

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

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

Year Ended December 31, 2016



RECEIVED

By the Office of the State Auditor at 9:19 am, Jun 06, 2017

TABLE OF CONTENTS

	<u>Page No.</u>
Required Supplemental Information:	
Management's Discussion and Analysis	1
Independent Auditor's Report	6
Basic Financial Statements:	
Statement of Net Position – Proprietary Fund	8
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	9
Statement of Cash Flows – Proprietary Fund	10
Notes to Basic Financial Statements	12
Supplemental Information:	
Program Schedule of Net Position	20
Program Schedule of Revenues, Expenses and Changes in Net Position	21
Program Schedule of Cash Flows	22
Financial Data Schedule	24
Government Auditing Standards Section:	
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	27

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

HOUSING AUTHORITY
CITY OF FORT MORGAN, COLORADO
1100 Linda Street
Fort Morgan, Co. 80701

Hillcrest & Fremont Apartments
970-867-2734 Fax 970-867-7303 TDD 1-800-659-2656

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2016

This section of the Housing Authority of the City of Fort Morgan, 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 \$1,745,121. The net position increased by \$2,370, an increase of .1% over the prior year. Of this amount, \$744,384 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 \$561,282 for the year ended December 31, 2016. This was an increase of \$13,918 or 2.5% over the prior year.

Operating expenses for the Authority were \$747,138 for the year ended December 31, 2016. This was an increase of \$14,643 or 2% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *management discussion and analysis* report, the *basic financial statements* and the *notes to the basic financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information required by HUD. 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.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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	\$ 831,287	\$ 860,881	\$ (29,594)	-3%
Capital assets	1,439,123	1,408,363	30,760	2%
Total Assets	<u>2,270,410</u>	<u>2,269,244</u>	<u>1,166</u>	<u>0.1%</u>
Current liabilities	69,490	65,384	4,106	6%
Noncurrent liabilities	455,799	461,109	(5,310)	-1%
Total Liabilities	<u>525,289</u>	<u>526,493</u>	<u>(1,204)</u>	<u>-0.2%</u>
Net Position				
Net investment in capital assets	982,511	947,812	34,699	4%
Restricted	18,226	78,112	(59,886)	-77%
Unrestricted	744,384	716,827	27,557	4%
Total Net Position	<u>\$ 1,745,121</u>	<u>\$ 1,742,751</u>	<u>\$ 2,370</u>	<u>0.1%</u>

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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 \$1,745,121 at the close of the year ended December 31, 2016. This represents an increase of \$2,370 which is an increase of .1% over the prior year and was attributed to operations for the year end December 31, 2016.

Current and other assets decreased by (\$29,594). This was attributed to operations before depreciation of \$193,713 and offset by used for capital improvements of (\$49,429) which resulted in a net decrease in cash and investments of \$82,084 and offset by a decrease of (\$107,643) in the amount receivable from HUD which is merely the result of when funds are requisitioned.

Total liabilities decreased by (\$1,204). There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

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 are 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 \$744,384. 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 \$18,226 of net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

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 \$23,798, primarily due to the increase in rental income of \$12,369 or 2% and in HUD Federal operating grants of \$8,843 or 4%. The increase in rental income was not attributed to any unusual or significant event, only the normal fluctuation from year-to-year based on occupancy and rent composition.

HUD operating subsidy for the Authority was \$110,232 for the year ended December 31, 2016. This was an increase of \$3,933 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. In the current year the Authority expended \$112,553 of HUD capital grants for operations compared to \$107,643 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

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

FINANCIAL ANALYSIS (CONT'D)

**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	\$ 531,551	\$ 519,182	\$ 12,369	2%
HUD program contributions	222,785	213,942	8,843	4%
USDA program contributions	29,174	26,841	2,333	9%
Interest	1,590	1,421	169	12%
Other	12,008	11,924	84	1%
Total Revenues	<u>797,108</u>	<u>773,310</u>	<u>23,798</u>	<u>3%</u>
Expenses				
Depreciation	191,343	190,338	1,005	1%
Operating	555,795	542,157	13,638	3%
Interest	32,359	33,244	(885)	-3%
Other nonoperating	15,241	939	14,302	1523%
Total Expenses	<u>794,738</u>	<u>766,678</u>	<u>28,060</u>	<u>4%</u>
Excess (deficiency) before special items	2,370	6,632	(4,262)	-64%
Special Items:				
Casualty loss income-fire	-	36,243	(36,243)	
Casualty loss expense-fire	-	(36,243)	36,243	
Changes in Net Position	2,370	6,632	(4,262)	
Beginning Net Position	1,742,751	1,736,119	6,632	
Ending Net Position	<u>\$ 1,745,121</u>	<u>\$ 1,742,751</u>	<u>\$ 2,370</u>	

