

**HOUSING AUTHORITY OF THE CITY OF
FORT LUPTON, COLORADO**

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2016



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**REQUIRED SUPPLEMENTAL INFORMATION-
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2016

This section of the Housing Authority of the City of Fort Lupton, Colorado's annual financial report presents our 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 basic 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 December 31, 2016 was \$1,373,386. The net position increased by \$19,775, an increase of 1% over the prior year. Of this amount, \$131,425 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$614,146 for the year ended December 31, 2016. This was a decrease of \$54,064 or 10% over the prior year.

Operating expenses for the Authority were \$856,725 for the year ended December 31, 2016. This was an increase of \$17,735 or 2% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *management's discussion and analysis* report, the *basic financial statements* and the *notes to the basic financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

Required Financial Statements

Proprietary Fund Financial Statements - The basic 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.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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.

The Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

Notes to the Basic 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. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2016 is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2016	FY 2015	Dollar Change	Percent Change
Current and other assets	\$ 253,952	\$ 213,741	\$ 40,211	19%
Capital assets	2,251,803	1,576,917	674,886	43%
Total Assets	<u>2,505,755</u>	<u>1,790,658</u>	<u>715,097</u>	<u>40%</u>
Current liabilities	159,395	131,392	28,003	21%
Other liabilities	2,642	1,922	720	37%
Long-term debt outstanding	970,332	303,733	666,599	219%
Total Liabilities	<u>1,132,369</u>	<u>437,047</u>	<u>695,322</u>	<u>159%</u>
Net Position				
Net investment in capital assets	1,215,793	1,233,421	(17,628)	-1%
Restricted	26,168	13,911	12,257	88%
Unrestricted	131,425	106,279	25,146	24%
Total Net Position	<u>\$ 1,373,386</u>	<u>\$ 1,353,611</u>	<u>\$ 19,775</u>	<u>1%</u>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016**

FINANCIAL ANALYSIS (CONT'D)

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,373,386 at the close of the year ended December 31, 2016. This represents an increase of \$19,775 which is an increase of 1% over the prior year. The majority of the increase was attributed contributions and operations for the year ended December 31, 2016.

Current and other assets increased by \$40,211. This was attributed to operations before depreciation, the acquisition of property which includes debt related transactions and property which resulted in a net increase in cash and investments of \$29,179. In addition, the amount receivable from tenants increased by \$10,703. The majority of the increase in accounts receivable from tenants was due to a retroactive charge assessed to one specific tenant after it was discovered that the tenant was committing fraud. The Authority also saw an increase in tenant repayment agreement due to families losing employment.

Current liabilities increased by \$28,003 of which the majority was an increase in the current amount owed on notes which increased by \$25,915 as the result of additional debt incurred on property acquisitions.

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

Unrestricted net position as of December 31, 2016 was \$131,425. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had no restricted net position 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.

As of December 31, 2016 the Authority had net position of \$26,168 restricted for the Weld County NSP program for which the transfer of these properties has not occurred as of December 31, 2016.

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 these changes.

As can be seen on the next page, total revenues increased by \$50,473, primarily due to the increase in rental income of \$70,746 or 19% and offset by a decrease in Federal operating grants of (\$15,479). The increase in rental income was attributed to the acquisition of 7 units to the Market Rentals.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016

FINANCIAL ANALYSIS (CONT'D)

HUD operating subsidy for the Authority was \$164,099 for the year ended December 31, 2016. This was an increase of \$11,917 over the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$115,147 of HUD capital grants for operations for the fiscal year ended December 31, 2016 compared to \$146,107 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

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

	<u>FY 2016</u>	<u>FY 2015</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenues				
Program revenues				
Rental	\$ 450,490	\$ 379,744	\$ 70,746	19%
HUD program contributions	433,813	449,292	(15,479)	-3%
General revenues				
Interest	49	50	(1)	-2%
Other	9,089	13,882	(4,793)	-35%
Total Revenues	<u>893,441</u>	<u>842,968</u>	<u>50,473</u>	<u>6%</u>
Expenses				
Depreciation	268,023	249,005	19,018	8%
Operating	588,702	574,532	14,170	2%
Nonoperating	36,466	48,181	(11,715)	-24%
Total Expenses	<u>893,191</u>	<u>871,718</u>	<u>21,473</u>	<u>2%</u>
Excess (deficiency) before contributions and special items	250	(28,750)	29,000	-101%
Capital Contributions	31,000	-	31,000	
Special Items:				
Loan closing costs	(11,475)	-	(11,475)	
Changes in Net Position	<u>19,775</u>	<u>(28,750)</u>	<u>48,525</u>	
Beginning Net Position	1,353,611	1,382,361	(28,750)	
Ending Net Position	<u>\$ 1,373,386</u>	<u>\$ 1,353,611</u>	<u>\$ 19,775</u>	

Operating expenses for the Authority were \$588,702 for the year ended December 31, 2016. This was an increase of \$14,170 or 2% over the prior year. The various category fluctuations were not attributed to any specific event or unusual circumstance other than the typical variability from year to year.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016**

FINANCIAL ANALYSIS (CONT'D)

Contributions for the year were \$31,000 which consisted of a reduction in the sales price by the seller of a tract of land purchased by the Housing Authority.

OCCUPANCY

The Public Housing program has 50 units of housing or 600 unit months available, there were 32 Vacancy months resulting in 568 months leased for the year, a 94.6% occupancy rate.

