



State of New
Mexico

Clovis Housing and
Redevelopment
Agency, Inc.

Annual Financial Report
For the Year Ended June 30, 2017



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INTRODUCTORY SECTION

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STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 June 30, 2017
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STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Official Roster
June 30, 2017

Board of Commissioners

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

Administrative Officials

Executive Director	Charlotte Molette
Admin/Accounting Assistant	Sherre Lott
Section 8 Program Manager	Sonya Tapia
Director of Modernization & Procurement	Boyd Chappell
Maintenance Supervisor	Maxison Wilkins

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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, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority as of June 30, 2017, and the changes in financial position and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 17 and GASB required supplementary pension schedules on pages 42 through 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

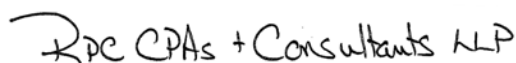
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017, 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 26, 2017

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2017

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, 2017. 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 \$3,801,521 (*net position*). Of this amount, \$1,310,810 (*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 \$62,091 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 \$1,310,809 or 38% 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, 2017, 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 2017 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 2017

The Housing Authority is presenting its fiscal year 2017 discussion and analysis based on the financial results of its enterprise programs in three basic financial statements – the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows.

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

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
June 30, 2017

Financial Statements Used in Fiscal Year 2017 (continued)

gain on disposal of assets. The statement's focus is the change in net position, which is similar to net income or loss.

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

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

Housing Authority Programs

The Housing Authority maintains four programs accounted for in its Low-Rent Public Housing and Housing Choice Vouchers Section 8 rental assistance programs. The detailed program financial statements provide separate information for the Low-Rent Public Housing and the Section 8 Housing Choice Voucher programs of the Housing Authority. The Resident Opportunity and Supportive Services federal program provides grant money to the Housing Authority to operate the Family Self Sufficiency program, which is maintained in 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 \$3,801,521 at the close of the most recent fiscal year.

By far the largest portion of the Housing Authority's net position (58.8 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 \$254,028 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, 2017

Government-wide Financial Analysis (continued)

Condensed Statement of Net Position

	June 30, 2017	June 30, 2016
Assets		
Current assets	\$ 1,893,892	\$ 1,818,821
Restricted assets	373,440	292,951
Capital assets, net of accumulated depreciation	<u>2,236,683</u>	<u>2,274,311</u>
Total assets	<u>4,504,015</u>	<u>4,386,083</u>
Deferred outflows	<u>247,608</u>	<u>43,872</u>
Total assets and deferred outflows	<u>\$ 4,751,623</u>	<u>\$ 4,429,955</u>
Liabilities and Net Position		
Current liabilities (payable from current assets)	\$ 85,158	\$ 80,278
Current liabilities (payable from restricted assets)	119,412	109,518
Noncurrent liabilities	<u>718,191</u>	<u>461,450</u>
Total liabilities	<u>922,761</u>	<u>651,246</u>
Deferred inflows	<u>27,341</u>	<u>39,279</u>
Net investment in capital assets	2,236,683	2,274,309
Restricted	254,028	183,433
Unrestricted	<u>1,310,810</u>	<u>1,281,688</u>
Total net position	<u>\$ 3,801,521</u>	<u>3,739,430</u>
Total liabilities, deferred inflows, and net position	<u>\$ 4,751,623</u>	<u>\$ 4,429,955</u>

The remaining balance of *unrestricted net position* (\$1,310,810) 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 \$29,112 (2.2 percent) in unrestricted net position reported by the Housing Authority as compared to the prior year. This was primarily due to increases in operating grants and capital grants received by the Housing Authority.

There was a decrease of \$37,626 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 larger 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, 2017

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	\$ 421,105	\$ 435,695
Subsidy grants	<u>2,841,470</u>	<u>2,701,915</u>
 Total operating revenues	 <u>3,262,575</u>	 <u>3,137,610</u>
Operating expenses:		
Personnel services	675,319	565,270
Contractual services	49,963	43,674
Supplies	37,083	26,632
Maintenance and materials	96,079	79,468
Utilities	177,173	172,182
Telephone	7,226	7,111
Insurance	119,061	53,409
Bad debt	18,974	9,474
Housing assistance payments	1,989,880	1,968,261
Depreciation	210,903	196,734
Miscellaneous	<u>31,908</u>	<u>36,519</u>
 Total operating expenses	 <u>3,413,569</u>	 <u>3,158,734</u>
 Operating (loss)	 <u>(150,994)</u>	 <u>(21,124)</u>
Non-operating revenues (expenses):		
Capital grants	207,154	217,337
Interest income	1,283	1,935
Repayments to HUD	-	(32,473)
Miscellaneous income	<u>4,648</u>	<u>14,517</u>
 Total non-operating revenues	 <u>213,085</u>	 <u>201,316</u>
 Change in net position	 62,091	 180,192
 Net position, beginning of year	 <u>3,739,430</u>	 <u>3,559,238</u>
 Net position, end of year	 <u>\$ 3,801,521</u>	 <u>\$ 3,739,430</u>

Total operating revenues increased \$131,747 (4.1 percent) during the year. Most of this increase is the increase in operating subsidy.

Clovis Housing and Redevelopment Agency, Inc.
Management's Discussion and Analysis
 June 30, 2017

Government-wide Financial Analysis (continued)

Capital Fund grant awards decreased \$16,965 (8.9 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.

Increases in several categories of operating expenses reflect the increases in ongoing residential tenant operations and maintenance. Operating expenses overall increased \$254,835 (8.06 percent) from the prior year. The majority of this increase occurred in personnel expenses and insurance expenses.

Capital Assets and Debt Administration

The Housing Authority's net investment in capital assets for its business type activities as of June 30, 2017, amounts to \$2,236,683 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, equipment and furnishings. The total decrease in the Housing Authority's net investment in capital assets for the current fiscal year was 1.65 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 \$44,526 were placed in service during the current fiscal year. Construction in progress additions in the current fiscal year were \$128,749.

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

	June 30, 2017	June 30, 2016
Land	\$ 179,270	\$ 179,270
Land improvements	483,284	465,038
Buildings and improvements	6,888,745	6,841,527
Dwelling equipment	300,714	330,458
Nondwelling equipment	355,555	320,453
Construction in progress	358,916	267,023
Accumulated depreciation	<u>(6,329,801)</u>	<u>(6,129,458)</u>
Capital assets, net	<u>\$ 2,236,683</u>	<u>\$ 2,274,311</u>

Additional information on Housing Authority's capital assets can be found on page 32-33 of this report.

