



State of New
Mexico

Clovis Housing
and
Redevelopment
Agency, Inc.

Annual Financial Report
For the Year Ended June 30, 2016



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
June 30, 2016
Table of Contents

	Exhibit	Page
INTRODUCTORY SECTION		
Table of Contents		5
Official Roster		7
FINANCIAL SECTION		
Independent Auditors' Report		10-11
Management's Discussion and Analysis		12-17
BASIC FINANCIAL STATEMENTS		
Statement of Net Position	A-1	20-21
Statement of Revenues, Expenses and Changes in Net Position	A-2	22
Statement of Cash Flows	A-3	23
NOTES TO THE FINANCIAL STATEMENTS		24-41
	Statement/ Schedule	Page
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Employer's Proportionate Share of the Net Pension Liability of PERA Fund Municipal General Division	I	44
Schedule of Employer Contributions	II	45
Notes to the Required Supplemental Information		46
SUPPLEMENTARY INFORMATION		
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual	B-1	49
Statement of Net Position – Detail	C-1	50-51
Statement of Revenues, Expenses and Changes in Net Position - Detail	C-2	53
Statement of Cash Flows - Detail	C-3	54-55
SUPPORTING SCHEDULES		
Schedule of Collateral Pledged by Depository for Public Funds	III	58
Schedule of Deposit Accounts	IV	59
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Excluding GRT)	V	60-61
Financial Data Schedule	VI	62-66
COMPLIANCE SECTION		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		68-69
FEDERAL FINANCIAL ASSISTANCE		
Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance		72-73
Schedule of Expenditures of Federal Awards	VII	74
Schedule of Findings and Questioned Costs	VIII	75
OTHER DISCLOSURES		
		76

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STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Official Roster
June 30, 2016

<u>Name</u>		<u>Title</u>
	<u>Board of Commissioners</u>	
Robert Telles		Chairman
Rev. George Morgan, Sr.		Vice-Chairman, Resident Commissioner
Zeke Martinez		Commissioner
Betty Jane Williams		Commissioner
Kenneth Chretien		Commissioner
	<u>Administrative Officials</u>	
Charlotte Molette		Executive Director
Sherre Lott		Admin/Accounting Assistant
Sonya Tapia		Section 8 Program Manager
Boyd Chappell		Director Modernization & Procurement
Maxison Wilkins		Maintenance Supervisor

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
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, 2016, 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, as defined by the Government Accounting Standards Board, in the accompanying statement of revenues, expenses and changes in net position—budget and actual, as of and for the year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2016, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America. 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 12 through 17 and GASB required supplementary pension schedules on pages 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

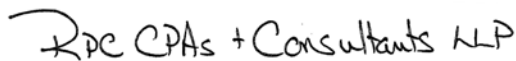
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements and the budgetary comparison. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the Program Detail Financial Statements within the Supplementary Information Section and Supporting Schedules III through V 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 VI 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 III, IV, and VI 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 III, IV, and VI are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2016, 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.



RPC CPAs + Consultants, LLP
Albuquerque, NM
September 19, 2016

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

As management of the Clovis Housing and Redevelopment Agency, Inc. (the Housing Authority), we offer the readers of the Housing Authority's financial statements this narrative overview and analysis of the financial activities of the Housing Authority for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the financial statements of the Housing Authority and additional information provided.

Financial Highlights

- The assets and deferred outflows of the Housing Authority exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$3,739,430 (*net position*). Of this amount, \$1,281,688 (*unrestricted net position*) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.
- During the fiscal year the Housing Authority's total net position increased by \$180,192 as a result of revenues, expenditures, and changes in net position.
- As the end of the current year fiscal year, unrestricted net position of the Housing Authority was \$1,281,688 or 41% of the total Housing Authority operating expenses.

Housing Authority Financial Statements

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

The Housing Authority, as of June 30, 2016, owned 131 residential units that are leased to low-income families and individuals. In addition, housing assistance was being paid for 608 units under the Federal Housing Choice Voucher programs for privately-owned existing housing.

In view of this mission, the Housing Authority's financial reporting objective under GASB 34 in FY 2016 focuses on the financial activities of the Housing Authority as a whole.

Overview of the Financial Statements

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

Financial Statements Used in Fiscal Year 2016

The Housing Authority is presenting its fiscal year 2016 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 Housing Authority and is presented in a format where assets plus deferred outflows equal liabilities plus deferred inflows plus net position.

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

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

Financial Statements Used in Fiscal Year 2016 (continued)

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 Housing Authority'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 Housing Authority's net position and changes in net position in full compliance with GASB 34. Under the full accrual basis of accounting, revenues are recognized in the period they are earned and expenses in the period when they are incurred.

Housing Authority Programs

The Housing Authority 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 Section 8 Housing Choice Voucher programs of the Housing Authority. The Resident Opportunity and Supportive Services federal program provides grant money to the Housing Authority to operate the Family Self Sufficiency program, which is maintained in both the Section 8 and Low-Rent Public Housing programs. Capital Fund Projects grant resources and capital assets are accounted for in the Low Rent Public Housing program.

Individual program financial statements can be found at statements 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 24-40 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 Housing Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,739,430 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position (60.8 percent) reflect its investment in capital assets (e.g., land, buildings, and dwelling and administrative equipment), less any related debt used to acquire those assets that is still outstanding. The Housing Authority use these capital assets to provide services to residents; consequently, these assets are *not* available for future spending. Although the Housing Authority's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Housing Authority had a balance of \$183,433 of restricted net position. This restriction is related to requirements of the Section 8 Housing Choice Voucher Program established by the US Department of Housing and Urban Development. This amount is restricted for the payment of housing assistance payments.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2016	June 30, 2015
Assets		
Current assets	\$ 1,818,821	\$ 1,829,698
Restricted assets	292,951	189,818
Capital assets, net of accumulated depreciation	<u>2,274,311</u>	<u>2,203,190</u>
Total assets	<u>4,386,083</u>	<u>4,222,706</u>
Deferred outflows	<u>43,872</u>	<u>35,440</u>
Total assets and deferred outflows	<u>\$ 4,429,955</u>	<u>\$ 4,258,146</u>
Liabilities and Net Position		
Current liabilities (payable from current assets)	\$ 80,278	\$ 75,828
Current liabilities (payable from restricted assets)	109,518	95,843
Noncurrent liabilities	<u>461,450</u>	<u>379,876</u>
Total liabilities	<u>651,246</u>	<u>551,547</u>
Deferred inflows	<u>39,279</u>	<u>147,361</u>
Net investment in capital assets	2,274,311	2,203,188
Restricted	183,433	93,974
Unrestricted	<u>1,281,686</u>	<u>1,262,076</u>
Total net position	<u>\$ 3,739,430</u>	<u>\$ 3,559,238</u>
Total liabilities, deferred inflows, and net position	<u>\$ 4,429,955</u>	<u>\$ 4,258,146</u>

The remaining balance of *unrestricted net position* (\$1,281,688) may be used to meet the Housing Authority's ongoing obligations to residents and creditors.

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

There was an increase of \$180,192 (14.2 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was primarily due to increases in capital grants and miscellaneous income received by the Housing Authority.