- Columbine Court apartments has 30 units of housing for 360 unit months available, there were 9 vacancy months for a total of 351 unit months leased for the year, a 97.5% occupancy rate.
- Market Rentals has 15 units with 180 unit months available, there were 6 vacancy months for a total of 174 unit months' lease, a 96.6% occupancy rate.
- Weld County NSP Program has 2 houses or 24 unit months available, there were no vacancies resulting in 24 unit months leased, for a 100% occupancy rate.

The Authority has a total of 97 units of housing or 1,164 unit months available, there were 47 vacancy months resulting in a total of 1,117 unit months leased, a 95,9% occupancy rate for the Authority.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2016 amounts to \$2,251,803. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total increase in the Authority's net investment in capital assets for the current fiscal year was 43% in terms of net book value. The actual amount to purchase or construct capital assets was \$947,250 for the year. Depreciation charges for the year totaled \$268,023. Additional information on the Authority's capital assets can be found in Note E of the notes to the basic financial statements of this report.

The Authority acquired 7 units and a 5-acre lot during the year ended December 31, 2016. A total of 10 units underwent total renovations. Columbine Court had all tenant windows, a total of 59 windows replaced with new energy saving windows. All front porch lights at Columbine Court were replaced with LED, energy saving lights.

DEBT ADMINISTRATION

The Authority has outstanding notes payable of \$12,576 for vehicles and \$1,023,434 for real property. The revenue from the Columbine Court Program and Market Rentals are pledged to repay the mortgages. During the year ended December 31, 2016, the Authority purchased 8 housing units and a 5-acre tract of land for which it incurred an additional \$746,405 in long-term debt for the acquisitions. Additional information on the Authority's long-term debt can be found in Note I of the notes to the financial statements of this report.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016**

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 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 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. The operating expenses are expected to increase by the economy's inflation rate.

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 the Executive Director, Housing Authority of the City of Fort Lupton, 400 2nd Street, Fort Lupton, CO 80621.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the City of Fort Lupton, Colorado

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2016, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Lupton, Colorado as of December 31, 2016, and the changes in its financial position and its cash flows 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplemental information as described is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such Information has been subjected to 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules and Financial Data Schedule are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017 on our consideration of the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
March 30, 2017

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2016

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 189,416
Accounts receivable, net	13,276
Prepaid insurance	1,790
Materials Inventory	1,564
<i>Restricted:</i>	
Cash and cash equivalents	<u>47,906</u>
TOTAL CURRENT ASSETS	<u>253,952</u>
NONCURRENT ASSETS:	
Capital Assets, non-depreciable	516,498
Capital Assets, depreciable, net	<u>1,735,305</u>
TOTAL NONCURRENT ASSETS	<u>2,251,803</u>
TOTAL ASSETS \$	<u>2,505,755</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 42,563
Accrued payroll and benefits	3,997
Compensated absence payable	5,364
Unearned revenue	169
Accrued interest payable	2,719
Tenant security deposit payable	38,905
Current-portion, notes payable	<u>65,678</u>
TOTAL CURRENT LIABILITIES	<u>159,395</u>
NONCURRENT LIABILITIES:	
Compensated absence payable	2,642
Notes payable	<u>970,332</u>
TOTAL NONCURRENT LIABILITIES	<u>972,974</u>
TOTAL LIABILITIES	<u>1,132,369</u>
 NET POSITION	
Net investment in capital assets	1,215,793
Restricted	26,168
Unrestricted	<u>131,425</u>
TOTAL NET POSITION \$	<u>1,373,386</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2016

		Housing
OPERATING REVENUES		
Rental income	\$	450,490
HUD program revenue		154,567
Other income		9,089
TOTAL OPERATING REVENUES		614,146
OPERATING EXPENSES		
Administrative		178,405
Tenant Services		12,199
Utilities		129,993
Ordinary maintenance and operations		214,905
General expense		53,200
Depreciation		268,023
TOTAL OPERATING EXPENSES		856,725
OPERATING INCOME (LOSS)		(242,579)
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		164,099
HUD capital fund grants - operations		115,147
Interest income		49
Interest expense		(32,127)
Loss on capital asset dispositions		(4,339)
TOTAL NONOPERATING REVENUES (EXPENSES)		242,829
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS		250
CONTRIBUTIONS		
Local contributions		31,000
SPECIAL ITEMS		
Loan closing costs		(11,475)
INCREASE (DECREASE) IN NET POSITION		19,775
NET POSITION:		
Net position, beginning balance		1,353,611
NET POSITION - ENDING BALANCE	\$	1,373,386

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended December 31, 2016

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 435,481
HUD receipts	154,567
Other receipts	9,089
Tenant security deposits	6,566
Cash payments for goods and services	(344,683)
Cash payments to employees for services	(245,442)
	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES
	15,578
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	164,099
HUD capital fund grants - operations	115,147
	NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES
	279,246
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(947,250)
Local contributions received	31,000
Interest paid on capital debt	(30,483)
Principal paid on capital debt	(53,891)
Advances on notes for capital debt	746,405
Loan closing costs paid for capital debt	(11,475)
	NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES
	(265,694)
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	49
	NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES
	49
	NET INCREASE (DECREASE) IN CASH
	29,179
CASH AND CASH EQUIVALENTS-BEGINNING	208,143
	CASH AND CASH EQUIVALENTS-END OF YEAR
	\$ 237,322