Operating expenses for the Authority were \$555,795 for the year ended December 31, 2016. This was an increase of \$13,638 or 3% 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.

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2016 were \$1,439,123. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total increase in the Authority's capital assets for the fiscal year was 2% in terms of net book value. The actual amount to purchase or construct capital assets was \$243,142 for the year. Depreciation charges for the year totaled \$191,343. Additional information on the Authority's capital assets can be found in Note G of the notes to the basic financial statements of this report.

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

CAPITAL ASSETS (CONT'D)

Capital Improvements included the following: 10 apartments from carpet to vinyl planks, replaced old sprinkling system with new and more efficient sprinkling system, replaced old concrete with new concrete, removed carpet and installed ceramic tile in the common areas and purchased 6 new front loading washers to replace the old top loading washers.

DEBT ADMINISTRATION

The Authority has outstanding notes payable of \$456,612, a decrease of (\$3,940). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended December 31, 2016. 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.

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 and Rural Development. 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 Morgan, 1100 Linda Street, Fort Morgan, Colorado 80701.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Morgan, 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 Morgan, 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 Morgan, 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 Morgan, 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 Program Financial Schedules and Financial Data Schedule are the responsibility of management and were 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 May 26, 2017 on our consideration of the Housing Authority of the City of Fort Morgan, 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 Morgan, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
May 26, 2017

BASIC FINANCIAL STATEMENTS

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

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 624,826
Investments	143,978
Accrued interest receivable	93
Prepaid insurance	3,005
Materials inventory	1,019
<i>Restricted:</i>	
Cash and cash equivalents	<u>40,140</u>
TOTAL CURRENT ASSETS	813,061
NONCURRENT ASSETS:	
<i>Restricted:</i>	
Cash and cash equivalents	18,226
Capital Assets, non-depreciable	81,150
Capital Assets, depreciable, net	<u>1,357,973</u>
TOTAL NONCURRENT ASSETS	1,457,349
TOTAL ASSETS \$	<u>2,270,410</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 14,960
Accrued payroll and benefits	7,021
Accrued compensated absences	2,711
Accrued interest payable	718
Tenant security deposit payable	40,140
Current-portion notes payable	<u>3,940</u>
TOTAL CURRENT LIABILITIES	69,490
NONCURRENT LIABILITIES:	
Accrued compensated absences	3,127
Notes payable	<u>452,672</u>
TOTAL NONCURRENT LIABILITIES	455,799
TOTAL LIABILITIES	<u>525,289</u>
NET POSITION	
Net investment in capital assets	982,511
Restricted, replacement reserve	18,226
Unrestricted	<u>744,384</u>
TOTAL NET POSITION \$	<u>1,745,121</u>

See accompanying notes.

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

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	531,551
USDA rental assistance		17,723
Other income		<u>12,008</u>
TOTAL OPERATING REVENUES		561,282
OPERATING EXPENSES		
Administrative		139,739
Tenant services		10,072
Utilities		116,932
Ordinary maintenance and operations		222,464
General expense		66,588
Depreciation		<u>191,343</u>
TOTAL OPERATING EXPENSES		<u>747,138</u>
OPERATING INCOME (LOSS)		<u>(185,856)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		110,232
HUD capital grants - operations		112,553
USDA interest subsidy		11,451
Interest income		1,590
Interest expense		(32,359)
Loss on capital asset dispositions		<u>(15,241)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>188,226</u>
INCREASE (DECREASE) IN NET POSITION		2,370
NET POSITION:		
Net position, beginning balance		<u>1,742,751</u>
NET POSITION - ENDING BALANCE	\$	<u><u>1,745,121</u></u>

See accompanying notes.