There was an increase of \$71,123 in net investment in capital assets reported in connection with the Housing Authority's activities. The majority of this increase is attributable to ongoing utilization of capital assets (depreciation expense) being a smaller amount than the Housing Authority's additions to capital assets during the fiscal year.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

Government-wide Financial Analysis (continued)

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

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

Operating revenues:		
Tenant rent and other tenant revenue	\$ 435,695	\$ 399,562
Subsidy grants	<u>2,729,012</u>	<u>2,741,491</u>
 Total operating revenues	 <u>3,164,707</u>	 <u>3,141,053</u>
Operating expenses:		
Personnel services	565,270	567,966
Contractual services	43,674	52,147
Supplies	26,632	46,127
Maintenance and materials	79,468	89,658
Utilities	172,182	210,249
Telephone	7,111	7,139
Insurance	53,409	50,306
Bad debt	9,474	5,202
Housing assistance payments	1,968,261	1,983,516
Depreciation	196,734	202,128
Miscellaneous	<u>36,519</u>	<u>39,526</u>
 Total operating expenses	 <u>3,158,734</u>	 <u>3,253,964</u>
 Operating (loss)	 <u>5,973</u>	 <u>(112,911)</u>
Non-operating revenues (expenses):		
Capital grants	190,240	169,011
Interest income	1,935	2,652
Repayments to HUD	(32,473)	(37,694)
Loss on disposal of assets	-	(448)
Miscellaneous income	<u>14,517</u>	<u>15,324</u>
 Total non-operating revenues	 <u>174,219</u>	 <u>148,845</u>
 Change in net position	 180,192	 35,934
 Net position, beginning of year	 <u>3,559,238</u>	 <u>4,030,990</u>
 Restatement - GASB 68	 <u>-</u>	 <u>(507,686)</u>
 Net position, end of year	 <u>\$ 3,739,430</u>	 <u>\$ 3,559,238</u>

Total operating revenues increased \$23,654 (0.75 percent) during the year. Most of this increase is the increase in tenant rent and other tenant charges being larger than the decrease in operating subsidy.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

Government-wide Financial Analysis (continued)

Capital Fund grant awards increased \$21,229 (12.5 percent) over the prior year. These grants are on a reimbursement basis and there were more expenditures on these projects than in the prior year.

Decreases in several categories of operating expenses reflect the decreases in ongoing residential tenant operations and maintenance. Operating expenses overall decreased \$95,230 (2.92 percent) from the prior year. The majority of this decrease occurred in housing assistance payments and utilities expenses.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2016, amounts to \$2,274,311 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total increase in the Housing Authority's net investment in capital assets for the current fiscal year was 3.22 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 \$131,630 were placed in service during the current fiscal year. Construction in progress additions in the current fiscal year were \$136,225.

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

	June 30, 2016	June 30, 2015
Land	\$ 179,270	\$ 179,270
Land improvements	465,038	408,329
Buildings and improvements	6,841,527	6,749,944
Dwelling equipment	330,458	365,755
Nondwelling equipment	320,453	235,488
Construction in progress	267,023	198,359
Accumulated depreciation	<u>(6,129,458)</u>	<u>(5,933,955)</u>
Capital assets, net	<u>\$ 2,274,311</u>	<u>\$ 2,203,190</u>

Additional information on Housing Authority's capital assets can be found on page 33-34 of this report.

Long-term debt

At the end of the current fiscal year, Housing Authority had noncurrent compensated absences outstanding in the amount of \$4,675 and a net pension liability of \$456,775.

Budgetary Highlights

The original budget for the Housing Authority was amended in the current fiscal year with an overall decrease in expenditures of \$3,000. During the year, operating revenues exceeded budgetary expectations by \$103,086. Cost savings were incurred by the Housing Authority creating a favorable budgetary variation of \$196,842 in operating expenditures.

Economic Factors

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

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2016

Requests for Information

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

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**BASIC
FINANCIAL STATEMENTS**

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Net Position
 June 30, 2016

Exhibit A-1
 Page 1 of 2

ASSETS

Current assets

Cash and cash equivalents	\$ 1,656,252
Investments	113,231
Accounts receivable - tenants	1,848
Inventory	20,743
Prepaid expenses	26,747
	1,818,821

Total current assets 1,818,821

Non-current assets

Restricted cash and cash equivalents	292,951
Capital assets	8,403,769
Less: accumulated depreciation	(6,129,458)
	2,567,262

Total non-current assets 2,567,262

Total assets 4,386,083

DEFERRED OUTFLOWS

Employer contributions subsequent to measurement date	36,588
Net difference between expected and actual earnings	7,284
	43,872

Total deferred outflows 43,872

Total assets and deferred outflows \$ 4,429,955

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
 June 30, 2016

Exhibit A-1
 Page 2 of 2

LIABILITIES

Current liabilities

Accounts payable	\$	29,768
Accrued payroll		27,595
Unearned revenue - prepaid fees		7,756
Compensated absences		15,159
		15,159

Total current liabilities 80,278

Current liabilities (payable from restricted assets)

Tenant deposits		15,295
FSS deposits		94,223
		94,223

Total current liabilities (payable from restricted assets) 109,518

Non-current liabilities

Compensated absences		4,675
Net pension liability		456,775
		456,775

Total non-current liabilities 461,450

Total liabilities 651,246

DEFERRED INFLOWS

Change in assumptions		178
Net difference between expected and actual earnings		8,729
Investment experience		10,118
Change in proportion		20,254
		20,254

Total deferred inflows 39,279

NET POSITION

Net investment in capital assets		2,274,311
Restricted for:		
Section 8 housing		183,433
Unrestricted		1,281,686
		1,281,686

Total net position 3,739,430

Total liabilities, deferred inflows, and net position \$ 4,429,955

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, 2016

Exhibit A-2

<i>Operating revenues</i>	
Rental revenue	\$ 378,714
Other tenant revenue	56,981
Subsidy grants	<u>2,729,012</u>
 <i>Total operating revenues</i>	 <u>3,164,707</u>
 <i>Operating expenses</i>	
Personnel services	565,270
Contractual services	43,674
Supplies	26,632
Maintenance and materials	79,468
Utilities	172,182
Telephone	7,111
Insurance	53,409
Bad debt	9,474
Housing assistance payments	1,968,261
Depreciation	196,734
Miscellaneous	<u>36,519</u>
 <i>Total operating expenses</i>	 <u>3,158,734</u>
 <i>Operating income</i>	 <u>5,973</u>
 <i>Non-operating revenues (expenses)</i>	
Interest income	1,935
Miscellaneous income	14,517
Return of funds to HUD	<u>(32,473)</u>
 <i>Total non-operating revenues (expenses)</i>	 <u>(16,021)</u>
 <i>Total income (loss) before capital grants</i>	 (10,048)
 Capital grants	 <u>190,240</u>
 <i>Change in net position</i>	 180,192
 <i>Total net position - beginning of year</i>	 <u>3,559,238</u>
 <i>Total net position - end of year</i>	 <u><u>\$ 3,739,430</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, 2016

Exhibit A-3

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents and charges	\$ 449,458
Cash payments to employees for services	(598,134)
Cash payments to suppliers for goods and services	(2,403,756)
Cash received from subsidy grants	2,729,012
	<u>176,580</u>
<i>Net cash provided by operating activities</i>	
<i>Cash flows from noncapital financing activities:</i>	
Repayment to HUD	(32,473)
Miscellaneous income	14,517
	<u>(17,956)</u>
<i>Net cash used by noncapital financing activities</i>	
<i>Cash flows from capital and related financing activities:</i>	
Capital grants	190,240
Acquisition of capital assets	(267,855)
	<u>(77,615)</u>
<i>Net cash used by capital and related financing activities</i>	
<i>Cash flows from investing activities:</i>	
Conversion of investments to cash	350,402
Interest on cash deposits	1,935
	<u>352,337</u>
<i>Net cash provided by investing activities</i>	
<i>Net increase in cash and cash equivalents</i>	
	433,346
<i>Cash and cash equivalents - beginning of year</i>	<u>1,515,857</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,949,203</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ 5,973
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	196,734
Bad debt expense	9,474
Net pension expense	(27,319)
Changes in assets and liabilities	
Accounts receivable	(7,668)
Inventory	(10,622)
Prepaid expenses	(496)
Accounts payable	3,886
Accrued payroll expenses	1,551
Other accrued expenses	(9,268)
FSS deposits	14,550
Unearned revenue	7,756
Accrued compensated absences	1,336
Tenant deposits	(875)
Deferred outflows	(8,432)
	<u>\$ 176,580</u>
<i>Net cash provided by operating activities</i>	

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

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

These financial statements represent the financial operations of the Housing Authority for the year ended June 30, 2016.