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended December 31, 2016

RECONCILIATION OF INCOME (LOSS) FROM
OPERATIONS TO NET CASH PROVIDED
(USED) BY OPERATING ACTIVITIES:

	<u>Housing</u>
Operating income (loss)	\$ (242,579)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	268,023
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(16,186)
(Increase) decrease in prepaid items	(330)
Increase (decrease) in accounts payable	(658)
Increase (decrease) in accrued payroll and benefits	(3,101)
Increase (decrease) in tenant security deposits	6,566
Increase (decrease) in tenant prepaid rents	1,177
Increase (decrease) in accrued leave	2,666
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 15,578

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the United States Housing Act of 1937 and amendments contained in the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting 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 consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total 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.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations, debt service and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements.

The Authority has a sole enterprise fund which includes the activities of the following programs:

Public Housing Program - This program accounts for the operation, maintenance, and development of 20 apartments called Crane Court and 30 family scattered site units for HUD. The development of the projects was funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

Columbine Court - This program accounts for the operation and maintenance of 30 housing units known as Columbine Court which are owned by the Authority and was funded under the Section 221(d) (3) the program and with rental assistance through the Section 8 Program provided by the U.S. Department of Housing and Urban Development. During the year ended December 31, 2016, the Authority refinanced a loan from the Bank of Colorado which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property

Market Rentals - This program accounts for the operation and maintenance of 15 housing units which are owned by the Authority. The program is primarily funded by tenant rents.

Weld Co. NSP - This program accounts for the operation and maintenance of 2 individual houses that were purchased and renovated through the Neighborhood Stabilization Program. The program is primarily funded by tenant rents. As of December 31, 2016 the deed to the properties has not been transferred to the Authority.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date donated. The Authority generally capitalized assets with a cost of \$500 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply the restricted component of net position first.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

The current policy will allow employees to earn 120 hours of paid time off and the Executive Director to earn 160 hours of paid time off per year. Employees can cash out half of the accrued leave and half can be accrued for the following year. Only 180 hours may be accrued at any given time.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 45.

Income Taxes

The Authority is a governmental subdivision of the State of Colorado and is exempt from Federal and State income taxes.

Taxpayer's Bill of Rights

In November, 1992, the voters of the State of Colorado approved an amendment to the State's 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 from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is 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, all basic operational requirements of TABOR.

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 2016, the Authority's carrying amount of deposits was \$237,322 and the bank balances were \$240,885. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of \$250,000 (including accrued interest) shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S., as amended. All of the bank balances were covered by federal depository insurance.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2016 is as follows:

Tenants	\$	13,276
Allowance for doubtful accounts		--
	\$	<u>13,276</u>

NOTE D – RESTRICTED ASSETS

Cash and cash equivalents of \$38,905 at December 31, 2016 are restricted for Tenant Security Deposits and \$9,001 is restricted for the Weld County NSP Program as further detailed in Note J.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
Non-depreciable assets:				
Land	\$ 232,898	\$ 283,600	\$ -	\$ 516,498
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>232,898</u>	<u>283,600</u>	<u>-</u>	<u>516,498</u>
Depreciable assets				
Buildings	3,998,546	649,936	(29,259)	4,619,223
Equipment - Dwelling	106,775	17,873	(8,665)	115,983
Equipment - Administration	77,050	9,030	(1,831)	84,249
Total depreciable assets	<u>4,182,371</u>	<u>676,839</u>	<u>(39,755)</u>	<u>4,819,455</u>
Total Capital Assets	<u>4,415,269</u>	<u>960,439</u>	<u>(39,755)</u>	<u>5,335,953</u>
Accumulated depreciation				
Buildings	2,718,474	243,011	(13,664)	2,947,821
Equipment - Dwelling	86,678	8,373	(7,365)	87,686
Equipment - Administration	33,202	16,639	(1,198)	48,643
Total accumulated depreciation	<u>2,838,354</u>	<u>268,023</u>	<u>(22,227)</u>	<u>3,084,150</u>
Depreciable assets, net	<u>1,344,017</u>	<u>408,816</u>	<u>(17,528)</u>	<u>1,735,305</u>
Capital assets, net	<u>\$ 1,576,915</u>	<u>\$ 692,416</u>	<u>\$ (17,528)</u>	<u>\$ 2,251,803</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE F – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2016 is as follows:

Vendors and contractors	\$ <u>42,563</u>
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NOTE G – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2016 is as follows:

Tenant prepaid rents	\$ <u>169</u>
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NOTE H—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Net Increase</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ <u>5,340</u>	\$ <u>2,666</u>	\$ <u>8,006</u>	\$ <u>5,364</u>

NOTE I – LONG-TERM LIABILITIES

Notes Payable- Vehicles

In August, 2012, the Authority obtained financing with a local financial institution in the amount of \$34,824 to purchase a vehicle to be used for maintenance on all properties. The term of the loan is for five years with a 3.25% interest rate.

In March 2014, the Authority obtained financing with a local financial institution in the amount of \$28,752 to purchase a vehicle to be used for tenant activities. The term of the loan is for 5 years with a 3.25% interest rate.

