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HOUSING AUTHORITY OF THE
CITY OF RIFLE

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year ended December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

February 13, 2017

Board of Commissioners
Housing Authority of the City of Rifle
Rifle, Colorado

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Housing Authority of the City of Rifle

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February 13, 2017

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Rifle 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 on pages 3 through 6 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules on pages 15 through 20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Chadwick, Steinkirchner, Davis & Co., P.C.

Management's Discussion and Analysis (MD&A)

This discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader of Authority financial issues and activities. Please read it in conjunction with the Authority's financial statements that follow the MD&A.

HIGHLIGHTS

In 2016, cash and cash equivalents increased by \$146,772 to \$640,818 from \$494,046 in 2015. This increase is attributable to grants and other receipts as well as an increase in rent income.

Total operating revenues increased to \$884,874 in 2016 from \$810,821 in 2015. This is an increase of \$74,053, or 9%. Total operating expenses increased to \$821,466 in 2016 from \$800,155 in 2015. This is an increase of \$21,311 or 2.7%. The increase in expenses is attributable to increased expenditures for capital items.

Net position increased by \$63,448 as opposed to an increase of \$10,547 in 2015. The Authority no longer has any non-current liabilities.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government entity engaged in a business-type activity. The following statements and schedules are included:

- Statement of net position – reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 7.)
- Statement of revenue, expenses and changes in net position – reports the Authority's operating and non-operating revenues by major source along with operating and non-operating expenses and contributions. (See page 8.)
- Statement of cash flows – reports the Authority's cash flows from operating, capital and related financing, and investing activities. (See page 9.)
- Schedules of revenues, expenses, and changes in net position - non-GAAP basis - budget and actual – reports the Authority's revenues and expenditures on the same basis as the budget. (See pages 17-19.)

STATEMENT OF NET POSITION

The following presentation shows the condensed statement of net position for the past two years.

HIGHLIGHTS

At December 31,	<u>2016</u>	<u>2015</u>
Current assets	\$ 595,374	\$ 450,090
Tenant Security Deposits	45,444	43,956
Annexation Costs	7,607	3,917
Capital assets	<u>2,000,874</u>	<u>2,084,542</u>
Total assets	<u>\$ 2,649,299</u>	<u>\$ 2,582,505</u>
Current liabilities	\$ 75,830	\$ 72,484
Total liabilities	<u>75,830</u>	<u>72,484</u>
Net investment in capital assets	2,000,874	2,084,542
Unrestricted	<u>572,595</u>	<u>425,479</u>
Total net position	<u>2,573,469</u>	<u>2,510,021</u>
Total liabilities and net position	<u>\$ 2,649,299</u>	<u>\$ 2,582,505</u>

The net position of the Authority increased \$63,448 from \$2,510,021 in 2015, to \$2,573,469 in 2016 due to a decrease in Capital assets from depreciation, and an increase in revenues.

REVIEW OF REVENUES

Year ended December 31,	<u>2016</u>	<u>2015</u>
Operating revenues	\$ 884,874	\$ 810,821
Interest income	698	20
Total	<u>\$ 885,572</u>	<u>\$ 810,841</u>

The Authority's revenue increase of \$74,731 from 2015 to 2016 is 9% and reflects stable sources of income.

REVIEW OF EXPENSES

Year ended December 31,	<u>2016</u>	<u>2015</u>
Operating expenses	\$ 821,466	\$ 800,155
Interest expense	658	139
Total	<u>\$ 822,124</u>	<u>\$ 800,294</u>
Change in net position	\$ 63,448	\$ 10,547
Net position, beginning	<u>2,510,021</u>	<u>2,449,474</u>
Net position, ending	<u>\$ 2,573,469</u>	<u>\$ 2,510,021</u>

The Authority's expenses increased by \$21,830 due to grant funds used as required.

CAPITAL ASSETS

Capital assets decreased (net of accumulated depreciation) \$83,668 from 2015 to 2016 due to depreciation costs of \$83,668.