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

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 531,551
USDA rental assistance	17,723
Other receipts	12,008
Tenant security deposits	2,500
Cash payments for goods and services	(304,006)
Cash payments to employees for services	(250,052)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	9,724
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	110,232
HUD capital grants - operations	220,196
Casualty loss receipts	2,610
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	333,038
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(243,142)
Proceeds from sale of capital assets	5,800
Interest paid on capital debt	(20,932)
Principal paid on capital debt	(3,940)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(262,214)
CASH FLOWS FROM INVESTING ACTIVITIES:	
(Deposits) withdrawals to investments	(1,008)
Interest received	1,536
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	528
NET INCREASE (DECREASE) IN CASH	81,076
CASH AND CASH EQUIVALENTS-BEGINNING	602,116
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 683,192

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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)	\$ (185,856)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	191,343
Change in assets and liabilities:	
(Increase) decrease in prepaid insurance	1,481
Increase (decrease) in accounts payable	(2,058)
Increase (decrease) in accrued payroll and benefits	2,281
Increase (decrease) in tenant security deposits	2,500
Increase (decrease) in accrued leave	33
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 9,724

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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 consist 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, 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

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

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

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.

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 one enterprise fund which includes the activities of the following programs:

Public Housing Program. This program accounts for the operation, maintenance, and development of 86 housing units which are owned by the Authority known as Hillcrest. The developments of the projects were 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.

USDA Rural Development. This program accounts for the operation and maintenance of 40 housing units known as Fremont which are owned by the Authority and financed by the U.S. Department of Rural Development. The development of the projects were funded primarily by Rural Development through low-interest loans which are subsidized by Rural Development through interest subsidy and rental assistance.

Project Program. This program accounts for various non-federal financial activities of the Housing 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 registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

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

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

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.

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 restricted net position component first.

Inventory

Inventories consist of supplies and are recorded at the lower of cost or market on a first-in, first-out basis.

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. 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.

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,

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

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

expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The Authority's policy allows employees vacation leave up to a limit of 4 weeks. Unused vacation pay is not permitted to accrue past an employee's anniversary date. Sick leave may be accumulated but not paid upon termination.

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 \$827,080 and the bank balances were \$857,875. The Authority had cash on hand of \$90 as of December 31, 2016. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold 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. Of the balance, \$620,055 was covered by FDIC insurance and \$237,820 was covered by the Public Deposit Protection Act.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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	\$	730
Allowance for doubtful accounts		<u>(730)</u>
	\$	<u> --</u>

NOTE D – RESTRICTED ASSETS

The following is a summary of restricted assets at December 31, 2016:

Restricted Cash and Cash Equivalents

Tenant security deposits	\$	40,140	
Replacement Reserve		<u>18,226</u>	[1]
	\$	<u>58,366</u>	

[1] – these funds are restricted by the U.S. Department of Agriculture to be used for capital activities. The funds withdrawn from the account is only permitted after Rural Development approval.

NOTE E – 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>14,960</u>
-------------------------	----	---------------

NOTE F—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>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ <u>5,804</u>	\$ <u>10,465</u>	\$ <u>(10,431)</u>	\$ <u>5,838</u>	\$ <u>2,711</u>

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

NOTE G – 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	\$ 81,150	\$ -	\$ -	\$ 81,150
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>81,150</u>	<u>-</u>	<u>-</u>	<u>81,150</u>
Depreciable assets				
Buildings	4,290,841	232,463	(27,988)	4,495,316
Equipment - Dwelling	41,547	-	-	41,547
Equipment - Administration	186,043	10,680	(13,368)	183,355
Total depreciable assets	<u>4,518,431</u>	<u>243,143</u>	<u>(41,356)</u>	<u>4,720,218</u>
Total Capital Assets	<u>4,599,581</u>	<u>243,143</u>	<u>(41,356)</u>	<u>4,801,368</u>
Accumulated depreciation				
Buildings	3,080,078	166,874	(11,612)	3,235,340
Equipment - Dwelling	10,717	4,526	-	15,243
Equipment - Administration	100,422	19,944	(8,704)	111,662
Total accumulated depreciation	<u>3,191,217</u>	<u>191,344</u>	<u>(20,316)</u>	<u>3,362,245</u>
Depreciable assets, net	<u>1,327,214</u>	<u>51,799</u>	<u>(21,040)</u>	<u>1,357,973</u>
Capital assets, net	<u>\$ 1,408,364</u>	<u>\$ 51,799</u>	<u>\$ (21,040)</u>	<u>\$ 1,439,123</u>

NOTE H—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 Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted equity of \$18,226 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note E).