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

The following programs are maintained by the Housing Authority:

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

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

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

Public Housing Family Self Sufficiency Under ROSS – Funded by HUD, the program funds are used to address the needs of public housing residents by providing supportive services, resident empowerment activities, and/or assisting residents in becoming economically self-sufficient. Per HUD requirements, these funds are closed out into the Low Rent Public Housing Program and Section 8 Housing Choice Voucher Program on the Financial Statements.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (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 grant 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, the current portion of accrued compensated absences, and net pension liability.

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

Deposits and Investments

The Housing Authority is authorized under the provision of 6-10-10 NMSA 1978, as amended, to deposit its money in banks, savings and loan association and/or credit unions whose accounts are insured by 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.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows 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 detail financial statements.

Capital Assets

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

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

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

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

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

In the Financial Data Schedule, the Construction in Progress category contains \$193,428 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 4.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

Deferred Outflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The Authority has two types of items that qualify for reporting in this category. The items, are contributions subsequent to measurement date and net difference between expected and actual earnings on pension plan investments, are reported in the Statement of Net Position. These amounts are deferred and recognized as an outflow of resources the next period. The Authority has recorded \$36,558 related to contributions subsequent to the measurement date and \$7,284 related to the net difference between expected and actual earnings on pension plan investments.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflows of resources. The Authority has four types of items that qualify for reporting in this category. The items, net difference between expected and actual earnings on pension plan investments, change in assumptions, investment experience, and change in proportion, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Authority has recorded \$178 related to change in assumptions, \$8,729 related to the net difference between expected and actual earnings on pension plan investments, \$10,118 related to investment experience, and \$20,254 related to change in proportion.

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.

Net Position

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

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.

Pensions

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

New Accounting Standards Adopted

During the year ended June 30, 2016, the Housing Authority adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and No. 82. *Pension Issues-an amendment of GASB Statement No. 67, No. 68, and No.73*. These five Statements are required to be implemented as of June 30, 2016, if applicable.

GASB 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financials statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2016 year end and a portion is effective for June 30, 2017 year end. Effective for June 30, 2016 are the amendments for Statements 67 and 68 and assets accumulated for pensions not administered as trusts.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 by (1) clarifying information required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities; (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in special funding situation.

In addition, effective for June 30, 2016 year ends the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Effective for June 30, 2017 is the pension provided through pension plans that are not administered through trusts which follows principals of Statement No. 68 for employer measurement, financial reporting and disclosure. Key differences include (1) no investment or pension plan related amounts or disclosures, (2) discount using 20-year tax exempt high quality municipal bond index, (3) total pension liability recorded by the employer, (4) no deferral relating to differences between expected and actual earnings on plan investments, (5) no expected return on plan investments component of pension expense, (6) no investment related disclosure, and (7) no discount rate calculation rate disclosure. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities.

The objective of GASB Statement No. 76 objective is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAPP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

GASB Statement No. 79 addresses the accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool for measuring all of its investments at amortized cost for financial reporting purposes. Professional judgement is required to determine if instances of noncompliance with the criteria established by this Statement during the

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies (continued)

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

reporting period, individually or in the aggregate, were significant. This Statement will enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide for qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements

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, 2016.

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.

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

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

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

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, 2016, \$1,370,553 of the Housing Authority's bank balance of \$2,120,553 was exposed to custodial credit risk. Although the \$1,370,553 was uninsured, all of that amount was collateralized by collateral held by the

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 2. Deposits and Investments (continued)

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, 2016.

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	\$ 1,539,494	\$ 581,059	\$ 2,120,553
FDIC coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	<u>\$ 1,039,494</u>	<u>\$ 331,059</u>	<u>\$ 1,370,553</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	<u>\$ 1,039,494</u>	<u>\$ 331,059</u>	<u>\$ 1,370,553</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (100% of uninsured public funds)	\$ 1,039,494	\$ 331,059	\$ 1,370,553
Pledged collateral	<u>1,748,622</u>	<u>360,291</u>	<u>2,108,913</u>
Over (under) collateralization	<u>\$ 709,128</u>	<u>\$ 29,232</u>	<u>\$ 738,360</u>

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

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	\$ 1,656,252
Investments per Exhibit A-1	113,231
Restricted cash and cash equivalents per Exhibit A-1	<u>292,951</u>
Total cash and cash equivalents	<u>2,062,434</u>
Add: outstanding checks	58,169
Less: petty cash	<u>(50)</u>
Bank balance of deposits	<u>\$ 2,120,553</u>

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2016

NOTE 3. Fair Value Measurements

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability,
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. See above for discussion of valuation methodologies used to measure fair value of investments.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Authority maintained a balance of \$465,513 in money market accounts (cash equivalent) and certificates of deposit (investment) at year end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the Authority's assets at fair value as of June 30, 2016:

Total	Level 1	Level 2	Level 3
\$ 465,513	\$ 465,513	\$ -	\$ -

NOTE 4. Accounts Receivable - Tenants

As of June 30, 2016, the Housing Authority had tenant accounts receivable totaling \$1,848. For the year ended June 30, 2016, there was no allowance for uncollectable tenant accounts receivable. The entire balance of tenant accounts receivable is considered collectable.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 5. Capital Assets

The following summarizes changes in capital assets activity for the Section 8 Program during fiscal year 2016.

<u>Section 8 Program</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 6,024	\$ -	\$ -	\$ 6,024
Non-dwelling equipment	<u>79,705</u>	<u>-</u>	<u>-</u>	<u>79,705</u>
 Total capital assets being depreciated	 <u>85,729</u>	 <u>-</u>	 <u>-</u>	 <u>85,729</u>
Accumulated Depreciation:				
Buildings and improvements	4,846	1,178	-	6,024
Non-dwelling equipment	<u>79,705</u>	<u>-</u>	<u>-</u>	<u>79,705</u>
 Total accumulated depreciation	 <u>84,551</u>	 <u>1,178</u>	 <u>-</u>	 <u>85,729</u>
 Total section 8 capital assets being depreciated, net of depreciation	 <u>\$ 1,178</u>	 <u>\$ (1,178)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Depreciation expense for the year ended June 30, 2016 totaled \$1,178 for the Section 8 Program.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 5. CAPITAL ASSETS (continued)

The following summarizes changes in capital assets activity for the Low Rent Public Housing Program during fiscal year 2016.

