

**HOUSING AUTHORITY OF THE
CITY OF BURLINGTON, COLORADO**

Financial Statements

June 30, 2016

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HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Authority of the City of Burlington
Burlington, Colorado 80807

We have audited the accompanying financial statements of the business-type activities and each major fund of the Housing Authority of the City of Burlington, as of and for the year ended June 30, 2016, which collectively comprise the District'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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Burlington, as of June 30, 2016, and the respective changes in financial position and, where applicable, 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 and budgetary comparison information on pages a-d and 11-12 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. For the management discussion & analysis we have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Burlington's basic financial statements. The financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

WINFREY, COUNTY & HAYS, PC
Certified Public Accountants



by: Gerald County, CPA

November 7, 2016

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

This section of the Housing Authority of the City of Burlington, Colorado's (Authority) annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended June 30, 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.

FINANCIAL HIGHLIGHTS

The term "net position" refers to the difference between assets and liabilities. The Authority's total net position as of June 30, 2016 was \$415,518. The net position increased by \$11,137

Revenues for the Authority were \$204,605 for the current year. This was an increase of \$33,846 from the prior year.

HUD operating subsidy for the Authority was \$81,895 compared to \$70,502 for the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis*, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Authority's financial statements are presented as fund level financial statements because the Authority has only proprietary funds.

Basic Financial Statements

The financial statements of the Housing Authority of the City of Burlington, Colorado report information 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 of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority's creditors (liabilities). It also provides the basis for evaluation 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 basic financial statement is the Statement of Cash Flows. That 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 from, what was cash used for, and what was the change in cash balance during the reporting period.

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(continued)

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.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information. HUD has established Uniform Financial Reporting Standards that require Housing Authorities 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 June 30, 2016 and is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of an entity's financial position. As stated in the table below, assets exceeded liabilities by \$415,518 at June 30, 2016, compared to \$404,381 at June 30, 2015.

The increase in Net Position was due to an increase in rental revenue.

CONDENSED STATEMENT OF NET POSITION

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
Current and other assets	127,590	77,948	49,642
Capital assets, net of accumulated depreciation	<u>317,758</u>	<u>352,869</u>	<u>(35,111)</u>
Total Assets	445,348	430,817	14,531
Current liabilities	29,830	26,436	3,394
Net Position			
Invested in capital assets	317,758	352,869	(35,111)
Unrestricted	<u>97,760</u>	<u>51,513</u>	<u>46,247</u>
Total Net Position	<u>415,518</u>	<u>404,381</u>	<u>11,136</u>

Unrestricted net position at June 30, 2016 were \$97,760. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for six months. The Authority did not have any assets classified as restricted that are 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 CITY OF BURLINGTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(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, the Statement of Revenues, Expenses and Changes in Net position provides answers as to the nature and source of those changes.

CONDENSED STATE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>6/30/2016</u>	<u>6/30/2015</u>
Revenue		
Rental	73,981	52,772
Interest income	14	43
HUD current year subsidy	81,895	70,502
HUD capital grants	42,870	41,400
Other income	<u>5,845</u>	<u>6,042</u>
Total Revenue	204,605	170,759
Expenses		
Administrative	67,898	66,312
Utilities	23,287	26,019
Maintenance & operations	44,274	63,726
Insurance	9,100	58
General	3,575	3,251
Depreciation	<u>45,335</u>	<u>46,153</u>
Total Expenses	193,469	205,519
Change in Net Position	11,137	(34,760)
Beginning Net Position	<u>404,381</u>	<u>439,141</u>
Ending Net Position	<u>415,518</u>	<u>404,381</u>

As can be seen in the table, total revenues increased by \$33,846 primarily due to increased rental revenue and HUD subsidy. Total expenses decreased by \$12,050 mostly due to decrease in maintenance.

The occupancy rates have increased this year.