A summary of changes in Notes payable - Vehicles for the year ended December 31, 2016 are as follows:

<u>Description</u>	<u>Balance 1/1/2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2016</u>	<u>Due Within One Year</u>
Bank of Colorado Loan	\$ 12,213	\$ -	\$ (7,276)	\$ 4,937	\$ 4,93
Bank of Colorado Loan	\$ 13,527	\$ -	\$ (5,888)	\$ 7,639	\$ 6,08
Total	<u>\$ 25,740</u>	<u>\$ -</u>	<u>\$ (13,164)</u>	<u>\$ 12,576</u>	<u>\$ 11,02</u>
			Less current maturities	<u>(11,023)</u>	
			Long-term portion	<u>\$ 1,553</u>	

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I – LONG-TERM LIABILITIES (CONT'D)

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 11,023	\$ 220	\$ 11,243
2018	1,553	9	1,562
	<u>\$ 12,576</u>	<u>\$ 229</u>	<u>\$ 12,805</u>

Notes Payable - Properties

On April 10, 2015, the Authority refinanced a loan from a local financial institution which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property known as Columbine Court, a thirty-unit rental property. The loan had an original amount of \$281,977 which bears interest at 3.75% adjustable on April 2020. The loan requires monthly principal and interest payments of \$2,830 and matures April 2025. The balance due at December 31, 2016 was \$242,251.

On May 29, 2012, the Authority obtained a mortgage from a local financial institution for the financing of market rate rental known as 210 Harrison. The loan had an original amount of \$59,000 which bears interest at 3.34% adjustable on May 29, 2017. The loan requires monthly principal and interest payments of \$336 and matures June 2032. The balance due at December 31, 2016 was \$48,904.

On March 25, 2016, the Authority obtained a mortgage from a local financial institution for the financing of 7 market rate rentals known as 200 1st Street. The loan had an original amount of \$608,706 which bears interest at 3.75% adjustable on May 1, 2021. The loan requires monthly principal and interest payments of \$3,150 and matures April 2041. The balance due at December 31, 2016 was \$599,322.

On July 15, 2016, the Authority obtained a mortgage from a local financial institution for the financing of a 5-acre tract of land known as 911 S. Denver. The loan had an original amount of \$137,699 which bears interest at 3.75% adjustable on August 15, 2021. The loan requires monthly principal and interest payments of \$1,381 and matures July 2026. The balance due at December 31, 2016 was \$132,957.

A summary of changes in Notes Payable - Properties for the year ended December 31, 2016 are as follows:

Description	Balance 1/1/2016	Additions	Retired	Balance 12/31/2016	Due Within One Year
Mortgage-Columbine	\$ 266,477	\$ -	\$ (24,226)	\$ 242,251	\$ 25,192
Mortgage-210 Harrison	51,279	-	(2,375)	48,904	2,459
Mortgage-200 1st Street	-	608,706	(9,384)	599,322	15,278
Mortgage-911 S. Denver	-	137,699	(4,742)	132,957	11,726
Total	<u>\$ 317,756</u>	<u>\$ 746,405</u>	<u>\$ (40,727)</u>	<u>\$ 1,023,434</u>	<u>\$ 54,655</u>
			Less current maturities	(54,655)	
			Long-term portion	<u>\$ 968,779</u>	

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE I – LONG-TERM LIABILITIES (CONT'D)

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 54,655	\$ 37,721	\$ 92,376
2018	56,757	35,620	92,377
2019	58,940	33,437	92,377
2020	61,116	31,260	92,376
2021	63,557	28,820	92,377
2022-2026	291,017	107,347	398,364
2027-2031	138,838	70,330	209,168
2032-2036	147,759	43,256	191,015
2037-2041	150,795	13,002	163,797
	<u>\$ 1,023,434</u>	<u>\$ 400,793</u>	<u>\$ 1,424,227</u>

NOTE J—NET POSITION

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Agency that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This category represents net position of the Agency, not restricted for any project or other purposes.

A summary of restricted net position as of December 31, 2016 is as follows:

Weld County NSP Program \$26,168 – On June 9, 2014, the Authority signed a lease with the Weld County Housing Authority whereas the Authority would receive 2 NSP (Neighborhood Stabilization Program) Houses. According to the agreement the Authority would receive all the benefits until the time of the Deed Restriction transfer documents had occurred. In addition, the Authority is required to deposit any moneys received for rent are to be held in a separate account until such time as the terms of the Deed Restriction (transfer documents) have been defined. As of December 31, 2016, the transfer of the properties has not occurred and the net position is being reported as restricted.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE K – CONTINGENCIES

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, 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.

NOTE L - 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 for which the Authority purchases commercial insurance.