Long-term debt

At the end of the current fiscal year, the Housing Authority had noncurrent compensated absences outstanding in the amount of \$4,036 and a net pension liability of \$714,155.

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, 2017

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, 2017

Exhibit A-1
 Page 1 of 2

ASSETS

Current assets

Cash and cash equivalents	\$	1,725,497
Investments		114,061
Accounts receivable - tenants		1,450
Inventory		26,420
Prepaid expenses		26,464
		1,893,892
<i>Total current assets</i>		1,893,892

Non-current assets

Restricted cash and cash equivalents		373,440
Capital assets		8,566,484
Less: accumulated depreciation		(6,329,801)
		2,610,123
<i>Total non-current assets</i>		2,610,123

Total assets

4,504,015

DEFERRED OUTFLOWS

Employer contributions subsequent to measurement date		38,646
Net difference between expected and actual investment earnings on pension plan investments		131,403
Difference between expected and actual experience		35,682
Change of assumptions		41,877
		247,608

Total deferred outflows

247,608

Total assets and deferred outflows

\$ 4,751,623

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, 2017

Exhibit A-1
 Page 2 of 2

LIABILITIES

Current liabilities

Accounts payable	\$	32,277
Accrued payroll		28,851
Unearned revenue - prepaid fees		8,168
Compensated absences		15,862
		15,862

Total current liabilities 85,158

Current liabilities (payable from restricted assets)

Tenant deposits		15,163
FSS deposits		104,249
		104,249

Total current liabilities (payable from restricted assets) 119,412

Non-current liabilities

Compensated absences		4,036
Net pension liability		714,155
		714,155

Total non-current liabilities 718,191

Total liabilities 922,761

DEFERRED INFLOWS

Changes of assumptions		119
Difference between expected and actual experience		6,969
Changes in proportion and differences between employer contributions and proportionate share of contributions		20,253
		20,253

Total deferred inflows 27,341

NET POSITION

Net investment in capital assets		2,236,683
Restricted for:		
Section 8 housing		254,028
Unrestricted		1,310,810
		1,310,810

Total net position 3,801,521

Total liabilities, deferred inflows, and net position \$ 4,751,623

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, 2017

Exhibit A-2

<i>Operating revenues</i>	
Rental revenue	\$ 385,764
Other tenant revenue	35,341
Subsidy grants	<u>2,841,470</u>
<i>Total operating revenues</i>	<u>3,262,575</u>
<i>Operating expenses</i>	
Personnel services	675,319
Contractual services	49,963
Supplies	37,083
Maintenance and materials	96,079
Utilities	177,173
Telephone	7,226
Insurance	119,061
Bad debt	18,974
Housing assistance payments	1,989,880
Depreciation	210,903
Miscellaneous	<u>31,908</u>
<i>Total operating expenses</i>	<u>3,413,569</u>
<i>Operating income</i>	<u>(150,994)</u>
<i>Non-operating revenues (expenses)</i>	
Interest income	1,283
Miscellaneous income	<u>4,648</u>
<i>Total non-operating revenues (expenses)</i>	<u>5,931</u>
<i>Total income (loss) before capital grants</i>	(145,063)
Capital grants	<u>207,154</u>
<i>Change in net position</i>	62,091
<i>Total net position - beginning of year</i>	<u>3,739,430</u>
<i>Total net position - end of year</i>	<u><u>\$ 3,801,521</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, 2017

Exhibit A-3

<i>Cash flows from operating activities:</i>	
Cash received from tenant rents and charges	\$ 412,835
Cash payments to employees for services	(632,293)
Cash payments to suppliers for goods and services	(2,511,258)
Cash received from subsidy grants	2,841,470
	<u>110,754</u>
<i>Net cash provided by operating activities</i>	
<i>Cash flows from noncapital financing activities:</i>	
Miscellaneous income	4,648
	<u>4,648</u>
<i>Net cash used by noncapital financing activities</i>	
<i>Cash flows from capital and related financing activities:</i>	
Capital grants	207,154
Acquisition of capital assets	(173,275)
	<u>33,879</u>
<i>Net cash used by capital and related financing activities</i>	
<i>Cash flows from investing activities:</i>	
Interest on cash deposits	453
	<u>453</u>
<i>Net cash provided by investing activities</i>	
<i>Net increase in cash and cash equivalents</i>	
	149,734
<i>Cash and cash equivalents - beginning of year</i>	<u>1,949,203</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 2,098,937</u>
<i>Reconciliation of operating income to net cash provided by operating activities:</i>	
Operating income	\$ (150,994)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	210,903
Bad debt expense	18,974
Noncash pension expense	43,764
Changes in assets, deferred outflows, liabilities, and deferred inflows	
Accounts receivable	(18,576)
Inventory	(5,677)
Prepaid expenses	283
Accounts payable	2,509
Accrued payroll expenses	1,256
FSS deposits	10,026
Prepaid rent	412
Accrued compensated absences	64
Tenant deposits	(132)
Deferred outflows - subsequent contributions	(2,058)
	<u>(2,058)</u>
<i>Net cash provided by operating activities</i>	<u>\$ 110,754</u>

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

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, 2017.

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.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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.

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, GASB Statement No. 61, and GASB Statement No. 80. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing board by the Housing Authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion is the scope of public service. Application of this criterion involves considering whether the activity benefits the Housing Authority and/or its residents and participants, or whether the activity is conducted within the geographic boundaries of the Housing Authority and is generally available to its residents and participants.

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

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

Basis of Accounting and Measurement Focus

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

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

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Measurement Focus (continued)

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.

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 a Housing Authority of the United States. The Housing Authority's cash and cash equivalents are considered to be cash on hand and demand deposits. Short term investments are Certificates of Deposits and time accounts with original maturities of three months or less from the date of acquisition and are classified consistent with the Financial Data Schedule outline prescribed by HUD.

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

Accounts Receivable

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

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 dollar amount, may be capitalized based upon grantor guidelines from the US Department of Housing and Urban Development (HUD). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are included as part of the governmental capital assets reported in the government wide statements. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.2.20.1.9 C (5). Contributed capital assets are recorded at estimated fair market value at the date of donation.