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

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

NOTE I – LONG-TERM LIABILITIES

The Authority has Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development. There are two loans on the project, one is dated July 1, 1997 and had an original principal amount of \$370,976 and loan two is dated July 3, 1997 and had an original principal amount of \$128,233. The loans require monthly debt service payments of \$787 and \$272 respectively. The combined outstanding balance as of December 31, 2016 was \$456,612. The loans are secured by the property known as Fremont and the accounts and revenue of the project.

A summary of changes in Notes payable as of December 31, 2016 is as follows:

Description	Balance 1/1/2016	Principal Retired	Balance 12/31/2016	Within One Year
Rural Development Loan #6	\$ 342,190	\$ (2,932)	\$ 339,258	\$ 2,955
Rural Development Loan #5	118,363	(1,008)	117,355	985
Total	<u>\$ 460,553</u>	<u>\$ (3,940)</u>	<u>\$ 456,612</u>	<u>\$ 3,940</u>
		Less current maturities	(3,940)	
		Long-term portion	<u>\$ 452,672</u>	

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 3,940	\$ 8,768	\$ 12,708
2018	4,120	8,588	12,708
2019	4,199	8,509	12,708
2020	4,280	8,428	12,708
2021	4,362	8,346	12,708
2022-2026	23,102	40,437	63,539
2027-2031	25,408	38,131	63,539
2032-2036	27,944	35,595	63,539
2037-2041	30,734	32,805	63,539
2042-2046	33,804	29,736	63,540
2047	294,719	-	294,719
[1]	<u>\$ 456,612</u>	<u>\$ 219,343</u>	<u>\$ 675,955</u>

[1] – The loans mature in the year 2047, at the point of maturity the loans will either have to be refinanced or paid off.

NOTE J – 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.

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

NOTE K - 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

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 601,290	\$ 6,119	\$ 17,417	\$ 624,826
Investments	143,978	-	-	143,978
Accrued interest receivable	93	-	-	93
Prepaid insurance	2,348	657	-	3,005
Materials inventory	729	290	-	1,019
<i>Restricted:</i>				
Cash and cash equivalents	26,628	13,512	-	40,140
TOTAL CURRENT ASSETS	775,066	20,578	17,417	813,061
NONCURRENT ASSETS:				
<i>Restricted:</i>				
Cash and cash equivalents	-	18,226	-	18,226
Capital Assets, non-depreciable	21,150	60,000	-	81,150
Capital Assets, depreciable, net	1,160,860	197,113	-	1,357,973
TOTAL NONCURRENT ASSETS	1,182,010	275,339	-	1,457,349
TOTAL ASSETS	\$ 1,957,076	\$ 295,917	\$ 17,417	\$ 2,270,410
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	\$ 12,322	\$ 2,638	\$ -	\$ 14,960
Accrued payroll and benefits	6,602	419	-	7,021
Accrued compensated absences	1,844	867	-	2,711
Accrued interest payable	-	718	-	718
Tenant security deposit payable	26,628	13,512	-	40,140
Current-portion notes payable	-	3,940	-	3,940
TOTAL CURRENT LIABILITIES	47,396	22,094	-	69,490
NONCURRENT LIABILITIES:				
Accrued compensated absences	2,126	1,001	-	3,127
Notes payable	-	452,672	-	452,672
TOTAL NONCURRENT LIABILITIES	2,126	453,673	-	455,799
TOTAL LIABILITIES	49,522	475,767	-	525,289
NET POSITION:				
Net investment in capital assets	1,182,010	(199,499)	-	982,511
Restricted, replacement reserve	-	18,226	-	18,226
Unrestricted	725,544	1,423	17,417	744,384
TOTAL NET POSITION	\$ 1,907,554	\$ (179,850)	\$ 17,417	\$ 1,745,121