During the year ended December 31, 2016, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**SUPPLEMENTAL INFORMATION-
PROGRAM FINANCIAL SCHEDULES**

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2016

ASSETS	<u>Public Housing</u>	<u>Columbine Court</u>	<u>Market Rentals</u>	<u>Weld Co. NSP</u>	<u>Totals</u>
CURRENT ASSETS:					
Cash and cash equivalents	\$ 142,719	\$ 46,375	\$ -	\$ 322	\$ 189,416
Accounts receivable, net	9,343	743	3,190	-	13,276
Prepaid insurance	853	507	430	-	1,790
Materials Inventory	1,301	263	-	-	1,564
<i>Restricted:</i>					
Interfund receivable	-	-	-	17,168	17,168
Cash and cash equivalents	16,988	10,438	9,735	10,745	47,906
TOTAL CURRENT ASSETS	<u>171,204</u>	<u>58,326</u>	<u>13,355</u>	<u>28,235</u>	<u>271,120</u>
NONCURRENT ASSETS:					
Capital Assets, non-depreciable	119,640	65,000	331,858	-	516,498
Capital Assets, depreciable, net	<u>752,744</u>	<u>303,949</u>	<u>677,076</u>	<u>1,536</u>	<u>1,735,305</u>
TOTAL NONCURRENT ASSETS	<u>872,384</u>	<u>368,949</u>	<u>1,008,934</u>	<u>1,536</u>	<u>2,251,803</u>
TOTAL ASSETS	<u>\$ 1,043,588</u>	<u>\$ 427,275</u>	<u>\$ 1,022,289</u>	<u>\$ 29,771</u>	<u>\$ 2,522,923</u>
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	\$ 26,275	\$ 10,834	\$ 5,132	\$ 322	\$ 42,563
Accrued payroll and benefits	2,074	1,441	482	-	3,997
Compensated absence payable	2,789	1,663	912	-	5,364
Interfund payable	-	-	17,168	-	17,168
Unearned Revenue	139	20	10	-	169
Accrued interest payable	-	404	2,315	-	2,719
Tenant security deposit payable	16,988	10,438	9,734	1,745	38,905
Current-portion, notes payable	-	25,192	40,486	-	65,678
TOTAL CURRENT LIABILITIES	<u>48,265</u>	<u>49,992</u>	<u>76,239</u>	<u>2,067</u>	<u>176,563</u>
NONCURRENT LIABILITIES:					
Compensated absence payable	1,374	819	449	-	2,642
Notes payable	-	217,059	753,273	-	970,332
TOTAL NONCURRENT LIABILITIES	<u>1,374</u>	<u>217,878</u>	<u>753,722</u>	<u>-</u>	<u>972,974</u>
TOTAL LIABILITIES	<u>49,639</u>	<u>267,870</u>	<u>829,961</u>	<u>2,067</u>	<u>1,149,537</u>
NET POSITION					
Net investment in capital assets	872,384	126,698	215,175	1,536	1,215,793
Restricted	-	-	-	26,168	26,168
Unrestricted	<u>121,565</u>	<u>32,707</u>	<u>(22,847)</u>	<u>-</u>	<u>131,425</u>
TOTAL NET POSITION	<u>\$ 993,949</u>	<u>\$ 159,405</u>	<u>\$ 192,328</u>	<u>\$ 27,704</u>	<u>\$ 1,373,386</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended December 31, 2016

	<u>Public Housing</u>	<u>Columbine Court</u>	<u>Market Rentals</u>	<u>Weld Co. NSP</u>	<u>Totals</u>
OPERATING REVENUES					
Rental income	\$ 189,756	\$ 104,982	\$ 134,980	\$ 20,772	\$ 450,490
HUD program revenue	-	154,567	-	-	154,567
Other income	806	2,255	21,059	-	24,120
TOTAL OPERATING REVENUES	190,562	261,804	156,039	20,772	629,177
OPERATING EXPENSES					
Administrative	88,502	54,808	34,259	3,086	180,655
Tenant Services	4,870	7,073	256	-	12,199
Utilities	78,168	34,498	14,160	3,167	129,993
Ordinary maintenance and operations	148,415	54,643	23,790	838	227,686
General expense	28,284	14,587	8,905	1,424	53,200
Depreciation	156,940	63,167	47,497	419	268,023
TOTAL OPERATING EXPENSES	505,179	228,776	128,867	8,934	871,756
OPERATING INCOME (LOSS)	(314,617)	33,028	27,172	11,838	(242,579)
NONOPERATING REVENUES (EXPENSES)					
HUD operating subsidy	164,099	-	-	-	164,099
HUD capital fund grants - operations	115,147	-	-	-	115,147
Interest income	44	5	-	-	49
Interest expense	-	(9,718)	(22,409)	-	(32,127)
Loss on capital asset dispositions	(3,454)	(885)	-	-	(4,339)
TOTAL NONOPERATING REVENUES (EXPENSES)	275,836	(10,598)	(22,409)	-	242,829
INCOME (LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(38,781)	22,430	4,763	11,838	250
CONTRIBUTIONS					
Local contributions	-	-	31,000	-	31,000
SPECIAL ITEMS					
Loan closing costs	-	-	(11,475)	-	(11,475)
INCREASE (DECREASE) IN NET POSITION	(38,781)	22,430	24,288	11,838	19,775
NET POSITION:					
Net position, beginning balance	1,032,730	136,975	168,040	15,866	1,353,611
NET POSITION - ENDING BALANCE	\$ 993,949	\$ 159,405	\$ 192,328	\$ 27,704	\$ 1,373,386