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

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

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

In the Financial Data Schedule, the Construction in Progress contains \$274,810 in capital assets in service which are recorded in depreciating categories on the financial statements and in Note 4.

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 four types of items that qualify for reporting in this category. The items, are contributions subsequent to measurement date, the net difference between expected and actual earnings on pension plan investments, the difference between expected and actual experience, and change of assumptions, are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in the appropriate future period. The Authority has recorded \$38,646 related to contributions subsequent to the measurement date, \$131,403 related to the net difference between expected and actual earnings on pension plan investments, \$35,682 related to the difference between expected and actual experience, and \$41,877 related to the change of assumptions.

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 three types of items that qualify for reporting in this category. The items, change of assumptions, the difference between expected and actual experience, and changes in proportion and difference between employer contributions and proportional share of contributions, are reported on the Statement of Net Position. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The Authority has recorded \$119 related to change of assumptions, \$6,969 related to the difference between expected and actual experience, and \$20,253 related to the changes in proportion and differences between employer contributions and proportionate share of contributions.

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.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

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.”

Unrestricted and Restricted Resources

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

Budgets

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

Pensions

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

New Accounting Standards Adopted

During the year ended June 30, 2017, the Housing Authority adopted GASB Statement No. 77 *Tax Abatement Disclosures* and GASB Statement No. 80 *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. These two Statements are required to be implemented as of June 30, 2017, if applicable.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 1. Summary of Significant Accounting Policies (continued)

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

These implementation of these statements did not have a significant impact on the Housing Authority because they had no tax abatements for disclosure and they have no component units.

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, 2017.

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

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

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

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

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, 2017, \$1,518,955 of the Housing Authority's bank balance of \$2,268,955 was exposed to custodial credit risk. Although the \$1,518,955 was uninsured, all of that amount was collateralized by collateral held by the pledging bank's trust department, not in the Housing Authority's name. None of the Housing Authority's deposits were uninsured and uncollateralized at June 30, 2017.

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.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 2. Deposits and Investments (continued)

	<u>The Bank of Clovis</u>	<u>Wells Fargo Bank, N.A.</u>	<u>Total</u>
Amount of deposits	\$ 1,592,043	\$ 676,912	\$ 2,268,955
FDIC coverage	(500,000)	(250,000)	(750,000)
Total uninsured public funds	<u>\$ 1,092,043</u>	<u>\$ 426,912</u>	<u>\$ 1,518,955</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the Authority's name	<u>\$ 1,092,043</u>	<u>\$ 426,912</u>	<u>\$ 1,518,955</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collateral requirement (100% of uninsured public funds)	\$ 1,092,043	\$ 426,912	\$ 1,518,955
Pledged collateral	<u>1,372,609</u>	<u>456,442</u>	<u>1,829,051</u>
Over (under) collateralization	<u>\$ 280,566</u>	<u>\$ 29,530</u>	<u>\$ 310,096</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	\$ 1,725,497
Investments per Exhibit A-1	114,061
Restricted cash and cash equivalents per Exhibit A-1	<u>373,440</u>
Total cash and cash equivalents	<u>2,212,998</u>
Add: outstanding checks	56,007
Less: petty cash	<u>(50)</u>
Bank balance of deposits	<u>\$ 2,268,955</u>

Note 3. Accounts Receivable - Tenants

As of June 30, 2017, the Housing Authority had tenant accounts receivable totaling \$1,450. For the year ended June 30, 2017, 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, 2017

Note 4. Capital Assets

The following summarizes changes in capital assets activity for the Section 8 Program during fiscal year 2017.

<u>Section 8 Program</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</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	6,024	-	-	6,024
Non-dwelling equipment	<u>79,705</u>	<u>-</u>	<u>-</u>	<u>79,705</u>
Total accumulated depreciation	<u>85,729</u>	<u>-</u>	<u>-</u>	<u>85,729</u>
Total section 8 capital assets being depreciated, net of depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the year ended June 30, 2017 totaled \$0 for the Section 8 Program.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 4. Capital Assets (continued)

The following summarizes changes in capital assets activity for the Low Rent Public Housing Program during fiscal year 2017.

<u>Public Housing Program</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:					
Land	\$ 179,270	\$ -	\$ -	\$ -	\$ 179,270
Construction in progress	267,023	128,749	-	(36,856)	358,916
Total capital assets not being depreciated	446,293	128,749	-	(36,856)	538,186
Capital assets being depreciated:					
Land improvements	465,038	10,271	-	7,975	483,284
Buildings and improvements	6,835,503	18,337	-	28,881	6,882,721
Dwelling equipment	330,458	15,918	10,560	(35,102)	300,714
Non-dwelling equipment	240,748	-	-	35,102	275,850
Total capital assets being depreciated	7,871,747	44,526	10,560	36,856	7,942,569
Accumulated Depreciation:					
Land improvements	301,658	25,122	-	-	326,780
Buildings and improvements	5,267,751	155,484	-	-	5,423,235
Dwelling equipment	252,917	17,750	10,560	-	260,107
Non-dwelling equipment	221,403	12,547	-	-	233,950
Total accumulated depreciation	6,043,729	210,903	10,560	-	6,244,072
Total public housing program capital assets, net of depreciation	\$ 2,274,311	\$ (37,628)	\$ -	\$ -	\$ 2,236,683

The assets that were transferred are comprised of transfers from construction in progress to depreciable asset categories, and a reclassification of certain equipment from dwelling to non-dwelling categories.

Depreciation expense for the year ended June 30, 2017 totaled \$210,903 for the Low Rent Public Housing Program.

In the Financial Data Schedule (Schedule IV), the Construction in Progress category contains \$274,810 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, 2017

Note 5. Long-Term Liabilities

The following summarizes changes in long-term liability activity during fiscal year 2017.

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Due Within One Year
Compensated absences	\$ 19,834	\$ 30,864	\$ 30,800	\$ 19,898	\$ 15,862
Totals	<u>\$ 19,834</u>	<u>\$ 30,864</u>	<u>\$ 30,800</u>	<u>\$ 19,898</u>	<u>\$ 15,862</u>

Note 6. Interfund Receivables, Payables, and Transfers

The following inter-program transfers have been reported on the Statement of Revenues, Expenditures, and Changes in Net Position - Detail.