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
OPERATING REVENUES				
Rental income	\$ 349,913	\$ 181,638	\$ -	\$ 531,551
USDA rental assistance	-	17,723	-	17,723
Other income	7,378	4,630	-	12,008
TOTAL OPERATING REVENUES	357,291	203,991	-	561,282
OPERATING EXPENSES				
Administrative	95,446	44,293	-	139,739
Tenant services	7,219	2,853	-	10,072
Utilities	98,129	18,803	-	116,932
Ordinary maintenance and operations	154,636	67,828	-	222,464
General expense	47,940	18,648	-	66,588
Depreciation	174,390	16,953	-	191,343
TOTAL OPERATING EXPENSES	577,760	169,378	-	747,138
OPERATING INCOME (LOSS)	(220,469)	34,613	-	(185,856)
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	110,232	-	-	110,232
HUD capital grants - operations	112,553	-	-	112,553
USDA interest subsidy	-	11,451	-	11,451
Interest income	1,427	133	30	1,590
Interest expense	-	(32,359)	-	(32,359)
Gain (Loss) on capital asset dispositions	1,418	(16,659)	-	(15,241)
TOTAL NONOPERATING REVENUES (EXPENSES)	225,630	(37,434)	30	188,226
INCREASE (DECREASE) IN NET POSITION	5,161	(2,821)	30	2,370
NET POSITION:				
Net position, beginning balance	1,902,393	(177,029)	17,387	1,742,751
NET POSITION - ENDING BALANCE	\$ 1,907,554	\$ (179,850)	\$ 17,417	\$ 1,745,121

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Rental receipts	\$ 349,913	\$ 181,638	\$ -	\$ 531,551
USDA rental assistance	-	17,723	-	17,723
Other receipts	7,378	4,630	-	12,008
Tenant security deposits	2,088	412	-	2,500
Cash payments for goods and services	(232,605)	(71,401)	-	(304,006)
Cash payments to employees for services	(168,637)	(81,415)	-	(250,052)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(41,863)	51,587	-	9,724
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
HUD operating subsidy	110,232	-	-	110,232
HUD capital grants - operations	220,196	-	-	220,196
Casualty loss receipts	2,610	-	-	2,610
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	333,038	-	-	333,038
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases and construction of capital assets	(162,156)	(80,986)	-	(243,142)
Proceeds from sale of capital assets	5,800	-	-	5,800
Interest paid on capital debt	-	(20,932)	-	(20,932)
Principal paid on capital debt	-	(3,940)	-	(3,940)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(156,356)	(105,858)	-	(262,214)
 CASH FLOWS FROM INVESTING ACTIVITIES:				
(Deposits) withdrawals to investments	(1,008)	-	-	(1,008)
Interest received	1,373	133	30	1,536
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	365	133	30	528
NET INCREASE (DECREASE) IN CASH	135,184	(54,138)	30	81,076
CASH AND CASH EQUIVALENTS-BEGINNING	492,734	91,995	17,387	602,116
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 627,918	\$ 37,857	\$ 17,417	\$ 683,192

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (220,469)	\$ 34,613	\$ -	\$ (185,856)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	174,390	16,953	-	191,343
Change in assets and liabilities:				
(Increase) decrease in prepaid insurance	1,480	1	-	1,481
Increase (decrease) in accounts payable	(1,572)	(486)	-	(2,058)
Increase (decrease) in accrued payroll and benefits	2,198	83	-	2,281
Increase (decrease) in tenant security deposits	2,088	412	-	2,500
Increase (decrease) in accrued leave	22	11	-	33
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(41,863)</u>	\$ <u>51,587</u>	\$ <u>-</u>	\$ <u>9,724</u>

