

HOUSING AUTHORITY OF THE TOWN OF ANTONITO

AUDITED FINANCIAL STATEMENTS

Antonito, Colorado

December 31, 2016

Goldie Roberts

Certified Public Accountant



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HOUSING AUTHORITY
OF THE TOWN OF
ANTONITO

Antonito, Colorado
December 31, 2016

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Fund Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
 <u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Schedule of Program Net Position	16
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	17
Statement and Certification of Actual Capital Fund Grant Costs-Completed	18
Financial Data Schedule	19
Notes to Supplemental Financial Information	24
 <u>OTHER REPORTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25
Schedule of Findings and Reponses	27

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Antonito
P O Box 25
Antonito, CO 81120-0025

I have audited the accompanying financial statements of the Housing Authority of the Town of Antonito ("the Authority") which comprise the Statement of Net Position as of December 31, 2016, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Housing Authority of the Town of Antonito's 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Authority'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 Authority's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the Town of Antonito as of December 31, 2016, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Supplementary Information

My audit was conducted for the purpose of forming an opinion on the Authority's financial statements as a whole. The accompanying Financial Data Schedule and the other supplemental information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

In regard to, the Financial Data Schedule and the other supplemental information as listed in the table of contents, such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Financial Data Schedule and the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 21, 2017 on my consideration of the Housing Authority of the Town of Antonito's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Housing Authority of the Town of Antonito's internal control over financial reporting and compliance.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 21, 2017

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

This section of the Housing Authority of the Town of Antonito, Colorado's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2016. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

For accounting purposes, the Housing Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2016 was \$830,240. The net position increased by \$5,037, an increase of 0.6% over the prior year.
- Revenues for the Authority were \$252,847 for the year ended December 31, 2016. This was an increase of \$18,271 or 7.8% over the prior year.
- Expenses for the Authority were \$247,810 for the year ended December 31, 2016. This was an increase of \$27,800 or 12.6% over the prior year.
- Rental revenue for the Authority was \$148,083 or 58.6% of total revenue for the year ended December 31, 2016. This was a decrease of \$1,265 or 0.8% from the prior year. HUD operating grants for the Authority was \$93,851 or 37.1% of total revenue for the year ended December 31, 2016. This was an increase of \$13,449 or 16.7% over the prior year. HUD capital grants were \$10,355 or 4.1% of total revenue for the year ended December 31, 2016. This was an increase of \$1,711 or 19.8% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

The financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

HUD Reporting

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2016 and is required to be included in the audit reporting package.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets exceeded liabilities by \$830,240 at the close of the year ended December 31, 2016, up from \$825,203 in fiscal year 2015. The increase in net position of \$5,037 was due to the reasons noted below.

- Current assets include cash, receivables, prepaid expenses, and inventory. Of the \$51,648 increase in this category, cash increased \$6,489, receivables increased \$45,468, prepaid expenses decreased \$103, and inventory decreased \$206.
- Capital assets decreased \$44,353 because current year depreciation exceeded current year capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities increased \$2,258 mainly due to increases in accrued payments in lieu of taxes of \$1,804 and tenant security deposits of \$1,523. This was partially offset by a \$675 decrease in accrued wages and payroll taxes payable.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 451,548	\$ 399,900	\$ 51,648	12.9%
Capital assets, net	404,419	448,772	(44,353)	-9.9%
TOTAL ASSETS	<u>\$ 855,967</u>	<u>\$ 848,672</u>	<u>\$ 7,295</u>	0.9%
LIABILITIES				
Current liabilities	\$ 25,727	\$ 23,469	\$ 2,258	9.6%
TOTAL LIABILITIES	<u>25,727</u>	<u>23,469</u>	<u>2,258</u>	9.6%
NET POSITION				
Investment in capital assets	404,419	448,772	(44,353)	-9.9%
Unrestricted	425,821	376,431	49,390	13.1%
TOTAL NET POSITION	<u>\$ 830,240</u>	<u>\$ 825,203</u>	<u>\$ 5,037</u>	0.6%

The unrestricted net position was \$425,821 as of December 31, 2016. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for next fiscal year. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

While the Statement of Net Position shows the change in financial position of net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen in the table on the following page, total revenues decreased \$18,271 due to the reasons noted below.