At December 31,	<u>2016</u>	<u>2015</u>
Non-depreciable assets:		
Land	\$ <u>396,592</u>	\$ <u>396,592</u>
Total non-depreciable assets	396,592	396,592
Depreciable assets:		
Buildings	3,841,907	3,841,907
Furnishings	<u>66,659</u>	<u>66,659</u>
Total capital assets, being depreciated	3,908,566	3,908,566
Less accumulated depreciation for:		
Buildings	2,244,992	2,164,459
Furnishings	<u>59,292</u>	<u>56,157</u>
Less accumulated depreciation	<u>2,304,284</u>	<u>2,220,616</u>
Book value of depreciated assets	<u>1,604,282</u>	<u>1,687,950</u>
Total capital assets, net	<u>\$ 2,000,874</u>	<u>\$ 2,084,542</u>

DEBT ADMINISTRATION

The Authority has no debt as of December 31, 2016.

ECONOMIC AND OTHER FACTORS

The economy of the Authority's area follows the same pattern as the rest of the country. The Authority has no idea what factors will affect the economy in 2017; however, the Authority will remain economically responsible. The Authority's revenues depend on the national budget to a great degree, there is no reason to believe that rent subsidies will decrease at this time, but the Authority will maintain sound fiscal policies in any event.

FINANCIAL CONTACT

The Authority's financial statements are designed to present users (service users, taxpayers and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions concerning this report or need additional financial information, please contact the Authority at 970-625-3974.

Housing Authority of the City of Rifle

STATEMENT OF NET POSITION

December 31, 2016

ASSETS		
Current assets		
Cash and investments		\$ 595,374
	Total current assets	<u>595,374</u>
Noncurrent assets		
Restricted cash		
Tenant security deposits		45,444
	Total restricted assets	<u>45,444</u>
Annexation costs		7,607
Capital assets		<u>2,000,874</u>
	Total noncurrent assets	<u>2,053,925</u>
	Total assets	<u><u>\$ 2,649,299</u></u>
LIABILITIES AND NET POSITION		
Liabilities		
Current liabilities		
Accounts payable		\$ 12,886
Accrued payroll expense		17,500
Security deposits and escrows held		45,444
	Total current liabilities	<u>75,830</u>
Net position		
Net investment in capital assets		2,000,874
Unrestricted		572,595
	Total net position	<u>2,573,469</u>
	Total liabilities and net position	<u><u>\$ 2,649,299</u></u>

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2016

Operating revenue		
Rent income and housing assistance payments	\$	749,661
Grant revenue		83,679
Other revenues		51,534
		884,874
	Total operating revenue	
Operating expenses		
Operations and maintenance		
Maintenance labor		162,206
Maintenance repairs		46,940
Utilities		166,475
Capital outlay		176,333
Depreciation		83,668
		635,622
	Total operations and maintenance	
General and administrative		
Manager salary		72,421
Employee benefits		30,016
Legal fees		1,175
Accounting and auditing		37,553
Insurance and bonding		25,233
Other administrative		19,446
		185,844
	Total general and administrative	
	Total operating expenses	821,466
	Net operating income (loss)	63,408
Non-operating revenue (expenses)		
Interest income		698
Interest expense		(658)
		40
	Total non-operating revenue (expense)	
	Change in net position	63,448
Net position at beginning of year		2,510,021
Net position at end of year		\$ 2,573,469

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle

STATEMENT OF CASH FLOWS

Year ended December 31, 2016

<u>Cash flows from operating activities</u>		
Cash received from tenants and subsidies		\$ 749,661
Other operating receipts and grants		135,213
Cash paid to suppliers		(501,627)
Cash paid to employees		(232,825)
	Net cash provided (used) by operating activities	<u>150,422</u>
<u>Cash flows from capital and related financing activities</u>		
Paid for development costs		(3,690)
Interest paid		(658)
	Net cash provided (used) by capital and related financing activities	<u>(4,348)</u>
<u>Cash flows from investing activities</u>		
Interest received		698
	Net cash provided (used) by investing activities	<u>698</u>
	Increase (decrease) in cash and cash equivalents	146,772
Cash and cash equivalents at beginning of year		<u>494,046</u>
Cash and cash equivalents at end of year		<u>\$ 640,818</u>
 <u>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:</u>		
Net operating income (loss)		\$ 63,408
 Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		83,668
Increase (decrease) in accounts payable		(10,238)
Increase (decrease) in accrued payroll expense		11,777
Increase (decrease) in security deposits		1,807
	Total adjustments	<u>87,014</u>
	Net cash provided (used) by operating activities	<u>\$ 150,422</u>