Fort Morgan Housing Authority (CO011)
FORT MORGAN, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$601,290	\$6,119		\$17,417	\$624,826		\$624,826
113 Cash - Other Restricted		\$18,226			\$18,226		\$18,226
114 Cash - Tenant Security Deposits	\$26,628	\$13,512			\$40,140		\$40,140
100 Total Cash	\$627,918	\$37,857	\$0	\$17,417	\$683,192		\$683,192
126 Accounts Receivable - Tenants	\$277	\$453			\$730		\$730
126.1 Allowance for Doubtful Accounts - Tenants	-\$277	-\$453			-\$730		-\$730
129 Accrued Interest Receivable	\$93				\$93		\$93
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$93	\$0	\$0	\$0	\$93		\$93
131 Investments - Unrestricted	\$143,978				\$143,978		\$143,978
142 Prepaid Expenses and Other Assets	\$2,348	\$657			\$3,005		\$3,005
143 Inventories	\$729	\$290			\$1,019		\$1,019
143.1 Allowance for Obsolete Inventories	\$0	\$0			\$0		\$0
150 Total Current Assets	\$775,066	\$38,804	\$0	\$17,417	\$831,287		\$831,287
161 Land	\$21,150	\$60,000			\$81,150		\$81,150
162 Buildings	\$3,457,055	\$1,038,261			\$4,495,316		\$4,495,316
163 Furniture, Equipment & Machinery - Dwellings	\$34,809	\$6,738			\$41,547		\$41,547
164 Furniture, Equipment & Machinery - Administration	\$177,221	\$6,134			\$183,355		\$183,355
166 Accumulated Depreciation	-\$2,508,225	-\$854,020			-\$3,362,245		-\$3,362,245
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,182,010	\$257,113	\$0	\$0	\$1,439,123		\$1,439,123
180 Total Non-Current Assets	\$1,182,010	\$257,113	\$0	\$0	\$1,439,123		\$1,439,123
290 Total Assets and Deferred Outflow of Resources	\$1,957,076	\$295,917	\$0	\$17,417	\$2,270,410		\$2,270,410
312 Accounts Payable <= 90 Days	\$3,968	\$1,341			\$5,309		\$5,309
321 Accrued Wage/Payroll Taxes Payable	\$6,602	\$419			\$7,021		\$7,021
322 Accrued Compensated Absences - Current Portion	\$1,844	\$867			\$2,711		\$2,711
325 Accrued Interest Payable		\$718			\$718		\$718
341 Tenant Security Deposits	\$26,628	\$13,512			\$40,140		\$40,140
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$3,940			\$3,940		\$3,940
346 Accrued Liabilities - Other	\$8,354	\$1,297			\$9,651		\$9,651
310 Total Current Liabilities	\$47,396	\$22,094	\$0	\$0	\$69,490		\$69,490
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$452,672			\$452,672		\$452,672
354 Accrued Compensated Absences - Non Current	\$2,126	\$1,001			\$3,127		\$3,127
350 Total Non-Current Liabilities	\$2,126	\$453,673	\$0	\$0	\$455,799		\$455,799
300 Total Liabilities	\$49,522	\$475,767	\$0	\$0	\$525,289		\$525,289
508.4 Net Investment in Capital Assets	\$1,182,010	-\$199,499			\$982,511		\$982,511
511.4 Restricted Net Position		\$18,226			\$18,226		\$18,226
512.4 Unrestricted Net Position	\$725,544	\$1,423	\$0	\$17,417	\$744,384		\$744,384
513 Total Equity - Net Assets / Position	\$1,907,554	-\$179,850	\$0	\$17,417	\$1,745,121		\$1,745,121
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,957,076	\$295,917	\$0	\$17,417	\$2,270,410		\$2,270,410

Fort Morgan Housing Authority (CO011)
FORT MORGAN, CO
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2016