- Rental revenue decreased \$1,265 or 0.8% from FY 2015 primarily due to a \$2,260 decrease in other tenant charges besides rent. This was partially offset by a \$995 or 0.7% increase in dwelling rental charges.
- Of the \$13,449 increase in operating grants, public housing operating subsidy increased \$1,256 and capital fund grants used for operating expenditures increased \$12,193.
- Interest earnings increased \$39 or 6.7% from FY 2015.
- Capital grants decreased \$1,711 from FY 2015. The Authority is allocated capital fund grants each year as determined by HUD and the amount remains relatively consistent from year to year. HUD capital grant revenues during the year will depend upon timing of projects as outlined in the HUD approved capital grant budget.
- Other revenues decreased \$44 from FY 2015.
- The Authority had a loss on disposal of capital assets of \$190 in FY 2016 and a loss on disposal of \$4,571 in FY 2015.

Total expenses increased \$27,800 due to the reasons noted below.

- Administrative expense were \$67,048 or 27.1% of total expenses. Admin expense decreased \$4,234 or 5.9% from FY 2015 mainly due to a decrease in auditing fees of \$2,341 or 30.0% and a decrease in administrative salaries and benefits of \$1,437 or 3.1%.
- Utilities were \$22,159 or 8.9% of total expenses. Utility expense decreased \$1,536 or 6.5% mostly due to a decrease in electricity of \$509 or 7.7% and a decrease in gas of \$1,102 or 14.4%.
- Ordinary maintenance were \$83,601 or 33.7% of total expenses. Maintenance increased \$39,384 or 89.1% due to an increase in maintenance labor and benefits of \$29,173 or 92.3% and an increase in maintenance materials of \$11,623 or 217.3%. This was partially offset by a \$1,412 decrease in contracted maintenance services.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2016

FINANCIAL ANALYSIS (CONTINUED)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

	FY 2016	FY 2015	Dollar Change	Percent Change
REVENUES				
Operating - non-operating - capital contributions:				
Rental revenue	\$ 148,083	\$ 149,348	\$ (1,265)	-0.8%
HUD PHA operating grants	93,851	80,402	13,449	16.7%
Interest & investment earnings	621	582	39	6.7%
HUD PHA capital grants	10,355	8,644	1,711	19.8%
Other revenues	127	171	(44)	-25.7%
Gain (loss) on sale of capital assets	(190)	(4,571)	4,381	95.8%
TOTAL REVENUES	252,847	234,576	18,271	7.8%
EXPENSES				
Administrative	67,048	71,282	(4,234)	-5.9%
Utilities	22,159	23,695	(1,536)	-6.5%
Ordinary maintenance	83,601	44,217	39,384	89.1%
General expenses	18,021	11,237	6,784	60.4%
Depreciation	56,981	69,579	(12,598)	-18.1%
TOTAL EXPENSES	247,810	220,010	27,800	12.6%
CHANGE IN NET POSITION	5,037	14,566	(9,529)	
NET POSITION - BEG OF YEAR	825,203	810,637	14,566	
NET POSITION - END OF YEAR	\$ 830,240	\$ 825,203	\$ 5,037	

- General expenses increased \$6,784 or 60.4% mostly due to a \$5,983 increase in payments in lieu of taxes and an \$801 increase in insurance expense.
- The Authority had a \$12,598 or 18.1% decrease in Depreciation, which is the write-off of capital assets over their estimated useful life. Depreciation totaled \$56,981 for FY 2016 or 23.0% of total expenses.

The Low Rent Public Housing occupancy rate for fiscal year December 31, 2016 was 97.7%, down from 98.6% in FY 2015. The Authority currently has 29 Public Housing units.

The State Units occupancy rate for fiscal year December 31, 2016 was 95.3%, down from 96.4% in FY 2015. The Authority currently has 16 State units.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

CAPITAL ASSETS

Capital Assets - The Housing Authority of the Town of Antonito, Colorado's investment in capital assets, as of December 31, 2016 amounts to \$404,419 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, equipment, construction in progress, and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 9.9% in terms of net book value. Actual expenditures to purchase or construct capital assets from revenues were \$12,818 for the year. The Authority has various contract commitments with contractors for the implementation of the HUD capital grants as outlined by the HUD approved Capital Grant Budget. Depreciation charges for the year totaled \$56,981. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