<u>Public Housing Program</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital assets not being depreciated:					
Land	\$ 179,270	\$ -	\$ -	\$ -	\$ 179,270
Construction in progress	198,359	136,225	-	(67,561)	267,023
Total capital assets not being depreciated	<u>377,629</u>	<u>136,225</u>	<u>-</u>	<u>(67,561)</u>	<u>446,293</u>
Capital assets being depreciated:					
Land improvements	408,329	56,709	-	-	465,038
Buildings and improvements	6,743,920	24,022	-	67,561	6,835,503
Dwelling equipment	286,050	45,639	1,231	-	330,458
Non-dwelling equipment	235,488	5,260	-	-	240,748
Total capital assets being depreciated	<u>7,673,787</u>	<u>131,630</u>	<u>1,231</u>	<u>67,561</u>	<u>7,871,747</u>
Accumulated Depreciation:					
Land improvements	278,962	22,696	-	-	301,658
Buildings and improvements	5,116,671	151,080	-	-	5,267,751
Dwelling equipment	239,323	14,825	1,231	-	252,917
Non-dwelling equipment	214,448	6,955	-	-	221,403
Total accumulated depreciation	<u>5,849,404</u>	<u>195,556</u>	<u>1,231</u>	<u>-</u>	<u>6,043,729</u>
Total public housing program capital assets, net of depreciation	<u>\$ 2,202,012</u>	<u>\$ 72,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,274,311</u>

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

Depreciation expense for the year ended June 30, 2016 totaled \$195,556 for the Low Rent Public Housing Program.

In the Financial Data Schedule (Schedule IV), the Construction in Progress category contains \$193,428 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, 2016

NOTE 6. LONG-TERM LIABILITIES

The following summarizes changes in long-term debt activity during fiscal year 2016.

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Due Within One Year
Compensated absences	\$ 18,498	\$ 29,168	\$ 27,832	\$ 19,834	\$ 15,159
Totals	<u>\$ 18,498</u>	<u>\$ 29,168</u>	<u>\$ 27,832</u>	<u>\$ 19,834</u>	<u>\$ 15,159</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following inter-program transfers have been reported on the Statement of Net Position - Detail.

<u>Transfer From</u>	<u>Transfer to</u>	
Family Self Sufficiency Under ROSS	Low Rent Public Housing Program	\$ 56,768
Family Self Sufficiency Under ROSS	Housing Choice Vouchers Program	48,444
		<u>\$105,212</u>

NOTE 8. CONTINGENT LIABILITIES

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

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

General Information about the Pension Plan

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

Benefits provided. For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2015 available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Contributions. The contribution requirements of defined benefit plan members and the Clovis Housing & Redevelopment Agency, Inc. are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY15 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2015.pdf. The PERA coverage option that applies to Clovis Housing & Redevelopment Agency, Inc. is: Municipal General Division. Statutorily required contributions to the pension plan from the Clovis Housing & Redevelopment Agency, Inc. were \$36,588 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2014. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2015, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2015.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred inflows and outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The Clovis Housing & Redevelopment Agency, Inc.’s proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity’s percentage of that membership group’s total employer contributions for the fiscal year ended June 30, 2015. Only employer contributions for the pay period end dates that fell within the period of July 1, 2014 to June 30, 2015 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2015 are included in the total contribution amounts. In the event that an employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

Reallocation of Deferred Amounts Due to Changes in proportion, in fiscal year 2015 the beginning deferred inflows and outflows were reclassified due to the employer’s change in proportion for fiscal year 2015. The total reallocation of deferred inflows and outflows increased pension expense by \$36,588 for fiscal year ending June 30, 2016. This amount is not included in pension expense in PERA’s Schedule of Employer Pension Amounts for the year ended June 30, 2015.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2016

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

For PERA Fund Municipal General Division, at June 30, 2016, Clovis Housing & Redevelopment Agency, Inc. reported a liability of \$456,775 for its proportionate share of the net pension liability. At June 30, 2015, Clovis Housing & Redevelopment Agency, Inc.'s proportion was 0.0448 percent, which changed from its proportion of 0.0482 percent as of June 30, 2014.

For the year ended June 30, 2016, Clovis Housing & Redevelopment Agency, Inc. recognized PERA Fund Municipal General Division pension expense of \$35,751. June 30, 2016, Clovis Housing & Redevelopment Agency, Inc. reported PERA Fund Municipal General Division deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 178
Net difference between projected and actual earnings on pension plan investments	7,284	8,729
Changes in proportion and differences between Clovis Housing & Redevelopment Agency, Inc.'s contributions and proportionate share of contributions	-	20,254
Clovis Housing & Redevelopment Agency, Inc.'s Investment Experience	-	10,118
Clovis Housing & Redevelopment Agency, Inc.'s contributions subsequent to the measurement date	36,588	-
Total	\$ 43,872	\$ 39,279

\$36,588 reported as deferred outflows of resources related to pensions resulting from Clovis Housing & Redevelopment Agency, Inc.'s contributions subsequent to the measurement date June 30, 2015 will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (18,368)
2018	(18,368)
2019	(18,368)
2020	23,112
2021	(3)
Thereafter	-

Actuarial assumptions. As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2014 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2015 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2015. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2014, actuarial valuation.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay, open
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	7.75% annual rate, net of investment expense
Payroll growth	3.50% annual rate
Projected salary increases	3.50 to 14.25% annual rate
Includes inflation at	3.00% annual rate

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	21.10%	5.00%
International Equity	24.80	5.20
Private Equity	7.00	8.20
Core and Global Fixed Income	26.10	1.85
Fixed Income Plus Sectors	5.00	4.80
Real Estate	5.00	5.30
Real Assets	7.00	5.70
Absolute Return	4.00	4.15
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan's fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate. The following tables show the sensitivity of the net pension liability to changes in the discount rate. In particular, the tables present Clovis Housing & Redevelopment Agency, Inc.'s net pension liability in each PERA Fund Division that Clovis Housing & Redevelopment Agency, Inc. participates in, under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2016

NOTE 9. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) PENSION PLAN (continued)

PERA Fund Municipal General Division	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
	<u> </u>	<u> </u>	<u> </u>
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	\$ 777,706	\$ 456,775	\$ 189,942

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY15 PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

Payables to the pension plan. As of June 30, 2016, amounts due to PERA from the Authority totaled \$3,325.

NOTE 10. RISK MANAGEMENT

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

NOTE 11. CONCENTRATIONS

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

NOTE 12. SUBSEQUENT EVENTS

The date to which events occurring after June 30, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is September 19, 2016 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

NOTE 13. CAPITAL FUND PROGRAM CLOSEOUTS

The Authority had no Capital Fund Program closeouts during the year. The Authority's 2013 Capital Fund Program was completed during the year ended June 30, 2016, but final closeout had not occurred as of June 30, 2016.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2016

NOTE 14. COMMITMENTS

The Housing Authority has the following commitments at June 30, 2016 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2016:	\$93,000
CFP 2015:	\$10,622
CFP 2014:	\$13,359
CFP 2013:	\$ 139

NOTE 15. SUBSEQUENT PRONOUNCEMENTS

In June 2015, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, was issued. Effective Date: A portion of this provision of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In June 2015, GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2016. This pronouncement will not affect the Housing Authority's financial statements.

In June 2015, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. The standard will be implemented during the fiscal year ended June 30, 2018. The Housing Authority does not expect this pronouncement to have a material effect on the financial statements as they do not participate in such a plan.

In August 2015, GASB Statement No. 77 *Tax Abatement Disclosures*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged. The Housing Authority will implement this standard during the fiscal year ended June 30, 2017. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In December 2015, GASB Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In January 2016, GASB Statement No. 80 *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

In March 2016, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2016. Earlier application is encouraged. The Housing Authority is still evaluating how this pronouncement will affect the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule I

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

	<u>2016</u>	<u>2015</u>
Clovis Housing and Redevelopment Agency, Inc.'s proportion of the net pension liability	0.0448%	0.0482%
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	\$ 456,775	\$ 376,012
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 494,436	\$ 484,722
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability as a percentage of its covered-employee payroll	92.38%	77.57%
Plan fiduciary net position as a percentage of the total pension liability	76.99%	81.29%

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

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

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

Schedule II

	2016	2015
Contractually required contributions	\$ 36,588	\$ 35,440
Contributions in relation to the contractually required contribution	(36,588)	(35,440)
Contribution deficiency (excess)	\$ -	\$ -
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 494,436	\$ 484,722
Contributions as a percentage of covered-employee payroll	7%	7%

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Required Supplementary Information
June 30, 2016

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY15 audit available at http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2015.pdf.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2015 report is available at <http://www.nmpera.org/assets/uploads/downloads/retirement-fund-valuation-reports/6-30-2015-PERA-Valuation-Report-FINAL.pdf>. See appendix B on pages 53-61 of the report which summarizes actuarial assumptions and methods effective with the June 30, 2014 valuation.