<u>Transfer From</u>	<u>Transfer to</u>	
Family Self Sufficiency Under ROSS	Low Rent Public Housing Program	\$ 43,322
Family Self Sufficiency Under ROSS	Housing Choice Vouchers Program	43,322
		<u>\$ 86,644</u>

Note 7. Contingent Liabilities

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

Note 8. Public Employees Retirement Association (PERA) Pension Plan

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, 2017

Note 8. 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, 2016 available at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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 FY16 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on page 43 of the PERA FY16 annual audit report at http://www.nmpera.org/assets/uploads/downloads/comprehensive-annual-financial-reports/2016-CAFR_12.22.2016_FINAL-with-corrections.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 \$38,646 and there were no employer paid member benefits that were “picked up” by the employer for the year ended June 30, 2017.

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, 2015. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer’s portion was established as of the measurement date June 30, 2016.

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, 2016. Only employer contributions for the pay period end dates that fell within the period of July 1, 2015 to June 30, 2016 were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to FY 2016 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.

For PERA Fund Municipal General Division, at June 30, 2017, Clovis Housing & Redevelopment Agency, Inc. reported a liability of \$714,155 for its proportionate share of the net pension liability. At June 30, 2017, Clovis Housing & Redevelopment Agency, Inc.’s proportion was 0.0447 percent, which changed from its proportion of 0.0448 percent as of June 30, 2016.

For the year ended June 30, 2017, Clovis Housing & Redevelopment Agency, Inc. recognized PERA Fund Municipal General Division pension expense of \$80,352. At June 30, 2017, 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:

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 41,877	\$ 119
Net difference between projected and actual earnings on pension plan investments	131,403	-
Changes in proportion and differences between Clovis Housing & Redevelopment Agency, Inc.'s contributions and proportionate share of contributions	-	20,253
Clovis Housing & Redevelopment Agency, Inc.'s difference between expected and actual experience	35,682	6,969
Clovis Housing & Redevelopment Agency, Inc.'s contributions subsequent to the measurement date	<u>38,646</u>	<u>-</u>
Total	<u>\$ 247,608</u>	<u>\$ 27,341</u>

\$38,646 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, 2016 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (35,034)
2019	(35,034)
2020	(78,326)
2021	(33,227)

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, 2015 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, 2016 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, 2016. These actuarial methods and assumptions were adopted by the PERA's Board of Trustees for use in the June 30, 2015, actuarial valuation.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

Actuarial valuation date	June 30, 2015
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	7.48% annual rate, net of investment experience
Projected benefit payment	100 years
Payroll growth	2.75% for the first 10 years, then 3.25% all other years
Projected salary increases	2.75% to 14.25% annual rate
Includes inflation at	2.25% annual rate first 10 years, 2.75% all other years
Mortality assumption	RP-2000 Mortality Tables (Combined table for healthy post-retirement, Employee table for active members, and Disabled table for disabled retirees before retirement age) with projection to 2018 using Scale AA.
Experience study dates	July 1, 2008 to June 30, 2013 (demographic) and July 1, 2010 through June 20, 2015 (economic)

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

ALL FUNDS - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	43.50%	7.39%
Risk Reduction & Mitigation	21.50	1.79
Credit Oriented Fixed Income	15.00	5.77
Real Assets	20.00	7.35
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.48 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.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 8. Public Employees Retirement Association (PERA) Pension Plan (continued)

Therefore, the 7.48% 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 (6.48%) or one percentage point higher (8.48%) than the single discount rate.

PERA Fund Municipal General Division	1% Decrease (6.48%)	Current Discount Rate (7.48%)	1% Increase (8.48%)
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	<u>\$ 1,064,742</u>	<u>\$ 714,155</u>	<u>\$ 423,361</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FY16 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, 2017, amounts due to PERA from the Authority totaled \$3,483.

Note 9. Risk Management

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

Note 10. Concentrations

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

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Notes to Financial Statements
 June 30, 2017

Note 11. Subsequent Events

The date to which events occurring after June 30, 2017, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosures is September 26, 2017 which is the date on which the financial statements were available to be issued. There were no events noted as of this date.

Note 12. Capital Fund Closeouts

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

Statement of Actual Modernization Costs
 Capital Fund Program
 Annual Contributions Contract NM02P002501-12
 June 30, 2017

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

Funds approved	\$ 177,762
Funds expended	<u>177,762</u>
Excess (deficiency) of funds approved	<u>\$ -</u>
HUD grants	\$ 177,762
Funds expended	<u>177,762</u>
Excess (deficiency) of funds expended	<u>\$ -</u>

2. The distribution of costs shown on the Final Statement of Modernization Costs dated July 7, 2016, accompanying the Actual Modernization Cost Certificate submitted to HUD are in agreement with the Housing Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

Note 13. Commitments

The Housing Authority has the following commitments at June 30, 2017 relating to contracts in place for the completion of Capital Fund Projects:

CFP 2016:	\$16.819
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Note 14. Subsequent Pronouncements

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.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Notes to Financial Statements
June 30, 2017

Note 14. Subsequent Pronouncements (continued)

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.

In November 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

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

In March 2017, GASB Statement No. 85 *Omnibus 2017* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The Authority is still evaluating how this pronouncement will affect the financial statements.

In May 2017, GASB Statement No. 86 *Certain Debt Extinguishment Issues* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The Authority is still evaluating how this pronouncement will affect the financial statements.

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

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*

	2017 Measurement Date (As of and for the Year Ended June 30, 2016)	2016 Measurement Date (As of and for the Year Ended June 30, 2015)	2015 Measurement Date (As of and for the Year Ended June 30, 2014)
Clovis Housing and Redevelopment Agency, Inc.'s proportion of the net pension liability	0.0447%	0.0448%	0.0482%
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability	\$ 714,155	\$ 456,775	\$ 376,012
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 494,436	\$ 478,920	\$ 510,981
Clovis Housing and Redevelopment Agency, Inc.'s proportionate share of the net pension liability as a percentage of its covered-employee payroll	144.44%	95.38%	73.59%
Plan fiduciary net position as a percentage of the total pension liability	69.18%	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

	<u>As of and for the Year Ended June 30, 2017</u>	<u>As of and for the Year Ended June 30, 2016</u>	<u>As of and for the Year Ended June 30, 2015</u>
Contractually required contributions	\$ 38,646	\$ 36,588	\$ 35,440
Contributions in relation to the contractually required contribution	(38,646)	(36,588)	(35,440)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Clovis Housing and Redevelopment Agency, Inc.'s covered-employee payroll	\$ 522,240	\$ 494,436	\$ 484,722
Contributions as a percentage of covered-employee payroll	7%	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, 2017

Changes of benefit terms. The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY16 audit available at <http://www.nmpera.org/financial-overview/comprehensive-annual-financial-report>.