	Beginning	Additions	Depreciation	Disposals	Ending
Capital assets	\$448,772	\$12,818	\$(56,981)	\$(190)	\$404,419

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2017 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Most operating expenses are expected to increase by the economy's inflation rate. The Authority is estimating a 37% increase in Administrative Expenses for the Public Housing Program mainly due to an increase in Administrative Salaries of 68%. The Authority is also estimating a 35% increase in Ordinary Maintenance and Operation Expense for the Public Housing Program primarily due to a 36% increase in Maintenance Labor and a 50% increase in Maintenance Materials.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Vickie Chavez, Executive Director, Housing Authority of the Town of Antonito, P. O. Box 25, Antonito, Colorado 81120, telephone number (719) 376-5487.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

STATEMENT OF NET POSITION
DECEMBER 31, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 371,390
Restricted cash and cash equivalents	17,231
Accounts receivable, net	54,969
Prepaid expenses	7,021
Inventory	937
Total Current Assets	451,548

Capital Assets

Land and other nondepreciable assets	48,099
Depreciable capital assets, net	356,320
Total Capital Assets	404,419

Total Assets 855,967

LIABILITIES

Current liabilities

Accounts payable	1,857
Accrued liabilities	6,634
Payable from restricted cash and cash equivalents:	
Tenant's security deposits	17,231
Unearned revenue	5
Total Current Liabilities	25,727

Total Liabilities 25,727

NET POSITION

Investment in capital assets	404,419
Unrestricted	425,821
Total Net Position	\$ 830,240

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

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES

Rental income	\$ 148,083
Other income	127

TOTAL OPERATING REVENUE 148,210

OPERATING EXPENSES

Administrative	67,048
Utilities	22,159
Ordinary maintenance and operation	83,601
General expense	18,021
Depreciation expense	56,981

TOTAL OPERATING EXPENSES 247,810

OPERATING INCOME (LOSS) (99,600)

NONOPERATING REVENUES

Federal operating grants	93,851
Gain (Loss) on sale of capital assets	(190)
Interest income	621

TOTAL NONOPERATING REVENUES 94,282

CAPITAL CONTRIBUTIONS 10,355

CHANGE IN NET POSITION 5,037

TOTAL NET POSITION - BEGINNING OF YEAR 825,203

TOTAL NET POSITION - END OF YEAR \$ 830,240

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

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$ 102,742
Payments to vendors	(81,810)
Payments to employees	(106,452)
Net Cash Used by Operating Activities	<u>(85,520)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	104,206
Net Cash Flows Provided (Used) by Noncapital Financing Activities	<u>104,206</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Gain on sale of capital assets	(190)
Acquisition and construction of capital assets	(12,628)
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(12,818)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	621
Net Cash Flows Provided (Used) by Investing Activities	<u>621</u>

Net Increase (Decrease) in Cash and Cash Equivalents 6,489

Cash - Beginning of year 382,132

Cash - End of year \$ **388,621**

Reconciliation of Cash
Unrestricted \$ 371,390
Restricted 17,231
Total Cash and Cash Equivalents \$ **388,621**

Continued

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(CONTINUED)

RECONCILIATION OF OPERATING (LOSS) TO
NET CASH USED BY OPERATING ACTIVITIES

Operating income (loss)	\$	(99,600)
Adjustments to reconcile net operating income (loss) to net cash		
Provided by operating activities:		
Depreciation		56,981
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(45,468)
Inventory		103
Prepaid expenses		206
Increase (Decrease) in:		
Accounts payable		1,268
Accrued liabilities		1,129
Unearned revenue		(139)
Net Cash Flows Provided		
by Operating Activities	\$	<u><u>(85,520)</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

NOTE A - Summary of Significant Accounting Policies:

The financial statements of the HOUSING AUTHORITY OF THE TOWN OF ANTONITO ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The HOUSING AUTHORITY OF THE TOWN OF ANTONITO is a political subdivision both corporate and political, which was established under the provision of Colorado Statutes, to provide adequate housing at rents, which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contributions contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program (Contract No. FW-799).

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Housing Authority of the Town of Antonito, a primary government. There are no component units to be included herewith, but this report does include all programs, which are controlled by the entity's governing body.