Changes in assumption resulted in a decrease of \$91.8 million to the total pension liability for the PERA Fund and an increase of 0.42% to the funded ratio for the year ended June 30, 2015. See more details of actuarial methods and assumptions on Note 2 on page 34 of PERA's Schedule of Employer Allocations and Pension amounts at http://osanm.org/media/audits/366-B_PERA_Schedule_of_Employer_Allocations_FY2015.pdf

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, 2016

Statement B-1

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<i>Operating revenues</i>				
Rental revenue	\$ 372,000	\$ 372,000	\$ 378,714	\$ 6,714
Other tenant revenue	-	-	56,981	56,981
Subsidy grants	<u>2,689,621</u>	<u>2,689,621</u>	<u>2,729,012</u>	<u>39,391</u>
<i>Total operating revenues</i>	<u>3,061,621</u>	<u>3,061,621</u>	<u>3,164,707</u>	<u>103,086</u>
<i>Operating expenses</i>				
Personnel services	609,882	622,272	565,270	57,002
Contractual services	84,300	95,800	43,674	52,126
Supplies	24,120	24,120	26,632	(2,512)
Maintenance and materials	104,300	85,820	79,468	6,352
Utilities	194,200	194,200	172,182	22,018
Telephone	5,000	5,000	7,111	(2,111)
Insurance	52,000	55,000	53,409	1,591
Housing assistance payments	2,000,000	2,000,000	1,968,261	31,739
Bad debt	5,000	9,500	9,474	26
Miscellaneous	<u>83,040</u>	<u>67,130</u>	<u>36,519</u>	<u>30,611</u>
<i>Total operating expenses (budgeted)</i>	<u>3,161,842</u>	<u>3,158,842</u>	<u>2,962,000</u>	<u>196,842</u>
Depreciation	<u>-</u>	<u>-</u>	<u>196,734</u>	<u>(196,734)</u>
<i>Total operating expenses (non-budgeted)</i>	<u>-</u>	<u>-</u>	<u>196,734</u>	<u>(196,734)</u>
<i>Total operating expenses</i>	<u>3,161,842</u>	<u>3,158,842</u>	<u>3,158,734</u>	<u>108</u>
<i>Operating income (loss)</i>	<u>(100,221)</u>	<u>(97,221)</u>	<u>5,973</u>	<u>(103,194)</u>
<i>Non-operating revenues (expenses)</i>				
Capital grants	-	-	190,240	190,240
Interest income	2,500	2,500	1,935	(565)
Miscellaneous income	64,161	64,161	14,517	(49,644)
Return of funds to HUD	<u>-</u>	<u>-</u>	<u>(32,473)</u>	<u>(32,473)</u>
<i>Total non-operating revenues</i>	<u>66,661</u>	<u>66,661</u>	<u>174,219</u>	<u>107,558</u>
<i>Change in net position</i>	<u>\$ (33,560)</u>	<u>\$ (30,560)</u>	<u>\$ 180,192</u>	<u>\$ 210,752</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, 2016

Statement C-1
 Page 1 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Public Housing Family Self Sufficiency Under ROSS	Total
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	\$ 1,297,904	\$ 358,348	\$ -	\$ 1,656,252
Investments	113,231	-	-	113,231
Accounts receivable - tenants	1,848	-	-	1,848
Inventory	20,743	-	-	20,743
Prepaid expenses	16,368	10,379	-	26,747
<i>Total current assets</i>	<u>1,450,094</u>	<u>368,727</u>	<u>-</u>	<u>1,818,821</u>
<i>Non-current assets</i>				
Restricted cash and cash equivalents	32,371	260,580	-	292,951
Capital assets	8,318,040	85,729	-	8,403,769
Less: accumulated depreciation	<u>(6,043,729)</u>	<u>(85,729)</u>	<u>-</u>	<u>(6,129,458)</u>
<i>Total non-current assets</i>	<u>2,306,682</u>	<u>260,580</u>	<u>-</u>	<u>2,567,262</u>
<i>Total assets</i>	<u>3,756,776</u>	<u>629,307</u>	<u>-</u>	<u>4,386,083</u>
DEFERRED OUTFLOWS				
Employer contributions subsequent to measurement date	24,143	12,445	-	36,588
Net difference between expected and actual earnings	7,284	-	-	7,284
<i>Total deferred outflows</i>	<u>31,427</u>	<u>12,445</u>	<u>-</u>	<u>43,872</u>
<i>Total assets and deferred outflows</i>	<u>\$ 3,788,203</u>	<u>\$ 641,752</u>	<u>\$ -</u>	<u>\$ 4,429,955</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Net Position - Detail
 June 30, 2016

Statement C-1
 Page 2 of 2

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Public Housing Family Self Sufficiency Under ROSS	Total
LIABILITIES				
<i>Current liabilities</i>				
Accounts payable	\$ 27,751	\$ 2,017	\$ -	\$ 29,768
Accrued payroll	27,595	-	-	27,595
Unearned revenue - prepaid fees	7,756	-	-	7,756
Compensated absences	11,462	3,697	-	15,159
<i>Total current liabilities</i>	<u>74,564</u>	<u>5,714</u>	<u>-</u>	<u>80,278</u>
<i>Current liabilities (payable from restricted assets)</i>				
Tenant deposits	15,295	-	-	15,295
FSS deposits	17,076	77,147	-	94,223
<i>Total current liabilities (payable from restricted assets)</i>	<u>32,371</u>	<u>77,147</u>	<u>-</u>	<u>109,518</u>
<i>Non-current liabilities</i>				
Compensated absences	4,331	344	-	4,675
Net pension liability	305,169	151,606	-	456,775
<i>Total non-current liabilities</i>	<u>309,500</u>	<u>151,950</u>	<u>-</u>	<u>461,450</u>
<i>Total liabilities</i>	<u>416,435</u>	<u>234,811</u>	<u>-</u>	<u>651,246</u>
DEFERRED INFLOWS				
Change in assumptions	113	65	-	178
Net difference between expected and actual earnings	-	8,729	-	8,729
Investment experience	7,231	2,887	-	10,118
Change in proportion	14,474	5,780	-	20,254
<i>Total deferred inflows</i>	<u>21,818</u>	<u>17,461</u>	<u>-</u>	<u>39,279</u>
NET POSITION				
Net investment in capital assets	2,274,311	-	-	2,274,311
Restricted for:				
Section 8 housing	-	183,433	-	183,433
Unrestricted	1,075,639	206,047	-	1,281,686
<i>Total net position</i>	<u>3,349,950</u>	<u>389,480</u>	<u>-</u>	<u>3,739,430</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 3,788,203</u>	<u>\$ 641,752</u>	<u>\$ -</u>	<u>\$ 4,429,955</u>

See independent auditors' report.