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$321,239	\$170,909			\$492,148		\$492,148
70400 Tenant Revenue - Other	\$28,674	\$10,729			\$39,403		\$39,403
70500 Total Tenant Revenue	\$349,913	\$181,638	\$0	\$0	\$531,551	\$0	\$531,551
70600 HUD PHA Operating Grants	\$222,785				\$222,785		\$222,785
70800 Other Government Grants		\$11,451	\$17,723		\$29,174		\$29,174
71100 Investment Income - Unrestricted	\$1,427	\$19		\$30	\$1,476		\$1,476
71200 Mortgage Interest Income		\$0			\$0		\$0
71500 Other Revenue	\$7,378	\$4,630			\$12,008		\$12,008
71600 Gain or Loss on Sale of Capital Assets	\$1,418	-\$16,659			-\$15,241		-\$15,241
72000 Investment Income - Restricted		\$114			\$114		\$114
70000 Total Revenue	\$582,921	\$181,193	\$17,723	\$30	\$781,867	\$0	\$781,867
91100 Administrative Salaries	\$56,102	\$27,144			\$83,246		\$83,246
91200 Auditing Fees	\$3,350	\$1,800			\$5,150		\$5,150
91400 Advertising and Marketing	\$953	\$308			\$1,261		\$1,261
91500 Employee Benefit contributions - Administrative	\$17,138	\$6,643			\$23,781		\$23,781
91600 Office Expenses	\$11,643	\$5,493			\$17,136		\$17,136
91700 Legal Expense	\$546	\$110			\$656		\$656
91800 Travel	\$1,236	\$160			\$1,396		\$1,396
91900 Other	\$4,478	\$2,635			\$7,113		\$7,113
91000 Total Operating - Administrative	\$95,446	\$44,293	\$0	\$0	\$139,739	\$0	\$139,739
92100 Tenant Services - Salaries	\$4,245	\$2,044			\$6,289		\$6,289
92300 Employee Benefit Contributions - Tenant Services	\$1,114	\$472			\$1,586		\$1,586
92400 Tenant Services - Other	\$1,860	\$337			\$2,197		\$2,197
92500 Total Tenant Services	\$7,219	\$2,853	\$0	\$0	\$10,072	\$0	\$10,072
93100 Water	\$27,023	\$9,917			\$36,940		\$36,940
93200 Electricity	\$35,820	\$4,402			\$40,222		\$40,222
93300 Gas	\$19,248	\$534			\$19,782		\$19,782
93600 Sewer	\$16,038	\$3,950			\$19,988		\$19,988
93000 Total Utilities	\$98,129	\$18,803	\$0	\$0	\$116,932	\$0	\$116,932
94100 Ordinary Maintenance and Operations - Labor	\$66,681	\$33,687			\$100,368		\$100,368
94200 Ordinary Maintenance and Operations - Materials and Other	\$22,724	\$6,246			\$28,970		\$28,970
94300 Ordinary Maintenance and Operations Contracts	\$46,771	\$19,725			\$66,496		\$66,496
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,460	\$8,170			\$26,630		\$26,630
94000 Total Maintenance	\$154,636	\$67,828	\$0	\$0	\$222,464	\$0	\$222,464
96110 Property Insurance	\$34,775	\$12,670			\$47,445		\$47,445
96120 Liability Insurance	\$1,413	\$667			\$2,080		\$2,080
96130 Workmen's Compensation	\$2,711	\$1,345			\$4,056		\$4,056
96140 All Other Insurance	\$1,647	\$165			\$1,812		\$1,812
96100 Total Insurance Premiums	\$40,546	\$14,847	\$0	\$0	\$55,393	\$0	\$55,393
96210 Compensated Absences	\$7,117	\$3,348			\$10,465		\$10,465
96400 Bad debt - Tenant Rents	\$277	\$453			\$730		\$730
96000 Total Other General Expenses	\$7,394	\$3,801	\$0	\$0	\$11,195	\$0	\$11,195
96710 Interest of Mortgage (or Bonds) Payable		\$32,359			\$32,359		\$32,359
96700 Total Interest Expense and Amortization Cost	\$0	\$32,359	\$0	\$0	\$32,359	\$0	\$32,359
96900 Total Operating Expenses	\$403,370	\$184,784	\$0	\$0	\$588,154	\$0	\$588,154
97000 Excess of Operating Revenue over Operating Expenses	\$179,551	-\$3,591	\$17,723	\$30	\$193,713	\$0	\$193,713
97400 Depreciation Expense	\$174,390	\$16,953			\$191,343		\$191,343
90000 Total Expenses	\$577,760	\$201,737	\$0	\$0	\$779,497	\$0	\$779,497
10010 Operating Transfer In	\$112,553	\$17,723			\$130,276	-\$130,276	\$0
10020 Operating Transfer Out	-\$112,553		-\$17,723		-\$130,276	\$130,276	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$5,161	-\$2,821	\$0	\$30	\$2,370	\$0	\$2,370
11020 Required Annual Debt Principal Payments	\$0	\$3,940	\$0	\$0	\$3,940		\$3,940
11030 Beginning Equity	\$1,902,393	-\$177,029	\$0	\$17,387	\$1,742,751		\$1,742,751
11190 Unit Months Available	1032	480			1512		1512
11210 Number of Unit Months Leased	1009	466			1475		1475
11270 Excess Cash	\$690,979				\$690,979		\$690,979
11620 Building Purchases	\$151,477				\$151,477		\$151,477
11640 Furniture & Equipment - Administrative Purchases	\$10,679				\$10,679		\$10,679