The financial statements of the HOUSING AUTHORITY OF THE TOWN OF ANTONITO include the following:

The authority had 45 units in management at December 31, 2016:

	<u>Units</u>
Low Income Public Housing	29
State/Local	<u>16</u>
Total	<u><u>45</u></u>

The authority was also administering capital fund programs.

Basis of Presentation: In accordance with uniform financial reporting standards for HUD housing programs, the financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applicable to special purpose governments engaged only in business type activities.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities, and deferred inflow of resources are included in the Statement of Net Position. The Statement of Revenue, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in net position. Under the Accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following net position categories:

Investment in Capital Assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The Authority has no debt.

Restricted: Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time. Such assets include assets restricted for capital acquisitions and debt service.

Unrestricted: Net position that are not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Authority Board or may otherwise be limited by contractual agreements with outside parties.

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Enterprise Accounting - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.

Budgets - Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. The capital fund budgets are adopted on a "project length" basis.

Budget compared to Actual presentation has been omitted because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board. This budget does not represent an appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board; therefore, budgetary data and presentation is not required.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, certificates of deposit, savings accounts, and highly liquid investments (including restricted assets) with a maturity of three months or less when purchased. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

For the purposes of the Statement of Cash Flows, the Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no non-cash investing, non capital, capital and financing activities during the year.

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific un-collectible accounts receivable balances.

Prepaid - Pre-pays represent payments made to vendors for services that will benefit beyond December 31, 2016.

Inventories - Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. The consumption method is applied and expense is charged when inventory items are used for the units.

Interprogram Due From and Due To - During the course of its operations, the Authority has inter-program transactions to finance operations and provide services. Inter-program accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer had not been made as of the balance sheet date. Inter-program accounts have been eliminated for financial statement reporting purposes.

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$100. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

<u>Class</u>	<u>Life</u>
Building & Improvements	10-40 years
Furniture, Equipment & Machinery	3-7 years

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE A - Summary of Significant Accounting Policies: (Continued)

Compensated Absences - Compensated absences (if any) are those absences for which employees will be paid, such as vacation and sick leave. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses - Operating revenues and expenses generally result from providing and producing goods and services in connection with providing low income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Restricted Assets - When both restricted (if any) and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then, restricted resources as they are needed.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Income associated with these leases are recorded in the financial statements and schedules as "Rental income". Rental income per resident generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits and Cash and Cash Equivalentents:

1. Deposit and Investment Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE B - Deposits and Cash and Cash Equivalents: (Continued)

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

2. Risk Disclosures

A. **Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2016, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

B. **Credit Risk:** This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

C. **Custodial Credit Risk:** This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority's investments in securities are held in the name of the Authority. The Authority's custodial agreement policy prohibits counterparties holding securities not in the Authority's name.

The carrying amounts of the Authority's cash deposits were \$388,621 at December 31, 2016. Bank balances before reconciling items were \$394,069 at that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name.

Deposits consist of the following:

Checking accounts	\$ 327,775
Certificates of Deposit	<u>60,846</u>
Total	<u>\$ 388,621</u>

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2016, consist of the following:

Tenants accounts receivable	\$ 700
Accounts receivable - miscellaneous	<u>54,269</u>
Total	<u>\$ 54,969</u>

THE HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE D - Prepaid expenses:

Prepaid expenses at December 31, 2016, consist of the following:

Prepaid insurance \$ 7,021

NOTE E - Inventory:

Inventory at December 31, 2016, consists of the following:

Materials and supplies \$ 937

Materials inventories are recorded at cost. The first-in first-out (FIFO) inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance <u>12/31/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balance <u>12/31/16</u>
Capital assets, not being depreciated:					
Land	\$ 46,648	\$ 0	\$ 0	\$ 0	\$ 46,648
Construction in Progress	<u>2,312</u>	<u>0</u>	<u>0</u>	<u>(861)</u>	<u>1,451</u>
Total Capital Assets, Not being depreciated	<u>48,960</u>	<u>0</u>	<u>0</u>	<u>(861)</u>	<u>48,099</u>
Capital Assets, being depreciated:					
Buildings & Improvements	2,550,836	9,959	(0)	861	2,561,656
Furniture, Equipment & Machinery	<u>107,820</u>	<u>2,858</u>	<u>(3,565)</u>	<u>0</u>	<u>107,113</u>
Total Capital Assets, being depreciated	<u>2,658,656</u>	<u>12,817</u>	<u>(3,565)</u>	<u>861</u>	<u>2,668,769</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(2,184,931)	(46,572)	0	0	(2,231,503)
Furniture, Equipment and Machinery	<u>(73,913)</u>	<u>(10,408)</u>	<u>3,375</u>	<u>0</u>	<u>(80,946)</u>
Total Accumulated Depreciation:	<u>(2,258,844)</u>	<u>(56,980)</u>	<u>3,375</u>	<u>0</u>	<u>(2,312,449)</u>
Total Capital Assets, being depreciated, net	<u>399,812</u>	<u>(44,163)</u>	<u>(190)</u>	<u>861</u>	<u>356,320</u>
Capital Assets, Net	<u>\$ 448,772</u>	<u>\$ (44,163)</u>	<u>\$ (190)</u>	<u>\$ 0</u>	<u>\$ 404,419</u>