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended December 31, 2016

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Rental receipts	\$ 183,082	\$ 102,691	\$ 128,936	\$ 20,772	\$ 435,481
HUD receipts	-	154,567	-	-	154,567
Other receipts	806	2,255	21,059	-	24,120
Tenant security deposits	447	567	5,488	64	6,566
Cash payments for goods and services	(201,628)	(100,567)	(48,929)	(8,590)	(359,714)
Cash payments to employees for services	(149,596)	(64,579)	(31,267)	-	(245,442)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(166,889)	94,934	75,287	12,246	15,578
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
HUD operating subsidy	164,099	-	-	-	164,099
HUD capital fund grants - operations	115,147	-	-	-	115,147
Interfund borrowings	-	-	11,385	(11,385)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	279,246	-	11,385	(11,385)	279,246
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases and construction of capital assets	(103,317)	(51,040)	(792,893)	-	(947,250)
Local contributions received	-	-	31,000	-	31,000
Interest paid on capital debt	-	(10,174)	(20,309)	-	(30,483)
Principal paid on capital debt	-	(24,226)	(29,665)	-	(53,891)
Advances on notes for capital debt	-	-	746,405	-	746,405
Loan closing expenses paid	-	-	(11,475)	-	(11,475)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(103,317)	(85,440)	(76,937)	-	(265,694)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	44	5	-	-	49
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	44	5	-	-	49
NET INCREASE (DECREASE) IN CASH	9,084	9,499	9,735	861	29,179
CASH AND CASH EQUIVALENTS-BEGINNING	150,623	47,314	-	10,206	208,143
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 159,707	\$ 56,813	\$ 9,735	\$ 11,067	\$ 237,322

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended December 31, 2016

	Public Housing	Columbine Court	Market Rentals	Weid Co. NSP	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (314,617)	\$ 33,028	\$ 27,172	\$ 11,838	\$ (242,579)
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	156,940	63,167	47,497	419	268,023
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(7,814)	(2,275)	(6,097)	-	(16,186)
(Increase) decrease in prepaid items	(36)	(25)	(269)	-	(330)
Increase (decrease) in accounts payable	(7)	(967)	391	(75)	(658)
Increase (decrease) in accrued payroll and benefits	(4,114)	735	278	-	(3,101)
Increase (decrease) in tenant security deposits	447	567	5,488	64	6,566
Increase (decrease) in tenant prepaid rents	1,140	(16)	53	-	1,177
Increase (decrease) in accrued leave	1,172	720	774	-	2,666
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (166,889)	\$ 94,934	\$ 75,287	\$ 12,246	\$ 15,578

**SUPPLEMENTAL INFORMATION-
FINANCIAL DATA SCHEDULE**

Housing Authority of the City of Fort Lupton (CO029)
FORT LUPTON, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$142,719	\$46,375	\$322	\$189,416		\$189,416
113 Cash - Other Restricted			\$9,000	\$9,000		\$9,000
114 Cash - Tenant Security Deposits	\$16,988	\$10,438	\$11,480	\$38,906		\$38,906
100 Total Cash	\$159,707	\$56,813	\$20,802	\$237,322	\$0	\$237,322
120 Accounts Receivable - Tenants	\$9,343	\$743	\$3,190	\$13,276		\$13,276
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,343	\$743	\$3,190	\$13,276	\$0	\$13,276
142 Prepaid Expenses and Other Assets	\$853	\$507	\$430	\$1,790		\$1,790
143 Inventories	\$1,301	\$263		\$1,564		\$1,564
143.1 Allowance for Obsolete Inventories	\$0	\$0		\$0		\$0
150 Total Current Assets	\$171,204	\$58,326	\$24,422	\$253,952	\$0	\$253,952
161 Land	\$119,640	\$65,000	\$331,858	\$516,498		\$516,498
162 Buildings	\$2,429,041	\$1,270,992	\$919,192	\$4,619,225		\$4,619,225
163 Furniture, Equipment & Machinery - Dwellings	\$42,451	\$29,810	\$43,921	\$115,982		\$115,982
164 Furniture, Equipment & Machinery - Administration	\$17,445	\$9,518	\$58,282	\$84,245		\$84,245
168 Accumulated Depreciation	-\$1,736,193	-\$1,005,171	-\$342,783	-\$3,084,147		-\$3,084,147
160 Total Capital Assets, Net of Accumulated Depreciation	\$972,384	\$368,949	\$1,010,470	\$2,251,803	\$0	\$2,251,803
180 Total Non-Current Assets	\$972,384	\$368,949	\$1,010,470	\$2,251,803	\$0	\$2,251,803
290 Total Assets and Deferred Outflow of Resources	\$1,043,588	\$427,275	\$1,034,892	\$2,505,755	\$0	\$2,505,755
312 Accounts Payable <= 90 Days	\$26,275	\$10,834	\$5,454	\$42,563		\$42,563
321 Accrued Wage/Payroll Taxes Payable	\$2,074	\$1,441	\$482	\$3,997		\$3,997
322 Accrued Compensated Absences - Current Portion	\$2,789	\$1,683	\$912	\$5,364		\$5,364
325 Accrued Interest Payable		\$404	\$2,315	\$2,719		\$2,719
341 Tenant Security Deposits	\$16,988	\$10,438	\$11,479	\$38,905		\$38,905
342 Unearned Revenue	\$139	\$20	\$10	\$169		\$169
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$25,192	\$29,483	\$54,655		\$54,655
348 Loan Liability - Current			\$11,023	\$11,023		\$11,023
310 Total Current Liabilities	\$48,265	\$49,992	\$61,138	\$159,395	\$0	\$159,395
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$217,059	\$751,720	\$968,779		\$968,779
354 Accrued Compensated Absences - Non Current	\$1,374	\$819	\$449	\$2,642		\$2,642
355 Loan Liability - Non Current			\$1,553	\$1,553		\$1,553
350 Total Non-Current Liabilities	\$1,374	\$217,878	\$753,722	\$972,974	\$0	\$972,974
300 Total Liabilities	\$49,639	\$267,870	\$814,860	\$1,132,369	\$0	\$1,132,369
508.4 Net Investment in Capital Assets	\$872,384	\$126,698	\$216,711	\$1,215,793		\$1,215,793
511.4 Restricted Net Position			\$26,168	\$26,168		\$26,168
512.4 Unrestricted Net Position	\$121,565	\$32,707	-\$22,847	\$131,425		\$131,425
513 Total Equity - Net Assets / Position	\$993,949	\$159,405	\$220,032	\$1,373,386	\$0	\$1,373,386
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,043,588	\$427,275	\$1,034,892	\$2,505,755	\$0	\$2,505,755