Changes of assumptions. The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2016 report is available at <http://s3.amazonaws.com/boardaudio/Final-Version-2016-PERA-GASB-68-Report.pdf> See the notes to the financial statements on the CAFR pages 74-76 which summarizes actuarial assumptions and methods effective with the June 30, 2016 valuation.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Net Position - Detail
 June 30, 2017

Statement A-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	\$ 1,344,289	\$ 381,208	\$ -	\$ 1,725,497
Investments	114,061	-	-	114,061
Accounts receivable - tenants	1,450	-	-	1,450
Inventory	26,420	-	-	26,420
Prepaid expenses	16,049	10,415	-	26,464
<i>Total current assets</i>	<u>1,502,269</u>	<u>391,623</u>	<u>-</u>	<u>1,893,892</u>
<i>Non-current assets</i>				
Restricted cash and cash equivalents	40,583	332,857	-	373,440
Capital assets	8,480,755	85,729	-	8,566,484
Less: accumulated depreciation	<u>(6,244,072)</u>	<u>(85,729)</u>	<u>-</u>	<u>(6,329,801)</u>
<i>Total non-current assets</i>	<u>2,277,266</u>	<u>332,857</u>	<u>-</u>	<u>2,610,123</u>
<i>Total assets</i>	<u>3,779,535</u>	<u>724,480</u>	<u>-</u>	<u>4,504,015</u>
DEFERRED OUTFLOWS				
Employer contributions subsequent to measurement date	25,599	13,047	-	38,646
Net difference between expected and actual investment earnings on pension plan investments	25,239	10,443	-	35,682
Difference between expected and actual experience	29,620	12,257	-	41,877
Change of assumptions	<u>101,250</u>	<u>30,153</u>	<u>-</u>	<u>131,403</u>
<i>Total deferred outflows</i>	<u>181,708</u>	<u>65,900</u>	<u>-</u>	<u>247,608</u>
<i>Total assets and deferred outflows</i>	<u>\$ 3,961,243</u>	<u>\$ 790,380</u>	<u>\$ -</u>	<u>\$ 4,751,623</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Net Position - Detail
 June 30, 2017

Statement A-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	\$ 28,985	\$ 3,292	\$ -	\$ 32,277
Accrued payroll	28,851	-	-	28,851
Unearned revenue - prepaid fees	8,168	-	-	8,168
Compensated absences	11,879	3,983	-	15,862
<i>Total current liabilities</i>	<u>77,883</u>	<u>7,275</u>	<u>-</u>	<u>85,158</u>
<i>Current liabilities (payable from restricted assets)</i>				
Tenant deposits	15,163	-	-	15,163
FSS deposits	25,420	78,829	-	104,249
<i>Total current liabilities (payable from restricted assets)</i>	<u>40,583</u>	<u>78,829</u>	<u>-</u>	<u>119,412</u>
<i>Non-current liabilities</i>				
Compensated absences	3,638	398	-	4,036
Net pension liability	487,219	226,936	-	714,155
<i>Total non-current liabilities</i>	<u>490,857</u>	<u>227,334</u>	<u>-</u>	<u>718,191</u>
<i>Total liabilities</i>	<u>609,323</u>	<u>313,438</u>	<u>-</u>	<u>922,761</u>
DEFERRED INFLOWS				
Changes of assumptions	71	48	-	119
Difference between expected and actual experience	5,004	1,965	-	6,969
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,473	5,780	-	20,253
<i>Total deferred inflows</i>	<u>19,548</u>	<u>7,793</u>	<u>-</u>	<u>27,341</u>
NET POSITION				
Net investment in capital assets	2,236,683	-	-	2,236,683
Restricted for:				
Section 8 housing	-	254,028	-	254,028
Unrestricted	1,095,689	215,121	-	1,310,810
<i>Total net position</i>	<u>3,332,372</u>	<u>469,149</u>	<u>-</u>	<u>3,801,521</u>
<i>Total liabilities, deferred inflows, and net position</i>	<u>\$ 3,961,243</u>	<u>\$ 790,380</u>	<u>\$ -</u>	<u>\$ 4,751,623</u>

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STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Statement of Revenues, Expenses and Changes in Net Position - Detail
 For the Year Ended June 30, 2017

Statement A-2

	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	\$ 385,764	\$ -	\$ -	\$ 385,764
Other tenant revenue	32,861	2,480	-	35,341
Subsidy grants	462,582	2,292,244	86,644	2,841,470
<i>Total operating revenues</i>	<u>881,207</u>	<u>2,294,724</u>	<u>86,644</u>	<u>3,262,575</u>
<i>Operating expenses</i>				
Personnel services	470,850	204,469	-	675,319
Contractual services	20,987	28,976	-	49,963
Supplies	33,649	3,434	-	37,083
Maintenance and materials	96,079	-	-	96,079
Utilities	177,173	-	-	177,173
Telephone	7,226	-	-	7,226
Insurance	107,053	12,008	-	119,061
Bad debt	18,974	-	-	18,974
Housing assistance payments	-	1,989,880	-	1,989,880
Depreciation	210,903	-	-	210,903
Miscellaneous	7,592	24,316	-	31,908
<i>Total operating expenses</i>	<u>1,150,486</u>	<u>2,263,083</u>	<u>-</u>	<u>3,413,569</u>
<i>Operating income(loss)</i>	<u>(269,279)</u>	<u>31,641</u>	<u>86,644</u>	<u>(150,994)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	1,225	58	-	1,283
Miscellaneous income	-	4,648	-	4,648
<i>Total non-operating revenues (expenses)</i>	<u>1,225</u>	<u>4,706</u>	<u>-</u>	<u>5,931</u>
<i>Income (loss) before transfers and capital grants</i>	<u>(268,054)</u>	<u>36,347</u>	<u>86,644</u>	<u>(145,063)</u>
Capital grants	207,154	-	-	207,154
Transfers in	43,322	43,322	-	86,644
Transfers out	-	-	(86,644)	(86,644)
<i>Change in net position</i>	<u>(17,578)</u>	<u>79,669</u>	<u>-</u>	<u>62,091</u>
<i>Total net position - beginning of year</i>	<u>3,349,950</u>	<u>389,480</u>	<u>-</u>	<u>3,739,430</u>
<i>Total net position - end of year</i>	<u>\$ 3,332,372</u>	<u>\$ 469,149</u>	<u>\$ -</u>	<u>\$ 3,801,521</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, 2017