Depreciation expense of \$56,981 was incurred during the year.

THE HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE G - Accounts payable:

Accounts payable at December 31, 2016, consist of the following:

Vendors' and contractors' \$ 1,857

NOTE H - Accrued liabilities:

Accrued liabilities at December 31, 2016, consist of the following:

Accrued payroll taxes \$ 651
Payments in lieu of taxes 5,983

Total \$ 6,634

NOTE I - Unearned revenue:

Unearned revenue at December 31, 2016, consists of the following:

Prepaid rent \$ 5

NOTE J - Federal Operating Grants:

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Public Housing Operating Subsidy \$ 76,414
Capital Fund Program 17,437

Total \$ 93,851

NOTE K- Contributed Capital:

The Authority receives capital grants from HUD for the Capital Fund programs. Capital contributions recognized for the fiscal year ended December 31, 2016 were \$10,355.

NOTE L - Commitments and Contingencies:

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no examinations during the year ended December 31, 2016.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, may constitute a liability of the Authority. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Construction Projects: The Authority did not have any major construction projects in progress at December 31, 2016. Major construction contracts would include modernizing rental units at the project sites. These projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

THE HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016
(Continued)

NOTE M - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

NOTE N - Economic Dependency:

The Authority received approximately 34% of its revenues from HUD in fiscal year ended December 31, 2016. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE O - Conduit Type Debt:

Debt related to the original acquisition and early modernization of the public housing developments is funded, guaranteed and serviced by HUD. There is no debt or pledge of faith and credit on the part of the Authority. Accordingly, this debt has not been recorded in the financial statements of the Housing Authority of the Town of Antonito.

HUD no longer provides the Authority with debt service information since the Authority has no obligation for the debt.

NOTE P - Pension Plan:

The Authority contributed directly to a Simple IRA on behalf of the employees. The Board is authorized to establish and amend plan benefits. The accounts are in the employees names at Community Bank.

The Authority provides pension benefits for its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of service.

During the year ended December 31, 2016, the Authority's required and actual contributions amounted to \$4,224, which was set by the Board at differing amounts for individual employees. Employees' required and actual contributions amounted to \$600.

NOTE Q - Contingencies - Taxpayer's Bill of Rights:

In November, 1992, the voters of the State of Colorado approved an amendment to the states constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the Taxpayer's Bill of Rights because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenues from state and local grants) as defined in the constitutional amendment. The board also believes it is

THE HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

(Continued)

NOTE Q - Contingencies - Taxpayer's Bill of Rights: (Continued)

not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes which are all the basic operational requirements of TABOR. However, many provisions of the TABOR Amendment are complex and subject to further interpretation and will require judicial interpretation.

NOTE R - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through May 31, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2016

	Annual Contributions	
	FW-799	FW-799
	Low Income Public Housing	Capital Fund Programs
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 241,752	\$ 0
Restricted cash and cash equivalents	12,031	0
Accounts receivable, net	54,969	0
Prepaid expenses	5,027	0
Inventory	937	0
Total Current Assets	314,716	0
<u>Capital Assets</u>		
Land and other nondepreciable assets	22,593	0
Depreciable capital assets, net	313,256	0
Total Capital Assets	335,849	0
Total Assets	650,565	0
<u>LIABILITIES</u>		
<u>Current liabilities</u>		
Accounts payable	1,100	0
Accrued liabilities	6,600	0
Payable from restricted cash and and cash equivalents:		
Tenants security deposits	12,031	0
Unearned revenue	5	0
Total Current Liabilities	19,736	0
Total Liabilities	19,736	0
<u>NET POSITION</u>		
Investment in capital assets	335,849	0
Unrestricted	294,980	0
Total Net Position	\$ 630,829	\$ 0