Fort Morgan Housing Authority (CO011)
 FORT MORGAN, CO
 Single Project Revenue and Expense

Submission Type: Audited/Non Single
 Audit

Fiscal Year End: 12/31/2016

Project: CO011011011 HILLCREST APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$321,239		\$321,239
70400 Tenant Revenue - Other	\$28,674		\$28,674
70500 Total Tenant Revenue	\$349,913	\$0	\$349,913
70600 HUD PHA Operating Grants	\$110,232	\$112,553	\$222,785
71100 Investment Income - Unrestricted	\$1,427		\$1,427
71500 Other Revenue	\$7,378		\$7,378
71600 Gain or Loss on Sale of Capital Assets	\$1,418		\$1,418
70000 Total Revenue	\$470,368	\$112,553	\$582,921
91100 Administrative Salaries	\$56,102		\$56,102
91200 Auditing Fees	\$3,350		\$3,350
91400 Advertising and Marketing	\$953		\$953
91500 Employee Benefit contributions - Administrative	\$17,138		\$17,138
91600 Office Expenses	\$11,643		\$11,643
91700 Legal Expense	\$546		\$546
91800 Travel	\$1,236		\$1,236
91900 Other	\$4,478		\$4,478
91000 Total Operating - Administrative	\$95,446	\$0	\$95,446
92100 Tenant Services - Salaries	\$4,245		\$4,245
92300 Employee Benefit Contributions - Tenant Services	\$1,114		\$1,114
92400 Tenant Services - Other	\$1,860		\$1,860
92500 Total Tenant Services	\$7,219	\$0	\$7,219
93100 Water	\$27,023		\$27,023
93200 Electricity	\$35,820		\$35,820
93300 Gas	\$19,248		\$19,248
93600 Sewer	\$16,038		\$16,038
93000 Total Utilities	\$98,129	\$0	\$98,129
94100 Ordinary Maintenance and Operations - Labor	\$66,681		\$66,681
94200 Ordinary Maintenance and Operations - Materials and Other	\$22,724		\$22,724
94300 Ordinary Maintenance and Operations Contracts	\$46,771		\$46,771
94500 Employee Benefit Contributions - Ordinary Maintenance	\$18,460		\$18,460
94000 Total Maintenance	\$154,636	\$0	\$154,636
96110 Property Insurance	\$34,775		\$34,775
96120 Liability Insurance	\$1,413		\$1,413
96130 Workman's Compensation	\$2,711		\$2,711
96140 All Other Insurance	\$1,647		\$1,647
96100 Total insurance Premiums	\$40,546	\$0	\$40,546
96210 Compensated Absences	\$7,117		\$7,117
96400 Bad debt - Tenant Rents	\$277		\$277
96000 Total Other General Expenses	\$7,394	\$0	\$7,394
96900 Total Operating Expenses	\$403,370	\$0	\$403,370
97000 Excess of Operating Revenue over Operating Expenses	\$66,998	\$112,553	\$179,551
97400 Depreciation Expense	\$174,390		\$174,390
90000 Total Expenses	\$577,760	\$0	\$577,760
10010 Operating Transfer In	\$112,553		\$112,553
10020 Operating transfer Out		-\$112,553	-\$112,553
10100 Total Other financing Sources (Uses)	\$112,553	-\$112,553	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$5,161	\$0	\$5,161
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,902,393	\$0	\$1,902,393
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	1009		1009
11270 Excess Cash	\$690,979		\$690,979
11620 Building Purchases	\$151,477	\$0	\$151,477
11640 Furniture & Equipment - Administrative Purchases	\$10,679	\$0	\$10,679

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 Morgan, 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 Morgan, 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 Morgan, Colorado's basic financial statements, and have issued our report thereon dated May 26, 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 Morgan, 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 Morgan, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, 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 reasonably 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 Morgan, 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
May 26, 2017