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016
(continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - the Authority's investment in capital assets decreased by \$35,111, the amount of depreciation expense was \$45,335. The investment in capital assets includes land, land improvements, buildings, and equipment. Amounts by type of capital assets follows:

	<u>June 30, 2016</u>			<u>June 30, 2015</u>		
	<u>Amount</u>	<u>Depreciation</u>	<u>Net</u>	<u>Amount</u>	<u>Depreciation</u>	<u>Net</u>
Land	65,337	0	65,337	65,337	0	65,337
Land improvements	186,926	111,395	75,531	185,524	99,916	85,608
Buildings	1,268,869	1,268,869	(0)	1,268,869	1,268,869	0
Building improvements	423,778	264,960	158,819	420,541	236,816	183,725
Equipment	<u>94,902</u>	<u>76,830</u>	<u>18,072</u>	<u>89,317</u>	<u>71,118</u>	<u>18,199</u>
	<u>2,039,812</u>	<u>1,722,054</u>	<u>317,758</u>	<u>2,029,588</u>	<u>1,676,719</u>	<u>352,869</u>

The total decrease in the Authority's investment in capital assets for the current fiscal year was 25.42% in terms of net book value. However, actual expenditures to purchase or construct capital assets were \$10,224 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 \$45,335. Additional information on the Authority's capital assets can be found in Note 3 (B) of the notes to the financial statements of this report.

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 2016 budget. The user charges are based on the tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates.

We are planning to replace more windows with energy windows. Also, we are planning on replacing some entrance doors and screen doors as needed. We will be replacing all weather stripping around the entrance doors. This will lower the utility consumption. We will continue to update kitchen and bathroom cabinets/shelving, replacing linoleum, carpet and stair treads as needed.

REQUEST FOR INFORMATION

This report is designed to provide a general overview of the Authority's finances for all those with interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Sandra Erker, Executive Director, Housing Authority of the City of Burlington, Colorado, 944 Lowell Avenue, Burlington, Colorado, 80807.

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BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Statement of Net Position
At June 30, 2016

ASSETS	Low Rent <u>Program</u>	Capital Fund <u>Program</u>	Total <u>(Memo Only)</u>
Cash	(2,973)		(2,973)
Cash in Savings	47,442		47,442
Certificate of Deposit	42,975		42,975
Tenant Accounts Receivable	15,776		15,776
A/R HUD	17,870		17,870
Prepaid Insurance	6,500		6,500
Land, Structures and Equipment	2,039,812		2,039,812
Accumulated Depreciation	<u>(1,722,054)</u>	<u>0</u>	<u>(1,722,054)</u>
 TOTAL ASSETS	 <u>445,348</u>	 <u>0</u>	 <u>445,348</u>
 LIABILITIES			
Liabilities			
Accounts Payable	14,330		14,330
Accrued Liabilities	12,319		12,319
Tenant Security Deposits	<u>3,181</u>	<u>0</u>	<u>3,181</u>
Total Liabilities	29,830	0	29,830
 NET POSITION			
Invested in capital assets	317,758		317,758
Unrestricted	<u>97,760</u>	<u>0</u>	<u>97,760</u>
Total Net Position	<u>415,518</u>	<u>0</u>	<u>415,518</u>
 TOTAL LIABILITIES AND NET POSITION	 <u>445,348</u>	 <u>0</u>	 <u>445,348</u>

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Combined Statement of Revenues, Expenses, and Changes in Net Position
 Year Ended June 30, 2016

