-
10100	Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	43,036	(51,947)	-	(8,911)

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2014

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
11030	Beginning Equity	3,337,898	701,564	-	4,039,462
11040	Prior period Adjustments, Equity Transfers and Correction of Errors	-	439	-	439
	Ending Equity (deficit)	<u>\$ 3,380,934</u>	<u>\$ 650,056</u>	<u>\$ -</u>	<u>\$ 4,030,990</u>
11190	Unit Months Available	<u>1,572</u>	<u>7,296</u>	<u>-</u>	<u>8,868</u>
11210	Number of Unit Months Leased	<u>1,560</u>	<u>5,056</u>	<u>-</u>	<u>6,616</u>
11270	Excess Cash	<u>\$ 1,053,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,053,100</u>
11620	Building Purchases	\$ 109,860	\$ -	\$ -	\$ 109,860
	Furniture & Equipment - Administrative				
11640	Purchases	\$ 6,429	\$ -	\$ -	\$ 6,429
11650	Leasehold Improvements Purchases	\$ 10,000	\$ -	\$ -	\$ 10,000

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COMPLIANCE SECTION



Accounting & Consulting Group, LLP
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 AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Clovis Housing and Redevelopment Agency, Inc (the "Housing Authority") as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and the budgetary comparison of the Housing Authority presented as supplementary information, and have issued our report thereon dated September 26, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Accounting + Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
September 26, 2014

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FEDERAL FINANCIAL ASSISTANCE



Accounting & Consulting Group, LLP
Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Clovis Housing and Redevelopment Agency, Inc.'s (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended June 30, 2014. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Housing Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items FA 2014-001 and FA 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on 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 Housing Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items FA 2014-001 and FA 2014-002, that we consider to be significant deficiencies.

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

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.

Accounting & Consulting Group, LLP

Accounting & Consulting Group, LLP
Albuquerque, New Mexico
September 26, 2014

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STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2014

Schedule IV

Federal Grantor/Pass Through Grantor/Program Title	Grant or State Number	Federal CFDA Number	Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
<i>Direct Programs:</i>			
Public and Indian Housing	NM002000001	14.850 *	\$ 421,357
Section 8 Housing Choice Vouchers	N/A	14.871 *	1,934,533
Public Housing Capital Fund	CFP 2013	14.872	128,055
Public Housing Capital Fund	CFP 2012	14.872	13,896
Public Housing Capital Fund	CFP 2011	14.872	6,081
Total Public Housing Capital Fund			<u>148,032</u>
Opportunity and Supportive Services	N/A	14.877	45,020
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			<u>2,548,942</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,548,942</u></u>

* Major program

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

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

Subrecipients

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

Non-Cash Federal Assistance

The Authority received no 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	\$ 2,548,942
Total expenditures funded by other sources	<u>660,663</u>
Total expenditures	<u><u>\$ 3,209,605</u></u>

See independent auditors' report

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Findings and Questioned Costs
 June 30, 2014

SECTION I – SUMMARY OF AUDIT RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | No |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 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? | Yes |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
14.850	Public and Indian Housing
14.871	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 |

SECTION II – PRIOR YEAR AUDIT FINDINGS

None

SECTION III – FINANCIAL STATEMENT FINDINGS

None

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FA 2014-001 – Lack of Proper Documentation in Tenant Files – Public and Indian Housing – Internal Control Deficiencies/ Noncompliance

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development
Title: Public and Indian Housing
CFDA number: 14.850

Condition: During testwork the following documentation was found to be missing from tenant files:

- In 1 out of 37 tenant files selected for testwork, a miscalculation of tenant income occurred resulting in a difference in tenant income of \$468. This difference in income resulted in an under calculation of rent for the unit of \$11.45 per month from September 2013 to June 2014.
- In 1 out of 37 tenant files selected for testwork, a miscalculation of tenant income occurred resulting in a difference in tenant income of \$520. This difference in income resulted in an under calculation of rent for the unit of \$13.00 per month from February 2014 to June 2014.
- In 1 out of 37 tenant files selected for testwork, a miscalculation of tenant income occurred resulting in a difference in tenant income of \$5. This difference in income did not result in a change in rent paid.
- In 1 out of 37 tenant files selected for testwork, there was no 3rd party verification of income for one tenant in the unit.