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STATE OF NEW MEXICO

Statement C-2

Clovis Housing and Redevelopment Agency, Inc.
Statement of Revenues, Expenses and Changes in Net Position - Detail
For the Year Ended June 30, 2016

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Public Housing Family Self Sufficiency Under ROSS	Total
<i>Operating revenues</i>				
Rental revenue	\$ 378,714	\$ -	\$ -	\$ 378,714
Other tenant revenue	38,426	18,555	-	56,981
Subsidy grants	491,480	2,132,320	105,212	2,729,012
<i>Total operating revenues</i>	<u>908,620</u>	<u>2,150,875</u>	<u>105,212</u>	<u>3,164,707</u>
<i>Operating expenses</i>				
Personnel services	393,491	171,779	-	565,270
Contractual services	17,036	26,638	-	43,674
Supplies	24,913	1,719	-	26,632
Maintenance and materials	79,468	-	-	79,468
Utilities	172,182	-	-	172,182
Telephone	7,111	-	-	7,111
Insurance	41,593	11,816	-	53,409
Bad debt	9,474	-	-	9,474
Housing assistance payments	-	1,968,261	-	1,968,261
Depreciation	195,556	1,178	-	196,734
Miscellaneous	16,672	19,847	-	36,519
<i>Total operating expenses</i>	<u>957,496</u>	<u>2,201,238</u>	<u>-</u>	<u>3,158,734</u>
<i>Operating (loss) income</i>	<u>(48,876)</u>	<u>(50,363)</u>	<u>105,212</u>	<u>5,973</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	1,880	55	-	1,935
Miscellaneous income	-	14,517	-	14,517
Return of funds to HUD	-	(32,473)	-	(32,473)
<i>Total non-operating revenues (expenses)</i>	<u>1,880</u>	<u>(17,901)</u>	<u>-</u>	<u>(16,021)</u>
<i>Income (loss) before transfers and capital grants</i>	(46,996)	(68,264)	105,212	(10,048)
Capital grants	190,240	-	-	190,240
Transfers in	56,768	48,444	-	105,212
Transfers out	-	-	(105,212)	(105,212)
<i>Change in net position</i>	200,012	(19,820)	-	180,192
<i>Total net position - beginning of year</i>	<u>3,149,938</u>	<u>409,300</u>	<u>-</u>	<u>3,559,238</u>
<i>Total net position - end of year</i>	<u>\$ 3,349,950</u>	<u>\$ 389,480</u>	<u>\$ -</u>	<u>\$ 3,739,430</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Cash Flows - Detail
 For the Year Ended June 30, 2016

Statement C-3
 Page 1 of 2

	Low Rent Public Housing Program	Housing Choice Vouchers Program	Public Housing Family Self Sufficiency Under ROSS	Total
<i>Cash flows from operating activities:</i>				
Cash received from tenant rents and charges	\$ 421,768	\$ 27,690	\$ -	\$ 449,458
Cash payments to employees for services	(411,876)	(186,258)	-	(598,134)
Cash payments to suppliers for goods and services	(375,648)	(2,028,108)	-	(2,403,756)
Cash received from subsidy grants	491,480	2,132,320	105,212	2,729,012
<i>Net cash provided (used) by operating activities</i>	<u>125,724</u>	<u>(54,356)</u>	<u>105,212</u>	<u>176,580</u>
<i>Cash flows from noncapital financing activities:</i>				
Repayment to HUD	-	(32,473)	-	(32,473)
Miscellaneous income	-	14,517	-	14,517
Transfers in (out)	56,768	48,444	(105,212)	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>56,768</u>	<u>30,488</u>	<u>(105,212)</u>	<u>(17,956)</u>
<i>Cash flows from capital and related financing activities:</i>				
Capital grants	190,240	-	-	190,240
Acquisition of capital assets	(267,855)	-	-	(267,855)
<i>Net cash (used) by capital and related financing activities</i>	<u>(77,615)</u>	<u>-</u>	<u>-</u>	<u>(77,615)</u>
<i>Cash flows from investing activities:</i>				
Conversion of investments to cash	350,402	-	-	350,402
Interest on cash deposits	1,880	55	-	1,935
<i>Net cash provided (used) by investing activities</i>	<u>352,282</u>	<u>55</u>	<u>-</u>	<u>352,337</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	457,159	(23,813)	-	433,346
<i>Cash and cash equivalents - beginning of year</i>	<u>873,116</u>	<u>642,741</u>	<u>-</u>	<u>1,515,857</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,330,275</u>	<u>\$ 618,928</u>	<u>\$ -</u>	<u>\$ 1,949,203</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Cash Flows - Detail
 For the Year Ended June 30, 2016

	Low Rent Public Housing Program	Section 8 Housing Choice Vouchers Program	Public Housing Family Self Sufficiency Under ROSS	Total
<i>Reconciliation of operating (loss) income to net cash provided (used) by operating activities:</i>				
Operating (loss) income	\$ (48,876)	\$ (50,363)	\$ 105,212	\$ 5,973
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	195,556	1,178	-	196,734
Bad debt expense	9,474	-	-	9,474
Net pension expense	(17,444)	(9,875)	-	(27,319)
Changes in assets and liabilities				
Accounts receivable	(7,668)	-	-	(7,668)
Inventory	(10,622)	-	-	(10,622)
Prepaid expenses	(1,901)	1,405	-	(496)
Accounts payable	5,118	(1,232)	-	3,886
Accrued payroll expenses	1,551	-	-	1,551
FSS deposits	5,415	9,135	-	14,550
Other accrued expenses	(9,268)	-	-	(9,268)
Unearned revenue	7,756	-	-	7,756
Accrued compensated absences	5,612	(4,276)	-	1,336
Tenant deposits	(875)	-	-	(875)
Deferred outflows	(8,104)	(328)	-	(8,432)
<i>Net cash provided (used) by operating activities</i>	<u>\$ 125,724</u>	<u>\$ (54,356)</u>	<u>\$ 105,212</u>	<u>\$ 176,580</u>

See independent auditors' report.

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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, 2016

Schedule III

<u>Name of Depository/ Location of Safekeeper</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP No.</u>	<u>Fair Market Value June 30, 2016</u>
<i>Wells Fargo Bank, N.A.</i>				
BNY Mellon: New York, NY	FMAC FGPC 3.500%	1/1/2026	3128PTQU2	<u>\$ 360,291</u>
<i>Total Wells Fargo Bank</i>				<u>360,291</u>
<i>The Bank of Clovis</i>				
Plains Capital Bank: Lubbock, TX	FNMA 15YR, 6.50%	2/1/2024	31416CEC6	\$ 111,782
Plains Capital Bank: Lubbock, TX	SAN JUAN CNTY ISD 22NM 24, 3.00%	8/1/2024	798359JN6	264,287
Plains Capital Bank: Lubbock, TX	MBS FHLMC Gold 20YR, 4.50%	10/1/2031	3128CUTW6	417,716
Plains Capital Bank: Lubbock, TX	FNR 2012-141 PD, 2.00%	10/25/2041	3136AABB0	<u>954,837</u>
<i>Total The Bank of Clovis</i>				<u>1,748,622</u>
<i>Total Pledged Collateral</i>				<u><u>\$ 2,108,913</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Deposit Accounts
 June 30, 2016