	Low Rent Program	Capital Fund Program	Total (Memo Only)
OPERATING REVENUES			
Dwelling Rental	73,981		73,981
Excess Utilities	825		825
Other Income	<u>5,020</u>		<u>5,020</u>
Total Operating Revenues	79,826	0	79,826
EXPENSES			
Administrative	67,898	0	67,898
Tenant Services	0		0
Utilities	23,287		23,287
Maintenance & Operations	44,274	0	44,274
Insurance	9,100		9,100
General	3,575		3,575
Unallocated Depreciation Expense	<u>45,335</u>	<u>0</u>	<u>45,335</u>
Total Expenses	<u>193,469</u>	<u>0</u>	<u>193,469</u>
 Operating Income (Loss)	 (113,643)	 0	 (113,643)
Nonoperating Revenues (Expenses)			
Interest Income	14		14
Current year operating subsidy	81,895		81,895
Capital Funding - 2015	0	42,870	42,870
Operating Transfers	<u>42,870</u>	<u>(42,870)</u>	<u>0</u>
Total Nonoperating Revenue (Expenses)	<u>124,779</u>	<u>0</u>	<u>124,779</u>
 Change in net position	 11,137	 0	 11,137
 Net Position - Beginning	 <u>404,381</u>	 <u>0</u>	 <u>404,381</u>
 Net Position - Ending	 <u>415,518</u>	 <u>0</u>	 <u>415,518</u>

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Statement of Cash Flows
Year Ended June 30, 2016

	Low Rent <u>Program</u>	Capital Fund <u>Program</u>	Total <u>(Memo Only)</u>
Cash Flows From Operating Activities			
Rental receipts	72,825	0	72,825
Interest received	14	0	14
Operating subsidy	72,515	0	72,515
CF Grants	0	42,870	42,870
Other income	<u>5,845</u>	<u>0</u>	<u>5,845</u>
Total receipts	151,199	42,870	194,069
Administrative	(16,183)	0	(16,183)
Utilities	(23,118)	0	(23,118)
Salaries & Benefits	(65,033)	0	(65,033)
Maintenance & operating	(29,199)	0	(29,199)
General	<u>(19,175)</u>	<u>0</u>	<u>(19,175)</u>
Total expenditures	<u>(152,708)</u>	<u>0</u>	<u>(152,708)</u>
Cash Provided (Used) by Operating Activities	(1,509)	42,870	41,361
Cash Flows From Capital Financing Activities			
Purchase of fixed assets	(9,399)	0	(9,399)
Cash Flows from Noncapital Financing Activities			
Transfers	<u>42,870</u>	<u>(42,870)</u>	<u>0</u>
Increase (Decrease) in cash	31,962	0	31,962
Cash - Beginning	<u>55,482</u>	<u>0</u>	<u>55,482</u>
Cash - Ending	<u>87,444</u>	<u>0</u>	<u>87,444</u>

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Statement of Cash Flows
Year Ended June 30, 2016
(continued)

	Low Rent <u>Program</u>	Capital Fund <u>Program</u>	Total <u>(Memo Only)</u>
Cash Flows From Operating Activities			
Change in Net Position	11,137	0	11,137
Adjustments to reconcile increase in net position to net cash provided by operating activities			
Depreciation	45,335	0	45,335
Operating transfers	(42,870)	42,870	0
Collection losses	(3,251)	0	(3,251)
Decrease (increase) in accounts receivable	626	0	626
Decrease (increase) in accounts receivable - HUD	(9,380)	0	(9,380)
Decrease (increase) in prepaid insurance	(6,500)	0	(6,500)
Increase (decrease) in accounts payable	8,179	0	8,179
Increase (decrease) in tenant security deposits	450	0	450
Increase (decrease) in accrued liabilities	(6,254)	0	(6,254)
Increase (decrease) in prepaid rent	<u>1,019</u>	<u>0</u>	<u>1,019</u>
Cash Flows From Operating Activities	<u>(1,509)</u>	<u>42,870</u>	<u>41,361</u>

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Notes to the Financial Statements
June 30, 2016

1. Summary of Significant Accounting Policies

The Housing Authority of the City of Burlington, Colorado was organized on June 25, 1970 under "The Housing Authorities Law" of the State of Colorado (Colorado Revised Statutes 1963, Chapter 69, Article (3) pursuant to a petition filed with the City Clerk setting forth that there was a need for a Housing Authority to provide safe and sanitary dwelling accommodations. The Authority has 31 apartments which it rents to qualifying individuals.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles as applicable to government entities. The more significant of the Authority's accounting policies are described below.