Housing Authority of the City of Fort Lupton (CO029)

FORT LUPTON, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	14,182 NIC S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$180,748	\$100,453	\$155,752	\$436,951		\$436,951
70400 Tenant Revenue - Other	\$9,010	\$4,529		\$13,539		\$13,539
70500 Total Tenant Revenue	\$189,756	\$104,982	\$155,752	\$450,490	\$0	\$450,490
70600 HUD PHA Operating Grants	\$278,248	\$154,567		\$433,813		\$433,813
71100 Investment Income - Unrestricted	\$44	\$5		\$49		\$49
71500 Other Revenue	\$806	\$2,255	\$52,059	\$55,120	-\$15,031	\$40,089
71600 Gain or Loss on Sale of Capital Assets	-\$3,454	-\$885		-\$4,339		-\$4,339
70000 Total Revenue	\$466,398	\$260,824	\$207,811	\$935,133	-\$15,031	\$920,102
91100 Administrative Salaries	\$52,094	\$31,083	\$16,130	\$99,307		\$99,307
91200 Auditing Fees	\$4,025	\$2,075	\$1,400	\$7,500		\$7,500
91300 Management Fee			\$2,250	\$2,250	-\$2,250	\$0
91400 Advertising and Marketing			\$500	\$500		\$500
91500 Employee Benefit contributions - Administrative	\$11,412	\$6,795	\$3,410	\$21,617		\$21,617
91600 Office Expenses	\$17,095	\$10,020	\$5,422	\$32,537		\$32,537
91700 Legal Expense	\$923	\$2,771	\$3,399	\$7,093		\$7,093
91800 Travel	\$256	\$151	\$19	\$426		\$426
91900 Other	\$2,697	\$1,913	\$4,815	\$9,425		\$9,425
91000 Total Operating - Administrative	\$88,502	\$54,808	\$37,345	\$180,655	-\$2,250	\$178,405
92400 Tenant Services - Other	\$4,870	\$7,073	\$256	\$12,199		\$12,199
92500 Total Tenant Services	\$4,870	\$7,073	\$256	\$12,199	\$0	\$12,199
93100 Water	\$37,778	\$5,424	\$8,839	\$52,041		\$52,041
93200 Electricity	\$10,841	\$18,816	\$737	\$30,394		\$30,394
93300 Gas	\$5,069	\$7,059	\$1,464	\$14,492		\$14,492
93600 Sewer	\$17,138	\$2,788	\$5,821	\$25,745		\$25,745
93800 Other Utilities Expense	\$8,442	\$413	\$466	\$7,321		\$7,321
93000 Total Utilities	\$78,168	\$34,498	\$17,327	\$129,993	\$0	\$129,993
94100 Ordinary Maintenance and Operations - Labor	\$70,512	\$20,619	\$8,780	\$99,911		\$99,911
94200 Ordinary Maintenance and Operations - Materials and Other	\$23,414	\$8,736	\$5,270	\$37,420		\$37,420
94300 Ordinary Maintenance and Operations Contracts	\$43,024	\$18,469	\$7,354	\$68,847	-\$12,781	\$56,066
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,465	\$6,819	\$3,224	\$21,508		\$21,508
94000 Total Maintenance	\$148,415	\$54,643	\$24,628	\$227,686	-\$12,781	\$214,905
96110 Property Insurance	\$17,155	\$7,859	\$7,053	\$32,067		\$32,067
96120 Liability Insurance	\$1,094	\$645	\$215	\$1,954		\$1,954
96130 Workmen's Compensation	\$4,022	\$2,388	\$1,141	\$7,551		\$7,551
96140 All Other Insurance	\$4,809	\$2,976	\$1,146	\$8,931		\$8,931
96100 Total Insurance Premiums	\$27,080	\$13,868	\$9,555	\$50,503	\$0	\$50,503
96200 Other General Expenses	\$32			\$32		\$32
96210 Compensated Absences	\$1,172	\$719	\$774	\$2,665		\$2,665
96000 Total Other General Expenses	\$1,204	\$719	\$774	\$2,697	\$0	\$2,697
96710 Interest of Mortgage (or Bonds) Payable		\$9,718	\$21,758	\$31,476		\$31,476
96720 Interest on Notes Payable (Short and Long Term)			\$651	\$651		\$651
96700 Total Interest Expense and Amortization Cost	\$0	\$9,718	\$22,409	\$32,127	\$0	\$32,127
96900 Total Operating Expenses	\$348,239	\$175,327	\$112,294	\$635,860	-\$15,031	\$620,829
97000 Excess of Operating Revenue over Operating Expenses	\$116,159	\$65,597	\$95,517	\$299,273	\$0	\$299,273
97400 Depreciation Expense	\$156,940	\$63,167	\$47,916	\$268,023		\$268,023
90000 Total Expenses	\$505,179	\$238,494	\$160,210	\$903,883	-\$15,031	\$888,852
10010 Operating Transfer In	\$115,147			\$115,147	-\$115,147	\$0
10020 Operating transfer Out	-\$115,147			-\$115,147	\$115,147	\$0
10080 Special Items (Net Gain/Loss)			-\$11,475	-\$11,475		-\$11,475
10100 Total Other financing Sources (Uses)	\$0	\$0	-\$11,475	-\$11,475	\$0	-\$11,475
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$38,781	\$22,430	\$36,126	\$19,775	\$0	\$19,775
11020 Required Annual Debt Principal Payments	\$0	\$24,226	\$29,463	\$53,689		\$53,689
11030 Beginning Equity	\$1,032,730	\$138,975	\$183,908	\$1,355,613		\$1,355,613
11190 Unit Months Available	600	360	201	1161		1161
11210 Number of Unit Months Leased	568	351	198	1115		1115
11270 Excess Cash	\$91,766			\$91,766		\$91,766
11620 Building Purchases	\$104,481			\$104,481		\$104,481
11630 Furniture & Equipment - Dwelling Purchases	\$427			\$427		\$427
11640 Furniture & Equipment - Administrative Purchases	\$1,409			\$1,409		\$1,409