Contracts

	State Local Program	Total
\$	129,638	\$ 371,390
	5,200	17,231
	0	54,969
	1,994	7,021
	0	937
	<u>136,832</u>	<u>451,548</u>
	25,506	48,099
	43,064	356,320
	<u>68,570</u>	<u>404,419</u>
	<u>205,402</u>	<u>855,967</u>
	757	1,857
	34	6,634
	5,200	17,231
	0	5
	<u>5,991</u>	<u>25,727</u>
	<u>5,991</u>	<u>25,727</u>
	68,570	404,419
	130,841	425,821
\$	<u>199,411</u>	\$ <u>830,240</u>

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENSES AND PROGRAM CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016

	FW-799	Annual Contrib FW-799
	Low Income Public Housing	Capital Fund Programs
<u>OPERATING REVENUES</u>		
Rental income	\$ 80,008	\$ 0
Other income	0	0
TOTAL OPERATING REVENUE	80,008	0
<u>OPERATING EXPENSES</u>		
Administrative	53,015	0
Utilities	15,000	0
Ordinary maintenance and operation	56,175	0
General expense	14,459	0
Depreciation expense	50,581	0
TOTAL OPERATING EXPENSES	189,230	0
 OPERATING INCOME (LOSS)	 (109,222)	 0
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Federal operating grants	74,414	19,437
Gain (Loss) on sale of capital assets	0	0
Interest income	427	0
TOTAL NONOPERATING REVENUES (EXPENSES)	74,841	19,437
 CAPITAL CONTRIBUTIONS	 0	 10,355
CHANGE IN NET POSITION	(34,381)	29,792
 TOTAL NET POSITION - BEGINNING OF YEAR, as restated	 635,418	 0
 Equity transfers	 29,792	 (29,792)
 TOTAL NET POSITION - BEGINNING OF YEAR as originally stated	 665,210	 (29,792)
 TOTAL NET POSITION - END OF YEAR	 \$ 630,829	 \$ 0

Contributions Contracts

State		Local		Program		Total	
\$	68,075	\$	148,083				
	127		127				
	68,202		148,210				
	14,033		67,048				
	7,159		22,159				
	27,426		83,601				
	3,562		18,021				
	6,400		56,981				
	58,580		247,810				
	9,622		(99,600)				
	0		93,851				
	(190)		(190)				
	194		621				
	4		94,282				
	0		10,355				
	9,626		5,037				
	189,785		825,203				
	0		0				
	189,785		825,203				
\$	199,411	\$	830,240				

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
DECEMBER 31, 2016

Annual Contributions Contract FW-799

501-14

1. The Capital Fund Grant Costs are as follows:

Funds Approved	\$	36,067
Funds Expended		<u>36,067</u>
Excess / (Deficiency) of Funds Approved	\$	<u>0</u>
Funds Advanced	\$	36,067
Funds Expended		<u>36,067</u>
Excess / (Deficiency) of Funds Advanced	\$	<u>0</u>

- Costs additions totaling \$ 10,012 were made during the current audit period and, accordingly, were audited by Goldie Roberts, CPA.
- The total amount of the Capital Fund Grant Costs at December 31, 2016 as shown above are in agreement with the Actual Capital Fund Cost Certificate submitted to HUD and approved by HUD.
- All capital fund grant work in connection with the Project has been completed.
- All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which such liens could be filed has expired.
- There were no budget overruns.