- A. Reporting Entity - The Authority is a political subdivision of the State of Colorado which is governed by a board of 5 members. The Authority is considered to be a primary government because it has a separate governing body, it is legally separate, and it is fiscally independent of other state and local governments. It has no component units. Neither is it a component unit of any other entity.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of (a) the primary government, (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based upon these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

- B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority operates as a proprietary fund. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies all applicable FASB pronouncements in accounting and reporting for its proprietary operations. Proprietary funds include the following fund types:

Enterprise funds are used 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 management accountability.

The government considers all revenues available if they are collected within 60 days after year end. Expenses are recorded when the related fund liability is incurred.

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Notes to the Financial Statements
June 30, 2016
(continued)

C. Assets, Liabilities and Equity

1. Deposits

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to deposit funds in institutions who are members of the federal deposit insurance corporation or the federal savings and loan insurance corporation to the extent that the deposit is insured by one of the above or is secured by pledge of eligible collateral as required by CRS 11-10.5-107

2. Fixed Assets

Property, plant and equipment are recorded at cost. Assets donated to these fund types are recorded at their fair value at the date of donation. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	5-10
Buildings	40

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

3. Compensated Absences

The Authority does not provide for compensated absences other than vacation for the current year. No liability deemed necessary.

4. Cash Equivalents

For the statement of cash flows, all unrestricted investment instruments with original maturities of three months or less are cash equivalents.

5. Unrestricted net position

None of the Authority's net position are subject to donor-imposed restrictions.

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Notes to Financial Statements
June 30, 2016
(continued)

6. Current Vulnerability Due To Certain Concentrations

The Authority's only assets are apartments. The Authority's operations are concentrated in the multifamily real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

8. The Authority is exposed to various risks of loss 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 for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
9. The Authority does not pay income taxes because it is considered a political subdivision of the State of Colorado.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgetary integration is employed as a management control device during the year. There is no requirement, however, that the budget be legally adopted.

Encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is not utilized by the Authority.

- B. Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Notes to Financial Statements
June 30, 2016
(continued)

(3) DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

- A. Deposits - are in two financial institutions. Deposits are displayed on the balance sheets as "Cash" and "Certificate of Deposit", and are carried at cost.

The Colorado Public Deposit Protection Act (PDPA) requires that all political subdivisions of the State deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or be held in trust. The market value of the collateral must be at least equal to 102% of aggregate uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2016, all of the Authority's cash deposits are covered by FDIC.

- B. Changes in General Fixed Assets - a summary of changes follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>	Accumulated <u>Depreciation</u>	Net Fixed <u>Assets</u>
Low Rent Program						
Land	65,337	0	0	65,337	0	65,337
Land Improvements	185,524	1,402	0	186,926	111,395	75,531
Buildings	1,268,869	0	0	1,268,869	1,268,869	0
Building Improvements	420,541	3,237	0	423,778	264,960	158,818
Equipment, Dwelling	32,965	5,585	0	38,550	23,619	14,931
Equipment, Administration	<u>56,352</u>	<u>0</u>	<u>0</u>	<u>59,589</u>	<u>53,211</u>	<u>3,141</u>
Total Low Rent	2,029,588	10,224	0	2,039,812	1,722,054	317,758

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
Notes to Financial Statements
June 30, 2016
(continued)

(4) OTHER INFORMATION

- A. Risk Management - The Authority is exposed to various risks of loss 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 for all risks. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.
- B. Retirement Benefits - employees are covered under the social security system.
- C. Subsequent events have been evaluated through October 21, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Required Supplementary Information
 Budgetary Comparison Schedule
 Low Rent Program
 Year Ended June 30, 2016