Statement A-3
 Page 1 of 2

	Low Rent Public Housing Program	Section 8 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	\$ 408,673	\$ 4,162	\$ -	\$ 412,835
Cash payments to employees for services	(440,371)	(191,922)	-	(632,293)
Cash payments to suppliers for goods and services	(453,883)	(2,057,375)	-	(2,511,258)
Cash received from subsidy grants	462,582	2,292,244	86,644	2,841,470
<i>Net cash provided (used) by operating activities</i>	<u>(22,999)</u>	<u>47,109</u>	<u>86,644</u>	<u>110,754</u>
<i>Cash flows from noncapital financing activities:</i>				
Miscellaneous income	-	4,648	-	4,648
Transfers in (out)	43,322	43,322	(86,644)	-
<i>Net cash provided (used) by noncapital financing activities</i>	<u>43,322</u>	<u>47,970</u>	<u>(86,644)</u>	<u>4,648</u>
<i>Cash flows from capital and related financing activities:</i>				
Capital grants	207,154	-	-	207,154
Acquisition of capital assets	(173,275)	-	-	(173,275)
<i>Net cash (used) by capital and related financing activities</i>	<u>33,879</u>	<u>-</u>	<u>-</u>	<u>33,879</u>
<i>Cash flows from investing activities:</i>				
Interest on cash deposits	395	58	-	453
<i>Net cash provided (used) by investing activities</i>	<u>395</u>	<u>58</u>	<u>-</u>	<u>453</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	54,597	95,137	-	149,734
<i>Cash and cash equivalents - beginning of year</i>	<u>1,330,275</u>	<u>618,928</u>	<u>-</u>	<u>1,949,203</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 1,384,872</u>	<u>\$ 714,065</u>	<u>\$ -</u>	<u>\$ 2,098,937</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, 2017

Statement A-3
 Page 2 of 2

	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	\$ (269,279)	\$ 31,641	\$ 86,644	\$ (150,994)
 Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:				
Depreciation	210,903	-	-	210,903
Bad debt expense	18,974	-	-	18,974
Noncash pension expense	30,955	12,809	-	43,764
 Changes in assets, deferred outflows, liabilities, and deferred inflows				
Accounts receivable	(18,576)	-	-	(18,576)
Inventory	(5,677)	-	-	(5,677)
Prepaid expenses	319	(36)	-	283
Accounts payable	1,234	1,275	-	2,509
Accrued payroll expenses	1,256	-	-	1,256
FSS deposits	8,344	1,682	-	10,026
Other accrued expenses	-	-	-	-
Prepaid rent	412	-	-	412
Accrued compensated absences	(276)	340	-	64
Tenant deposits	(132)	-	-	(132)
Deferred outflows - subsequent contributions	(1,456)	(602)	-	(2,058)
 <i>Net cash provided (used) by operating activities</i>				
	\$ (22,999)	\$ 47,109	\$ 86,644	\$ 110,754

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, 2017

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, 2017</u>
<i>Wells Fargo Bank, N.A.</i>				
BNY Mellon: New York, NY	FMAC FGPC 3.500%	9/1/2029	3128MMSN4	\$ 456,442
<i>Total Wells Fargo Bank</i>				<u>456,442</u>
<i>The Bank of Clovis</i>				
Plains Capital Bank: Lubbock, TX	SAN JUAN CNTY ISD 22 NM 24	8/1/2024	798359JN6	258,533
Plains Capital Bank: Lubbock, TX	FHLMC 20YR	10/1/2031	3128CUTW6	316,640
Plains Capital Bank: Lubbock, TX	FNR 2012-141 PD	10/25/2041	3136AABB0	<u>797,436</u>
<i>Total The Bank of Clovis</i>				<u>1,372,609</u>
<i>Total Pledged Collateral</i>				<u><u>\$ 1,829,051</u></u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Deposit Accounts
 June 30, 2017

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>
<i>Bank of Clovis</i>					
General Fund	Checking	\$ 15,678	\$ -	\$ 12,212	\$ 3,466
Public Housing	Checking	979,903	-	30,043	949,860
Money Market	Money Market	352,658	-	-	352,658
Certificate of Deposit	CD	58,779	-	-	58,779
Certificate of Deposit	CD	55,282	-	-	55,282
Tenant Security Deposit	Checking	15,188	-	25	15,163
FSS Deposits & Escrow Vouchers	Money Market	114,555	-	10,307	104,248
<i>Total Bank of Clovis</i>		<u>1,592,043</u>	<u>-</u>	<u>52,587</u>	<u>1,539,456</u>
<i>Wells Fargo Bank</i>					
Payroll Clearing	Checking	38,356	-	100	38,256
Section 8 General Fund	Checking	638,556	-	3,320	635,236
<i>Total Wells Fargo Bank</i>		<u>676,912</u>	<u>-</u>	<u>3,420</u>	<u>673,492</u>
Petty cash		<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
<i>Total deposits</i>		<u>\$ 2,269,005</u>	<u>\$ -</u>	<u>\$ 56,007</u>	<u>\$ 2,212,998</u>
Cash and cash equivalents and short term investments per financial statements					
Cash and cash equivalents per Exhibit A-1					\$ 1,725,497
Restricted cash and cash equivalents per Exhibit A-1					373,440
Short term investments per Exhibit A-1					<u>114,061</u>
<i>Total cash, cash equivalents, and short term investments</i>					<u>\$ 2,212,998</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2017