Housing Authority of the City of Fort Lupton (CO029)
FORT LUPTON, CO
Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

Project: CO029000029 FORT LUPTON

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$180,746		\$180,746
70400 Tenant Revenue - Other	\$9,010		\$9,010
70500 Total Tenant Revenue	\$189,756	\$0	\$189,756
70600 HUD PHA Operating Grants	\$164,099	\$115,147	\$279,246
71100 Investment Income - Unrestricted	\$44		\$44
71500 Other Revenue	\$806		\$806
71600 Gain or Loss on Sale of Capital Assets	-\$3,454		-\$3,454
70000 Total Revenue	\$351,251	\$115,147	\$466,398
91100 Administrative Salaries	\$52,094		\$52,094
91200 Auditing Fees	\$4,025		\$4,025
91500 Employee Benefit contributions - Administrative	\$11,412		\$11,412
91600 Office Expenses	\$17,095		\$17,095
91700 Legal Expense	\$923		\$923
91800 Travel	\$256		\$256
91900 Other	\$2,697		\$2,697
91000 Total Operating - Administrative	\$88,502	\$0	\$88,502
92400 Tenant Services - Other	\$4,870		\$4,870
92500 Total Tenant Services	\$4,870	\$0	\$4,870
93100 Water	\$37,778		\$37,778
93200 Electricity	\$10,841		\$10,841
93300 Gas	\$5,969		\$5,969
93600 Sewer	\$17,138		\$17,138
93800 Other Utilities Expense	\$6,442		\$6,442
93000 Total Utilities	\$78,168	\$0	\$78,168
94100 Ordinary Maintenance and Operations - Labor	\$70,512		\$70,512
94200 Ordinary Maintenance and Operations - Materials and Other	\$23,414		\$23,414
94300 Ordinary Maintenance and Operations Contracts	\$43,024		\$43,024
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,465		\$11,465
94000 Total Maintenance	\$148,415	\$0	\$148,415
96110 Property Insurance	\$17,155		\$17,155
96120 Liability Insurance	\$1,094		\$1,094
96130 Workmen's Compensation	\$4,022		\$4,022
96140 All Other Insurance	\$4,809		\$4,809
96100 Total Insurance Premiums	\$27,080	\$0	\$27,080
96200 Other General Expenses	\$32		\$32
96210 Compensated Absences	\$1,172		\$1,172
96000 Total Other General Expenses	\$1,204	\$0	\$1,204
96900 Total Operating Expenses	\$348,239	\$0	\$348,239
97000 Excess of Operating Revenue over Operating Expenses	\$3,012	\$115,147	\$118,159
97400 Depreciation Expense	\$156,940		\$156,940
90000 Total Expenses	\$505,179	\$0	\$505,179
10010 Operating Transfer In	\$115,147		\$115,147
10020 Operating transfer Out		-\$115,147	-\$115,147
10030 Operating Transfers from/to Primary Government		\$0	\$0
10100 Total Other financing Sources (Uses)	\$115,147	-\$115,147	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$38,781	\$0	-\$38,781
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,032,730	\$0	\$1,032,730
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	566		566
11270 Excess Cash	\$91,766		\$91,766
11620 Building Purchases	\$104,481	\$0	\$104,481
11630 Furniture & Equipment - Dwelling Purchases	\$427	\$0	\$427
11640 Furniture & Equipment - Administrative Purchases	\$1,409	\$0	\$1,409

GOVERNMENT AUDITING STANDARDS SECTION

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

Independent Auditors Report

To the Board of Commissioners
Housing Authority of the City of Fort Lupton, Colorado

We 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 basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2016, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Fort Lupton, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Fort Lupton, Colorado'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 basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not

express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Niewedde & Wiens, CPA's

York, Nebraska
March 30, 2017