	<u>Low Rent Program</u>			Variance Favorable- (Unfavorable)
	<u>Budget (Non-GAAP)</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues				
Dwelling Rental	51,520	51,520	73,981	22,461
Excess Utilities	1,000	1,000	825	(175)
Interest Income	10	10	14	4
Other Income	4,800	4,800	5,020	220
Current Year Operating Subsidy	<u>0</u>	<u>0</u>	<u>81,895</u>	<u>81,895</u>
Total Revenues	57,330	57,330	161,735	104,405
Expenses				
Administrative				
Salaries	41,600	41,600	37,870	3,731
Benefits	11,580	11,580	13,845	(2,265)
Staff Training	3,000	3,000	0	3,000
Travel	500	500	0	500
Accounting	3,600	3,600	3,997	(397)
Auditing	3,000	3,000	2,700	300
Sundry	6,500	6,500	5,681	819
Advertising & Marketing	100	100	44	56
Other	<u>2,300</u>	<u>2,300</u>	<u>3,761</u>	<u>(1,461)</u>
Total Administrative Expenses	72,180	72,180	67,898	4,282
Tenant Services	700	700	0	700
Utilities				
Water	5,800	5,800	4,998	802
Electricity	11,000	11,000	7,831	3,169
Gas & Heat	8,300	8,300	8,805	(505)
Other Utilities	<u>2,400</u>	<u>2,400</u>	<u>1,653</u>	<u>747</u>
Total Utilities	27,500	27,500	23,287	4,213

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Required Supplementary Information
 Budgetary Comparison Schedule
 Low Rent Program
 Operating subsidy
 Year Ended June 30, 2016

	<u>Budget (Non-GAAP)</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		<u>Favorable- (Unfavorable)</u>
Maintenance & Operations				
Labor	18,720	18,720	6,440	12,280
Benefits	1,430	1,430	456	974
Materials	20,700	20,700	12,223	8,477
Contract Costs	11,200	11,200	24,516	(13,316)
Garbage & Trash Removal	<u>1,050</u>	<u>1,050</u>	<u>640</u>	<u>410</u>
Total Maintenance & Operations	53,100	53,100	44,274	8,826
General Expenses				
Insurance	18,180	18,180	9,100	9,080
Collection Losses	<u>5,000</u>	<u>5,000</u>	<u>3,575</u>	<u>1,425</u>
Total General Expenses	<u>23,180</u>	<u>23,180</u>	<u>12,675</u>	<u>10,505</u>
Total Expenses Prior to Depreciation	176,660	176,660	148,134	28,526
Depreciation			<u>45,335</u>	
Total Expenditures			193,469	
Transfers In			<u>42,870</u>	
Change in Net Position			11,137	
Net Position - Beginning			<u>404,381</u>	
Net Position - Ending			<u>415,518</u>	

OTHER INFORMATION

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Financial Data Schedule - Balance Sheet Data
 Year Ended June 30, 2016

ASSETS	Low	Capital	
Current Assets	<u>Rent</u>	<u>Funding</u>	<u>Total</u>
111 Cash - Unrestricted	36,821		36,821
112 Cash - Restricted - M & D	47,442		47,442
114 Cash - Tenant Security Deposits	<u>3,181</u>		<u>3,181</u>
100 Total Cash	87,444		87,444
Receivables			
122 Accounts Receivable - HUD Subsidy	17,870		17,870
126 Accounts Receivable - Tenants	<u>15,776</u>	<u>0</u>	<u>15,776</u>
120 Total Receivables	33,646	0	33,646
142 Prepaid Expenses	<u>6,500</u>	<u>0</u>	<u>6,500</u>
150 Total Current Assets	127,590	0	127,590
Noncurrent Assets			
161 Land	65,337		65,337
162 Buildings	1,692,647	0	1,692,647
163 Furniture, Equipment & Machinery - Dwellings	38,550	0	38,550
164 Furniture, Equipment & Machinery - Administration	56,352	0	56,352
165 Land Improvements	186,926	0	186,926
166 Accumulated Depreciation	<u>(1,722,054)</u>	<u>0</u>	<u>(1,722,054)</u>
160 Total Capital Assets, net of accumulated depreciation	<u>317,758</u>	<u>0</u>	<u>317,758</u>
290 TOTAL ASSETS	<u>445,348</u>	<u>0</u>	<u>445,348</u>
LIABILITIES AND NET POSITION			
Current Liabilities			
312 Accounts Payable	15,917		15,917
321 Accrues Wages/Payroll Taxes	3,351		3,351
322 Accrued Compensation Absences	4,120		4,120
341 Tenant Security Deposits	3,181		3,181
342 Unearned Revenues	<u>3,262</u>	<u>0</u>	<u>3,262</u>
310 Total Current Liabilities	29,830	0	29,830
Net Position			
508.4 Invested In Capital Assets	317,758	0	317,758
512.1 Unrestricted Net Position	<u>97,760</u>	<u>0</u>	<u>97,760</u>
513 Total Net Position	<u>415,518</u>	<u>0</u>	<u>415,518</u>