Schedule V
 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	\$ 991,631	\$ 381,208	\$ -	\$ 1,372,839
113	Cash - Other Restricted	25,420	332,857	-	358,277
114	Cash - Tenant Security Deposits	15,163	-	-	15,163
100	<i>Total Cash</i>	<u>1,032,214</u>	<u>714,065</u>	<u>-</u>	<u>1,746,279</u>
126	Accounts Receivable - Tenants - Dwelling Rents	1,450	-	-	1,450
120	<i>Total Receivables, Net of Allowance for Doubtful Accounts</i>	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>1,450</u>
131	Investments - Unrestricted	466,719	-	-	466,719
130	<i>Total Investments</i>	<u>466,719</u>	<u>-</u>	<u>-</u>	<u>466,719</u>
142	Prepaid Expenses and Other Assets	16,049	10,415	-	26,464
143	Inventories	26,420	-	-	26,420
150	<i>Total Current Assets</i>	<u>1,542,852</u>	<u>724,480</u>	<u>-</u>	<u>2,267,332</u>
161	Land	179,270	-	-	179,270
162	Buildings	6,726,727	6,024	-	6,732,751
163	Furniture, Equipment & Machinery - Dwellings	256,226	-	-	256,226
164	Furniture, Equipment & Machinery - Administration	252,300	79,705	-	332,005
165	Leasehold Improvements	432,506	-	-	432,506
166	Accumulated Depreciation	(6,244,072)	(85,729)	-	(6,329,801)
167	Construction in progress	633,726	-	-	633,726
160	<i>Total Capital Assets, Net of Accumulated Depreciation</i>	<u>2,236,683</u>	<u>-</u>	<u>-</u>	<u>2,236,683</u>
180	<i>Total Non-Current Assets</i>	<u>2,236,683</u>	<u>-</u>	<u>-</u>	<u>2,236,683</u>
190	<i>Total Assets</i>	<u>3,779,535</u>	<u>724,480</u>	<u>-</u>	<u>4,504,015</u>
200	Deferred Outflows of Resources	181,708	65,900	-	247,608
290	<i>Total Assets and Deferred Outflows of Resources</i>	<u>\$ 3,961,243</u>	<u>\$ 790,380</u>	<u>\$ -</u>	<u>\$ 4,751,623</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2017

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	\$ 28,985	\$ 3,292	\$ -	\$ 32,277
321	Accrued Wage/Payroll Taxes Payable	28,851	-	-	28,851
322	Accrued Compensated Absences - Current Portion	11,879	3,983	-	15,862
331	Accounts payable - HUD PHA programs	-	-	-	-
341	Tenant Security Deposits	15,163	-	-	15,163
342	Unearned Revenues	8,168	-	-	8,168
345	Other Current Liabilities	25,420	78,829	-	104,249
346	Accrued Liabilities - Other	-	-	-	-
347	Inter Program Due To	-	-	-	-
310	<i>Total Current Liabilities</i>	<u>118,466</u>	<u>86,104</u>	<u>-</u>	<u>204,570</u>
354	Accrued Compensated Absences - Non-Current	3,638	398	-	4,036
357	Accrued Pension and OPEB	487,219	226,936	-	714,155
350	<i>Total Non-Current Liabilities</i>	<u>490,857</u>	<u>227,334</u>	<u>-</u>	<u>718,191</u>
300	<i>Total Liabilities</i>	<u>609,323</u>	<u>313,438</u>	<u>-</u>	<u>922,761</u>
400	Deferred Inflows of Resources	19,548	7,793	-	27,341
508.1	Net investment in capital assets	2,236,683	-	-	2,236,683
511	Restricted Net Position	-	254,028	-	254,028
512.1	Unrestricted Net Position	1,095,689	215,121	-	1,310,810
513	<i>Total Equity/Net Position</i>	<u>3,332,372</u>	<u>469,149</u>	<u>-</u>	<u>3,801,521</u>
600	<i>Total Liabilities, Deferred Inflows of Resources, and Equity/Net Position</i>	<u>\$ 3,961,243</u>	<u>\$ 790,380</u>	<u>\$ -</u>	<u>\$ 4,751,623</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2017

Schedule V
 Page 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	\$ 385,764	\$ -	\$ -	\$ -	\$ 385,764
70400	Tenant Revenue - Other	32,861	-	-	-	32,861
70500	<i>Total Tenant Revenue</i>	418,625	-	-	-	418,625
70600	HUD PHA Operating Grants	462,582	2,292,244	33,879	86,644	2,875,349
70610	Capital Grants	-	-	173,275	-	173,275
70800	Other Governmental Grants	-	-	-	-	-
71100	Investment Income - Unrestricted	1,225	58	-	-	1,283
71400	Fraud Recovery	-	4,648	-	-	4,648
71500	Other Revenue	-	2,480	-	-	2,480
70000	<i>Total Revenue</i>	882,432	2,299,430	207,154	86,644	3,475,660
91100	Administrative Salaries	177,598	151,637	-	-	329,235
91200	Auditing Fees	11,011	12,000	-	-	23,011
91310	Book-keeping Fee	4,203	11,356	-	-	15,559
91500	Employee Benefit Contributions - Administrative	58,176	52,832	-	-	111,008
91600	Office Expenses	19,108	22,055	-	-	41,163
91700	Legal Expense	5,773	89	-	-	5,862
91800	Travel	600	380	-	-	980
91810	Allocated Overhead	-	-	-	-	-
91900	Other Operating - Administrative	-	1,881	-	-	1,881
91000	<i>Total Operating - Administrative</i>	276,469	252,230	-	-	528,699
92100	Tenant Services - Salaries	36,759	-	-	-	36,759
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-
92500	<i>Total Tenant Services</i>	36,759	-	-	-	36,759
93100	Water	59,114	-	-	-	59,114
93200	Electricity	66,389	-	-	-	66,389
93300	Gas	37,981	-	-	-	37,981
93600	Sewer	13,689	-	-	-	13,689
93800	Other Utilities Expense	-	-	-	-	-
93000	<i>Total Utilities</i>	177,173	-	-	-	177,173