Schedule IV

<u>Bank Name/ Account Name</u>	<u>Account Type</u>	<u>Bank Balance</u>	<u>Deposits In Transit</u>	<u>Outstanding Checks</u>	<u>Book Balance</u>
Bank of Clovis					
General Fund	Checking	\$ 21,148	\$ -	\$ 17,683	\$ 3,465
Public Housing	Checking	943,188	-	37,993	905,195
Money Market	Money Market	352,282	-	-	352,282
Certificate of Deposit	CD	58,340	-	-	58,340
Certificate of Deposit	CD	54,891	-	-	54,891
Tenant Security Deposit	Checking	15,420	-	125	15,295
FSS Deposits & Escrow Vouchers	Money Market	94,225	-	3	94,222
<i>Total Bank of Clovis</i>		<u>1,539,494</u>	<u>-</u>	<u>55,804</u>	<u>1,483,690</u>
Wells Fargo Bank					
Payroll Clearing	Checking	37,058	-	145	36,913
Section 8 General Fund	Checking	544,001	-	2,220	541,781
<i>Total Wells Fargo Bank</i>		<u>581,059</u>	<u>-</u>	<u>2,365</u>	<u>578,694</u>
Petty cash		<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
<i>Total</i>		<u><u>\$ 2,120,603</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 58,169</u></u>	<u><u>\$ 2,062,434</u></u>
Cash and cash equivalents and short term investments per financial statements					
Cash and cash equivalents per Exhibit A-1					\$ 1,656,252
Restricted cash and cash equivalents per Exhibit A-1					292,951
Short term investments per Exhibit A-1					113,231
Noncurrent investments per Exhibit A-1					<u>-</u>
<i>Total deposits</i>					<u><u>\$ 2,062,434</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Vendor Information for Purchases Exceeding \$60,000 (excluding GRT)
 For the Year Ended June 30, 2016

Prepared by: CHRA Staff Title: Executive Director Date: 9/19/2016

<u>RFP#/ RFB#</u>	<u>Type of Procurement</u>	<u>Awarded Vendor</u>	<u>\$ Amount of Awarded Contract</u>	<u>\$ Amount of Amended Contract</u>
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None during fiscal year 2016.

See independent auditors' report.

Name and Physical Address per the Procurement Documentation, of <u>ALL</u> Vendors that Responded	In-State/Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the Vendor In-State and Chose Veteran's Preference (Y or N) For Federal Funds Answer N/A	Brief Description of the Scope of Work
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See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2016

Schedule VI
 Page 1 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
111	Cash - Unrestricted	\$ 945,622	\$ 358,348	\$ -	\$ 1,303,970
113	Cash - Other Restricted	17,076	260,580	-	277,656
114	Cash - Tenant Security Deposits	15,295	-	-	15,295
100	<i>Total Cash</i>	<u>977,993</u>	<u>618,928</u>	<u>-</u>	<u>1,596,921</u>
126	Accounts Receivable - Tenants - Dwelling Rents	1,848	-	-	1,848
126.1	Allowance for Doubtful Accounts - Dwelling Rents	-	-	-	-
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>1,848</u>	<u>-</u>	<u>-</u>	<u>1,848</u>
131	Investments - Unrestricted	465,513	-	-	465,513
130	<i>Total Investments</i>	<u>465,513</u>	<u>-</u>	<u>-</u>	<u>465,513</u>
142	Prepaid Expenses and Other Assets	16,368	10,379	-	26,747
143	Inventories	20,743	-	-	20,743
150	<i>Total Current Assets</i>	<u>1,482,465</u>	<u>629,307</u>	<u>-</u>	<u>2,111,772</u>
161	Land	179,270	-	-	179,270
162	Buildings	6,726,727	6,024	-	6,732,751
163	Furniture, Equipment & Machinery - Dwellings	266,786	-	-	266,786
164	Furniture, Equipment & Machinery - Administration	252,300	79,705	-	332,005
165	Leasehold Improvements	432,506	-	-	432,506
166	Accumulated Depreciation	(6,043,729)	(85,729)	-	(6,129,458)
167	Construction in progress	460,451	-	-	460,451
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>2,274,311</u>	<u>-</u>	<u>-</u>	<u>2,274,311</u>
180	<i>Total Non-Current Assets</i>	<u>2,274,311</u>	<u>-</u>	<u>-</u>	<u>2,274,311</u>
190	<i>Total Assets</i>	<u>3,756,776</u>	<u>629,307</u>	<u>-</u>	<u>4,386,083</u>
200	Deferred Outflows of Resources	31,427	12,445	-	43,872
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 3,788,203</u>	<u>\$ 641,752</u>	<u>\$ -</u>	<u>\$ 4,429,955</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2016

Schedule VI
 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 Accrued Wage/Payroll Taxes	\$ 27,751	\$ 2,017	\$ -	\$ 29,768
321	Payable	27,595	-	-	27,595
322	Accrued Compensated Absences - Current Portion	11,462	3,697	-	15,159
331	Accounts payable - HUD PHA programs	-	-	-	-
341	Tenant Security Deposits	15,295	-	-	15,295
342	Unearned Revenues	7,756	-	-	7,756
345	Other Current Liabilities	17,076	77,147	-	94,223
346	Accrued Liabilities - Other	-	-	-	-
347	Inter Program Due To	-	-	-	-
310	<i>Total Current Liabilities</i>	<u>106,935</u>	<u>82,861</u>	<u>-</u>	<u>189,796</u>
354	Accrued Compensated Absences - Non-Current	4,331	344	-	4,675
357	Accrued Pension and OPEB	305,169	151,606	-	456,775
350	<i>Total Non-Current Liabilities</i>	<u>309,500</u>	<u>151,950</u>	<u>-</u>	<u>461,450</u>
300	<i>Total Liabilities</i>	<u>416,435</u>	<u>234,811</u>	<u>-</u>	<u>651,246</u>
400	Deferred Inflows of Resources	21,818	17,461	-	39,279
508.1	Net investment in capital assets	2,274,311	-	-	2,274,311
511	Restricted Net Position	-	183,433	-	183,433
512.1	Unrestricted Net Position	1,075,639	206,047	-	1,281,686
513	<i>Total Equity/Net Position</i>	<u>3,349,950</u>	<u>389,480</u>	<u>-</u>	<u>3,739,430</u>
600	<i>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</i>	<u>\$ 3,788,203</u>	<u>\$ 641,752</u>	<u>\$ -</u>	<u>\$ 4,429,955</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2016

Schedule VI
 Pages 3 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
70300	Net Tenant Rental Revenue	\$ 378,714	\$ -	\$ -	\$ -	\$ 378,714
70400	Tenant Revenue - Other	38,426	-	-	-	38,426
70500	<i>Total Tenant Revenue</i>	417,140	-	-	-	417,140
70600	HUD PHA Operating Grants	464,383	2,132,320	27,097	105,212	2,729,012
70610	Capital Grants	-	-	190,240	-	190,240
70800	Other Governmental Grants	-	-	-	-	-
71100	Investment Income - Unrestricted	1,880	55	-	-	1,935
71400	Fraud Recovery	-	7,812	-	-	7,812
71500	Other Revenue	-	18,555	-	-	18,555
70000	<i>Total Revenue</i>	883,403	2,158,742	217,337	105,212	3,364,694
91100	Administrative Salaries	169,327	139,850	-	-	309,177
91200	Auditing Fees	11,011	12,000	-	-	23,011
91310	Book-keeping Fee	3,805	11,528	-	-	15,333
91500	Employee Benefit Contributions - Administrative	21,721	31,929	-	-	53,650
91600	Office Expenses	19,351	11,826	-	-	31,177
91700	Legal Expense	2,220	-	-	-	2,220
91800	Travel	1,456	503	-	-	1,959
91810	Allocated Overhead	-	-	-	-	-
91900	Other Operating - Administrative	1,931	813	-	-	2,744
91000	<i>Total Operating - Administrative</i>	230,822	208,449	-	-	439,271
92100	Tenant Services - Salaries	35,833	-	-	-	35,833
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92500	<i>Total Tenant Services</i>	35,833	-	-	-	35,833
93100	Water	55,228	-	-	-	55,228
93200	Electricity	69,947	-	-	-	69,947
93300	Gas	33,318	-	-	-	33,318
93600	Sewer	13,689	-	-	-	13,689
93800	Other Utilities Expense	-	-	-	-	-
93000	<i>Total Utilities</i>	172,182	-	-	-	172,182