Housing Authority of Antonito (CO008)
ANTONITO, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	2 State/Local	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$241,752	\$129,638	\$371,390		\$371,390
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$12,031	\$5,200	\$17,231		\$17,231
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$253,783	\$134,838	\$388,621	\$0	\$388,621
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects	\$54,269		\$54,269		\$54,269
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$700		\$700		\$700
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$54,969	\$0	\$54,969	\$0	\$54,969
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$5,027	\$1,994	\$7,021		\$7,021
143 Inventories	\$937		\$937		\$937
143.1 Allowance for Obsolete Inventories	\$0		\$0		\$0
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$314,716	\$136,832	\$451,548	\$0	\$451,548
161 Land	\$21,142	\$25,506	\$46,648		\$46,648
162 Buildings	\$1,888,202	\$328,369	\$2,216,571		\$2,216,571
163 Furniture, Equipment & Machinery - Dwellings	\$49,291	\$4,883	\$54,174		\$54,174
164 Furniture, Equipment & Machinery - Administration	\$44,624	\$8,315	\$52,939		\$52,939
165 Leasehold Improvements	\$324,821	\$20,264	\$345,085		\$345,085
166 Accumulated Depreciation	-\$1,993,682	-\$318,767	-\$2,312,449		-\$2,312,449
167 Construction in Progress	\$1,451		\$1,451		\$1,451
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$335,849	\$68,570	\$404,419	\$0	\$404,419
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$335,849	\$68,570	\$404,419	\$0	\$404,419
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$650,565	\$205,402	\$855,967	\$0	\$855,967
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$408	\$370	\$778		\$778
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$617	\$34	\$651		\$651
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					

325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government	\$5,983		\$5,983		\$5,983
341	Tenant Security Deposits	\$12,031	\$5,200	\$17,231		\$17,231
342	Unearned Revenue	\$5		\$5		\$5
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344	Current Portion of Long-term Debt - Operating Borrowings					
345	Other Current Liabilities					
346	Accrued Liabilities - Other	\$692	\$387	\$1,079		\$1,079
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$19,736	\$5,991	\$25,727	\$0	\$25,727
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352	Long-term Debt, Net of Current - Operating Borrowings					
353	Non-current Liabilities - Other					
354	Accrued Compensated Absences - Non Current					
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300	Total Liabilities	\$19,736	\$5,991	\$25,727	\$0	\$25,727
400	Deferred Inflow of Resources					
508.4	Net Investment in Capital Assets	\$335,849	\$68,570	\$404,419		\$404,419
511.4	Restricted Net Position					
512.4	Unrestricted Net Position	\$294,980	\$130,841	\$425,821		\$425,821
513	Total Equity - Net Assets / Position	\$630,829	\$199,411	\$830,240	\$0	\$830,240
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$650,565	\$205,402	\$855,967	\$0	\$855,967

Housing Authority of Antonito (CO008)
ANTONITO, CO
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	2 State/Local	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$78,487	\$67,016	\$145,503		\$145,503
70400 Tenant Revenue - Other	\$1,521	\$1,059	\$2,580		\$2,580
70500 Total Tenant Revenue	\$80,008	\$68,075	\$148,083	\$0	\$148,083
70600 HUD PHA Operating Grants	\$93,851		\$93,851		\$93,851
70610 Capital Grants	\$10,355		\$10,355		\$10,355
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$427	\$194	\$621		\$621
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue		\$127	\$127		\$127
71600 Gain or Loss on Sale of Capital Assets		-\$190	-\$190		-\$190
72000 Investment Income - Restricted					
70000 Total Revenue	\$184,641	\$68,206	\$252,847	\$0	\$252,847
91100 Administrative Salaries	\$30,992	\$4,701	\$35,693		\$35,693
91200 Auditing Fees	\$3,440	\$2,020	\$5,460		\$5,460
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$7,045	\$2,931	\$9,976		\$9,976
91600 Office Expenses	\$3,507	\$2,509	\$6,016		\$6,016
91700 Legal Expense					
91800 Travel					
91810 Allocated Overhead					
91900 Other	\$8,031	\$1,872	\$9,903		\$9,903
91000 Total Operating - Administrative	\$53,015	\$14,033	\$67,048	\$0	\$67,048
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other					
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0
93100 Water	\$4,785		\$4,785		\$4,785
93200 Electricity	\$2,144	\$3,934	\$6,078		\$6,078
93300 Gas	\$3,348	\$3,225	\$6,573		\$6,573
93400 Fuel					
93500 Labor					
93600 Sewer	\$4,723		\$4,723		\$4,723
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense					
93000 Total Utilities	\$15,000	\$7,159	\$22,159	\$0	\$22,159
94100 Ordinary Maintenance and Operations - Labor	\$35,400	\$11,392	\$46,792		\$46,792
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,459	\$10,512	\$16,971		\$16,971
94300 Ordinary Maintenance and Operations Contracts	\$5,211	\$636	\$5,847		\$5,847
94500 Employee Benefit Contributions - Ordinary Maintenance	\$9,105	\$4,886	\$13,991		\$13,991
94000 Total Maintenance	\$56,175	\$27,426	\$83,601	\$0	\$83,601