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended June 30, 2016

	<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
REVENUES			
70300	Net Tenant Rental Revenue	73,981	73,981
70400	Tenant Revenue - Other	<u>5,845</u>	<u>5,845</u>
70500	Total Tenant Revenue	79,826	79,826
70600	HUD PHA Operating Grants	81,895	81,895
70610	Capital Grants	0	42,870
71100	Investment Income - Unrestricted	<u>14</u>	<u>0</u>
70000	TOTAL REVENUE	161,735	204,605
EXPENSES			
Administrative			
91100	Salaries	37,754	37,754
91200	Auditing	2,700	2,700
91310	Bookkeeping	3,997	3,997
91500	Employee Benefits	13,845	13,845
91600	Office Expenses	5,681	5,681
91800	Advertising	44	44
91900	Other	<u>3,761</u>	<u>0</u>
91000	Total Administrative	67,782	67,782
92400	Utilities		
93100	Water	4,998	4,998
93200	Electricity	7,831	7,831
93300	Gas	8,805	8,805
93800	Other	<u>1,653</u>	<u>0</u>
93000	Total Utilities	23,287	23,287

HOUSING AUTHORITY OF THE CITY OF BURLINGTON, COLORADO
 Financial Data Schedule - Revenues and Expenses
 Year Ended June 30, 2016
 (continued)

	<u>Low Rent</u>	<u>Capital Funding</u>	<u>Total</u>
Ordinary Maintenance & Operations			
94100 Labor	6,440		6,440
94200 Materials & Other	6,556		6,556
94300-010 Garbage & Trash Removal	640		640
94300-050 Landscape & Grounds Contract	1,020		1,020
94300-060 Unit Turnaround	189		189
94300-070 Electrical	181		181
94300-020 Heating & Cooling	258		258
94300-030 Snow Removal	1,132		1,132
94300-080 Plumbing	2,888		2,888
94300-090 Misc Contracts	24,516		24,516
94500 Employee Benefits	<u>456</u>	<u>0</u>	<u>456</u>
94000 Total Maintenance	44,274	0	44,274
Insurance Expense			
96110 Property Insurance	6,825		6,825
96120 Liability Insurance	<u>2,275</u>	<u>0</u>	<u>2,275</u>
96100 Total Insurance	9,100	0	9,100
96210 Compensated Absences	116		116
96400 Bad Debts	<u>3,575</u>	<u>0</u>	<u>3,575</u>
96900 Total Operating Expenses	<u>148,134</u>	<u>0</u>	<u>148,134</u>
97000 Excess Operating Revenue over Operating Expenses	13,601	42,870	56,471
97200 Depreciation Expense	<u>45,335</u>	<u>0</u>	<u>45,335</u>
90000 TOTAL EXPENSES	<u>193,469</u>	<u>0</u>	<u>193,469</u>
10000 Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(31,733)	42,870	11,137
10100 Operating Transfers	42,870	(42,870)	0
11030 Beginning Net Position	<u>404,381</u>	<u>0</u>	<u>404,381</u>
Ending Net Position	<u>415,518</u>	<u>0</u>	<u>415,518</u>