Criteria: In accordance with 24 CFR section 5.230, 5.609, and 982.516, as a condition of admission or continued occupancy, the Housing Authority must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility. The Housing Authority is also required to re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payments as necessary using the documentation from third-party verification.

Questioned Costs: \$180

Effect: The Housing Authority could be expending program funds for activities that would be funded by tenant rents. As a result, it could affect funding for the program.

Cause: The Housing Authority miscalculated the amounts for wages for tenants with errors in rent calculations. The Housing Authority did not update food stamp income because it is excluded from calculations.

Auditors' Recommendation: Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility and re-examinations of the eligibility as identified by the Department of Housing and Urban Development.

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS, continued

FA 2014-001 – Lack of Proper Documentation in Tenant Files – Public and Indian Housing – Internal Control Deficiencies/ Noncompliance (continued)

Views of Responsible Officials and Planned Corrective Actions: Management will implement internal control to ensure that all files have the necessary supporting documentation to comply with eligibility and re-examination of the eligibility as identified by H.U.D. This process will take place monthly.

FA 2014-002 – Lack of Proper Documentation in Tenant Files – Section 8 – Internal Control Deficiencies/ Noncompliance

Federal Program Information:

Funding agency: U.S. Department of Housing and Urban Development
Title: Section 8 Housing Choice Vouchers
CFDA number: 14.871

Condition: During testwork the following documentation was found to be missing from tenant files:

- In 1 out of 40 tenant files selected for testwork, medical expenses were used in calculation of the Housing Assistance Payment that were not supported by 3rd party verification, resulting in a difference in total tenant payment of \$19. This difference in Housing Assistance Payments totaled \$133 from December 2013 to June 2014.
- In 1 out of 40 tenant files selected for testwork, tenant income no longer received was incorrectly classified as excluded income instead of deleted from form 50058, making the form 50058 inaccurate for certifications performed for those tenants. .

Criteria: In accordance with 24 CFR section 5.230, 5.609, and 982.516, as a condition of admission or continued occupancy, the Housing Authority must require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility. The Housing Authority is also required to re-examine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payments as necessary using the documentation from third-party verification.

Questioned Costs: \$133

Effect: The Housing Authority could be providing services to tenants who are not eligible for the program. As a result, it could affect funding for the program.

Cause: The Housing Authority did not obtain confirmation of the tenant's expenses, or the verification was not put in the file. The Housing Authority did not update food stamp income because it is excluded from calculations. Ultimately, it appears that this was an oversight and reviews of the completed Form 50058 were not performed.

Auditors' Recommendation: Management should implement an internal control structure to ensure that all files have the necessary supporting documentation to comply with eligibility and re-examinations of the eligibility as identified by the Department of Housing and Urban Development.

Views of Responsible Officials and Planned Corrective Actions: Management will implement internal control to ensure that all files have the necessary supporting documentation to comply with eligibility and re-examination of the eligibility as identified by H.U.D. This process will take place monthly.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Other Disclosures
June 30, 2014

OTHER DISCLOSURES

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Accounting and Consulting Group, LLP prepared the GAAP-basis financial statements and footnotes of Clovis Housing and Redevelopment Agency, Inc. from the original books and records provided to them by the management of the Authority. The responsibility for the financial statements remains with the Authority

B. EXIT CONFERENCE

The contents of the report for Clovis Housing and Redevelopment Agency, Inc. were discussed on September 26, 2014. The following individuals were in attendance.

Clovis Housing and Redevelopment Agency, Inc.

Charlotte Molette, Executive Director
Sherre Lott, Accounting and Administrative Assistant
Rev. George Morgan, Sr., Vice Chairperson, Resident Commissioner
Kenneth Chretien, Commissioner

Accounting and Consulting Group, LLP

Robert Cordova, Partner
Carol Snider, Manager
Benjamin Martinez, Senior Accountant