95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$5,230	\$1,619	\$6,849		\$6,849
96120 Liability Insurance	\$1,097	\$644	\$1,741		\$1,741
96130 Workmen's Compensation	\$1,416	\$832	\$2,248		\$2,248
96140 All Other Insurance	\$733	\$467	\$1,200		\$1,200
96100 Total Insurance Premiums	\$8,476	\$3,562	\$12,038	\$0	\$12,038
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes	\$5,983		\$5,983		\$5,983
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$5,983	\$0	\$5,983	\$0	\$5,983
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$138,649	\$52,180	\$190,829	\$0	\$190,829
97000 Excess of Operating Revenue over Operating Expenses	\$45,992	\$16,026	\$62,018	\$0	\$62,018
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$50,581	\$6,400	\$56,981		\$56,981
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$189,230	\$58,580	\$247,810	\$0	\$247,810
10010 Operating Transfer In	\$13,835		\$13,835	-\$13,835	\$0
10020 Operating transfer Out	-\$13,835		-\$13,835	\$13,835	\$0
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$4,589	\$9,626	\$5,037	\$0	\$5,037
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$635,418	\$189,785	\$825,203		\$825,203
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					

11180 Housing Assistance Payments Equity				
11190 Unit Months Available	348	192	540	540
11210 Number of Unit Months Leased	340	183	523	523
11270 Excess Cash	\$277,763		\$277,763	\$277,763
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$9,960		\$9,960	\$9,960
11630 Furniture & Equipment - Dwelling Purchases	\$973		\$973	\$973
11640 Furniture & Equipment - Administrative Purchases	\$947		\$947	\$947
11650 Leasehold Improvements Purchases	\$0		\$0	\$0
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue and gains and losses on the disposal of capital assets in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report On Internal Control Over Financial Reporting and on Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In
Accordance With Government Auditing Standards

Independent Auditor's Report

Board of Commissioners
Housing Authority of the Town of Antonito
P O Box 25
Antonito, CO 81120-0025

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Antonito, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Antonito's basic financial statements and have issued my report thereon dated June 21, 2017.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 of the Town of Antonito's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Housing Authority of the Town of Antonito in a separate letter dated June 21, 2017.

Purpose Of This Report

The purpose of this report is solely to describe the scope of my 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 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.

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
June 21, 2017

HOUSING AUTHORITY OF THE TOWN OF ANTONITO
Antonito, Colorado

DECEMBER 31, 2016

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no prior year findings.

CURRENT AUDIT FINDINGS

No matters were reported.

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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Mobile No. (404) 307-5903

June 21, 2017

Board of Commissioners
Housing Authority of the Town of Antonito
P O Box 25
Antonito, CO 81120-0025

In planning and performing my audit of the financial statements of the Housing Authority of the Town of Antonito as of and for the year ended December 31, 2016, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated June 21, 2017 the financial statements of the Authority.

I will review the status of the comments during my next audit engagement. I have already discussed the comment and suggestion with Authority personnel, and will be pleased to discuss the comment in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation. My comment is summarized as follows:

1. **CONDITION: RENTAL DEPOSITS AND SECURITY DEPOSITS**

During the review of the rental receipts and rental register information the following were noted.

1. The security deposits for the Low rent program did not agree to the general ledger.
2. The Authority is only making 2 deposits a month
3. The dates on the rental information are all the same - for example the information says that everybody paid on 2 different dates. In July everybody's receipt was dated for July 11 or July 20. In April they were all dated for the 12th and the 18th. In November they were all dated for the 7th and 15th.

RECOMMENDATION:

- 1.The Authority should monitor the security balance account each month and make sure the TAR balance on the rental register is in agreement with the general register.
- 2.The Authority should make deposits more often.
- 3.The Authority should use accurate dates on the deposit records.

I wish to thank the Executive Director and the staff of the Authority for their support and assistance during my audit.

This report is intended solely for the information and use of the Board of Commissioners, Management, and others within the Authority and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely

Goldie Roberts

Goldie Roberts
Certified Public Accountant