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2017

Schedule V
 Page 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	\$ 152,108	\$ -	\$ -	\$ -	\$ 152,108
94200	Ordinary Maintenance & Operation - Materials & Other	28,504	1,334	-	-	29,838
94300	Ordinary Maintenance & Operation - Contracts	62,200	7,631	-	-	69,831
94500	Employee Benefit Contributions - Ordinary Maintenance	46,209	-	-	-	46,209
94000	<i>Total Maintenance</i>	<u>289,021</u>	<u>8,965</u>	<u>-</u>	<u>-</u>	<u>297,986</u>
96110	Property Insurance	107,053	12,008	-	-	119,061
96120	Liability Insurance	-	-	-	-	-
96130	Workmen's Compensation	-	-	-	-	-
96140	All Other Insurance	-	-	-	-	-
96100	<i>Total Insurance Premiums</i>	<u>107,053</u>	<u>12,008</u>	<u>-</u>	<u>-</u>	<u>119,061</u>
96200	Other General Expenses	33,928	-	-	-	33,928
96210	Compensated Absences	-	-	-	-	-
96300	Payment In Lieu of Taxes	206	-	-	-	206
96400	Bad Debt - Tenant Rents	18,974	-	-	-	18,974
96000	<i>Total Other General</i>	<u>53,108</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,108</u>
96900	<i>Total Operating Expenses</i>	<u>939,583</u>	<u>273,203</u>	<u>-</u>	<u>-</u>	<u>1,212,786</u>
97000	Excess Operating Revenue Over Operating Expenses	<u>(57,151)</u>	<u>2,026,227</u>	<u>207,154</u>	<u>86,644</u>	<u>2,262,874</u>
97300	Housing Assistance Payments	-	1,989,880	-	-	1,989,880
97350	HAP Portability-In	-	-	-	-	-
97400	Depreciation Expense	210,903	-	-	-	210,903
90000	<i>Total Expenses</i>	<u>\$ 1,150,486</u>	<u>\$ 2,263,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,413,569</u>
10010	Operating Transfers In	77,201	43,322	-	-	120,523
10020	Operating Transfers Out	-	-	(33,879)	(86,644)	(120,523)
10091	Inter Project excess Cash Transfer In	-	-	-	-	-
10092	Inter Project excess Cash Transfer Out	-	-	-	-	-
10100	<i>Total Other Financing Sources (Uses)</i>	<u>77,201</u>	<u>43,322</u>	<u>(33,879)</u>	<u>(86,644)</u>	<u>-</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Financial Data Schedule
 June 30, 2017

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
10000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$ (190,853)	\$ 79,669	\$ 173,275	\$ -	\$ 62,091
11030	Beginning Equity	3,349,950	389,480	-	-	3,739,430
11040-10	Correction of Equity classification	-	-	-	-	-
11040-20	Equity Transfers	173,275	-	(173,275)	-	-
11040-30	Prior Year Voids	-	-	-	-	-
11040-40	Return of Funds to HUD	-	-	-	-	-
	Ending Equity (deficit)	<u>\$ 3,332,372</u>	<u>\$ 469,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,801,521</u>
11190	Unit Months Available	<u>1,584</u>	<u>7,296</u>	<u>-</u>	<u>-</u>	<u>8,880</u>
11210	Number of Unit Months Leased	<u>1,548</u>	<u>5,069</u>	<u>-</u>	<u>-</u>	<u>6,617</u>
11270	Excess Cash	<u>\$ 1,255,719</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,255,719</u>
11620	Building Purchases	163,004	-	-	-	163,004
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-
11650	Leasehold Improvements Purchases	10,271	-	-	-	10,271

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, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report thereon dated September 26, 2017.

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*.

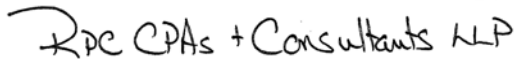
We noted a certain matter that is required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as item NM 2017-001.

Housing Authority's Responses to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 26, 2017

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FEDERAL FINANCIAL ASSISTANCE



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

INDEPENDENT AUDITORS' REPORT

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, 2017. The Housing Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

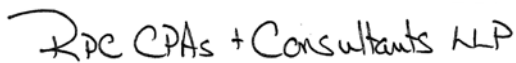
Report on Internal Control Over Compliance

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
Albuquerque, NM
September 26, 2017

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2017

Schedule VI

<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	\$ 462,582	\$ -	\$ -
Section 8 Housing Choice Voucher Program (1)	N/A	14.871 *	2,292,244	-	-
Public Housing Capital Fund	CFP 2016	14.872	174,680	-	-
Public Housing Capital Fund	CFP 2015	14.872	18,976	-	-
Public Housing Capital Fund	CFP 2014	14.872	13,360	-	-
Public Housing Capital Fund	CFP 2013	14.872	138	-	-
Total Public Housing Capital Fund			207,154	-	-
ROSS Family Self Sufficiency Program	NM002FSH453A014	14.877	86,644	-	-
<i>Total U.S. Department of Housing and Urban Development - Direct Programs</i>			3,048,624	-	-
<i>Total Expenditures of Federal Awards</i>			<u>\$ 3,048,624</u>	<u>\$ -</u>	<u>\$ -</u>

* Major program
 (1) Housing Voucher Cluster

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, 2017.

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>	\$ 3,048,624
<i>Total expenditures funded by other sources</i>	538,220
<i>Total expenditures (including capitalized expenditures)</i>	<u>\$ 3,586,844</u>

See independent auditors' report.

STATE OF NEW MEXICO
 Clovis Housing and Redevelopment Agency, Inc.
 Schedule of Findings and Questioned Costs
 June 30, 2017

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="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%; text-align: center;">CFDA
Number</td> <td style="width: 20%;"></td> <td style="width: 40%; text-align: center;">Federal Program</td> </tr> <tr> <td style="text-align: center;">14.871</td> <td></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

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

NM 2017-001 – Lack of Proper Authorization in Tenant Files – Section 8 – Finding that does not rise to the level of a Significant Deficiency

Condition: 1 out of 40 files selected for testwork in the Section 8 Housing Choice Voucher Program did not contain an authorizing signature from the appropriate level of Authority management on the HAP Contract Amendment.

Criteria: The Authority's Administrative Plan states that the lease and contract should be reviewed by the appropriate level of Authority management.

Effect: The Amendment was not signed, which is the initial authorization over HAP expenditures. Because there are several level of authorization controls, this did not result in the improper calculation of any tenant rental amounts, and did not result in any unauthorized expenditures or questioned costs.

Cause: Controls to insure that all HAP Contract Amendments are signed by the appropriate level of Authority management are in place, but did not operate effectively in this instance.

Auditors' Recommendation: Management should better monitor HAP Contract Amendments in order to insure that the internal controls in place requiring authorization by the appropriate level of management are followed, and should perform spot checks on a regular basis to insure that controls are working properly.

Authority's Response: The Executive Director will ensure that quality control practices are implemented to ensure that all required signatures are in place before the files are returned to their respective departments. This will begin immediately.

STATE OF NEW MEXICO
Clovis Housing and Redevelopment Agency, Inc.
Other Disclosures
June 30, 2017

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 26, 2017. 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
Kenneth Chretien, Commissioner

RPC CPAs + Consultants, LLP

Jack Kirkland, CPA, Partner
Benjamin Martinez, CPA, Supervisor