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2016

Schedule VI
 Pages 4 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
94100	Ordinary Maintenance & Operation - Labor	145,071	-	-	-	145,071
94200	Ordinary Maintenance & Operation - Materials & Other	20,002	1,159	-	-	21,161
94300	Ordinary Maintenance & Operation Contracts	52,372	3,670	-	-	56,042
94500	Employee Benefit Contributions - Ordinary Maintenance	21,539	-	-	-	21,539
94000	<i>Total Maintenance</i>	<u>238,984</u>	<u>4,829</u>	<u>-</u>	<u>-</u>	<u>243,813</u>
96110	Property Insurance	41,593	11,816	-	-	53,409
96120	Liability Insurance	-	-	-	-	-
96130	Workmen's Compensation	-	-	-	-	-
96140	All Other Insurance	-	-	-	-	-
96100	<i>Total Insurance Premiums</i>	<u>41,593</u>	<u>11,816</u>	<u>-</u>	<u>-</u>	<u>53,409</u>
96200	Other General Expenses	27,147	-	-	-	27,147
96210	Compensated Absences	-	-	-	-	-
96300	Payment In Lieu of Taxes	5,905	-	-	-	5,905
96400	Bad Debt - Tenant Rents	9,474	-	-	-	9,474
96000	<i>Total Other General</i>	<u>42,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,526</u>
96900	<i>Total Operating Expenses</i>	<u>\$ 761,940</u>	<u>\$ 225,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987,034</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>121,463</u>	<u>1,933,648</u>	<u>217,337</u>	<u>105,212</u>	<u>2,377,660</u>
97300	Housing Assistance Payments	-	1,968,261	-	-	1,968,261
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	195,556	1,178	-	-	196,734
90000	<i>Total Expenses</i>	<u>\$ 957,496</u>	<u>\$ 2,194,533</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,152,029</u>
10010	Operating Transfers In	83,865	48,444	-	-	132,309
10020	Operating Transfers Out	-	-	(27,097)	(105,212)	(132,309)
10091	Inter Project excess Cash Transfer In	-	-	-	-	-
10092	Inter Project excess Cash Transfer Out	-	-	-	-	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>83,865</u>	<u>48,444</u>	<u>(27,097)</u>	<u>(105,212)</u>	<u>-</u>
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	9,772	12,653	190,240	-	212,665

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2016

Schedule VI
 Pages 5 of 5

Line Item Number	Description	Low Rent Public Housing Program NM002000001 14.850	Housing Choice Vouchers Program 14.871	Capital Fund Program 14.872	Public Housing Family Self- Sufficiency under ROSS 14.877	Total
11030	Beginning Equity	3,149,938	409,300	-	-	3,559,238
11040-10	Correction of Equity classification	-	-	-	-	-
11040-20	Equity Transfers	190,240	-	(190,240)	-	-
11040-30	Prior Year Voids	-	-	-	-	-
11040-40	Return of Funds to HUD	-	(32,473)	-	-	(32,473)
	Ending Equity (deficit)	<u>\$ 3,349,950</u>	<u>\$ 389,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,739,430</u>
11190	Unit Months Available	<u>1,572</u>	<u>7,296</u>	<u>-</u>	<u>-</u>	<u>8,868</u>
11210	Number of Unit Months Leased	<u>1,551</u>	<u>5,069</u>	<u>-</u>	<u>-</u>	<u>6,620</u>
11270	Excess Cash	<u>\$ 1,255,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,719</u>
11620	Building Purchases	160,295	-	-	-	160,295
11630	Furniture & Equipment - Dwelling Purchases	4,570	-	-	-	4,570
	Furniture & Equipment - Administrative					
11640	Purchases	-	-	-	-	-
11650	Leasehold Improvements Purchases	25,375	-	-	-	25,375

See independent auditors' report.

COMPLIANCE SECTION

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

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
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, 2016, and the 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 19, 2016.

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.

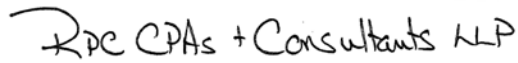
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



RPC CPAs + Consultants, LLP
Albuquerque, New Mexico
September 19, 2016

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FEDERAL FINANCIAL ASSISTANCE

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

INDEPENDENT AUDITORS' REPORT

Timothy M. Keller
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 the Major Federal Program

We have audited Clovis Housing and Redevelopment Agency, Inc.'s (the "Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Housing Authority's major federal program for the year ended June 30, 2016. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

RPC CPAs + Consultants LLP

RPC CPAs + Consultants, LLP
Albuquerque, NM
September 19, 2016

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2016

Schedule VII

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Grant or State Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
<u>U.S. Department of Housing and Urban Development</u>					
<i>Direct Programs:</i>					
Public and Indian Housing	NM002000001	14.850	678,077	\$ -	\$ -
Section 8 Housing Choice Voucher Program	N/A	14.871	* 2,144,911	-	-
Public Housing Capital Fund	CFP 2016	14.872	7,000	-	-
Public Housing Capital Fund	CFP 2015	14.872	174,379	-	-
Public Housing Capital Fund	CFP 2014	14.872	14,608	-	-
Public Housing Capital Fund	CFP 2013	14.872	21,350	-	-
Total Public Housing Capital Fund			217,337	-	-
ROSS Family Self Sufficiency Program	NM002FSH453A014	14.877	105,212	-	-
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			3,145,537	-	-
<i>Total Expenditures of Federal Awards</i>			\$ 3,145,537	\$ -	\$ -

* 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. (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 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Federally Funded Loans

The Authority has no federally funded loans or loan guarantee programs as of June 30, 2016.

10% de minimis Indirect Cost Rate

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

Federally Funded Insurance

The Authority has no federally funded insurance.

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

<i>Total federal awards expended per Schedule of Expenditures of Federal Awards</i>	\$ 3,145,537
<i>Total expenditures funded by other sources</i>	235,912
<i>Total expenditures (including capitalized expenditures)</i>	<u>\$ 3,381,449</u>

See independent auditors' report.

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

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

Federal Awards:

- | | | | | | |
|--|--|-----------------|--------|--|--|
| 1. Internal control over major programs: | | | | | |
| a. Material weaknesses identified? | None Noted | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None Noted | | | | |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No | | | | |
| 4. Identification of major programs: | | | | | |
| <table style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CFDA
Number</td> <td style="text-align: center; border-bottom: 1px solid black;">Federal Program</td> </tr> <tr> <td style="text-align: center;">14.871</td> <td style="text-align: center;">Section 8 Housing Choice Voucher Program</td> </tr> </table> | CFDA
Number | Federal Program | 14.871 | Section 8 Housing Choice Voucher Program | |
| CFDA
Number | Federal Program | | | | |
| 14.871 | Section 8 Housing Choice Voucher Program | | | | |
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | | | | |
| 6. Auditee qualified as low-risk auditee? | Yes | | | | |

SECTION II – PRIOR YEAR AUDIT FINDINGS

None

SECTION III – FINANCIAL STATEMENT FINDINGS

None

SECTION IV – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Other Disclosures
June 30, 2016

OTHER DISCLOSURES

A. AUDITOR PREPARED FINANCIAL STATEMENTS

RPC CPAs + Consultants, 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 27, 2016. The following individuals were in attendance.

Clovis Housing and Redevelopment Agency, Inc.
Charlotte Molette, Executive Director
Sonya Tapia, Section 8 Program Manager
Sherre Lott, Accounting and Administrative Assistant
Betty Jane Williams, Commissioner

RPC CPAs + Consultants, LLP
Robert Cordova, CPA, Partner
Benjamin Martinez, CPA, Supervisor