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Rifle, Rifle, Colorado (the Housing Authority), conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

1. Reporting Entity

The Housing Authority of the City of Rifle, Colorado, was established April 27, 1977, under State of Colorado statute and is governed by a five member Board of Commissioners. As required by US GAAP, these financial statements present the activities of the Housing Authority.

The Housing Authority consists of 106 low-income apartment units for the elderly and disabled, rented on a monthly basis to tenants. Some rental payments are subsidized by the Office of Rural Rental Housing, and 60 units are eligible for rental assistance under Housing and Urban Development (HUD) Section 8 Existing Housing guidelines.

The Board of Commissioners is appointed by the City Council of the City of Rifle for specified terms, normally five years. Once appointed, the Board of Commissioners has total control of financial resources, can buy or sell property, enter into contracts and acquire indebtedness on behalf of the Housing Authority. The Housing Authority has no component units, nor is it a component unit of the City of Rifle.

2. Basis of Presentation – Fund Accounting and Basis of Accounting

The accounts of the Housing Authority are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to those applicable to businesses in the private sector.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the Housing Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Housing Authority of the City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of a fund are included on the statement of net position. Net position is categorized as net investment in capital assets and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Authority uses the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first. Use of restricted resources is a last resort.

Operating revenues and expenses for enterprise funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues from grants are recognized in the year in which all eligibility requirements have been satisfied.

3. Assets, Liabilities and Equity

Cash and cash equivalents

The Housing Authority's cash and cash equivalents are considered to be unrestricted and restricted cash on hand, demand deposits and certificates of deposit. As of December 31, 2016, the Authority had \$390,818 of bank balances exceeding Federal Depository Insurance Limits. However, this amount is collateralized as described at Note C, under PDPA.

Fair Value of Financial Instruments

The Housing Authority's financial instruments include cash and cash equivalents, prepaids, and accounts payable. The Housing Authority estimates that the fair value of all financial instruments at December 31, 2016, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

Restricted Assets – Cash and Cash Equivalents

Certain cash accounts of the Housing Authority are classified as restricted since they are set aside for tenant security (damage) deposits. Tenant damage deposits for Kendall Heights and Jackson Heights are segregated in separate bank accounts.

Housing Authority of the City of Rifle
NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets of the Housing Authority are recorded at cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of donation. The Housing Authority's capitalization policy is \$5,000.

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

Capital assets are depreciated using the straight-line method over their estimated useful lives of 5 to 50 years.

Risk Management

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past four years.

Estimates

The preparation of financial statements in accordance with US GAAP involves the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for each project on a non-GAAP basis. All annual appropriations lapse at fiscal year end.

Prior to October 1, the Housing Authority's Executive Director (not an elected official) submits proposed operating budgets for the year commencing the following January 1 to the Board of Commissioners (appointed officials). The operating budgets include proposed expenditures and the means of financing them.

Housing Authority of the City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE C – DEPOSITS AND INVESTMENTS

Cash

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

NOTE D – CAPITAL ASSETS

At December 31, 2016, capital asset transactions and balances include the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 396,592	\$ —	\$ —	\$ 396,592
Total capital assets, not being depreciated	396,592	—	—	396,592
Depreciable assets:				
Buildings	3,841,907	—	—	3,841,907
Furnishings	66,659	—	—	66,659
Total capital assets, being depreciated	3,908,566	—	—	3,908,566
Less accumulated depreciation for:				
Buildings	2,164,459	80,533	—	2,244,992
Furnishings	56,157	3,135	—	59,292
Total accumulated depreciation	2,220,616	83,668	—	2,304,284
Total capital assets, being depreciated	1,687,950	(83,668)	—	1,604,282
Total capital assets, net	<u>\$2,084,542</u>	<u>\$ (83,668)</u>	<u>\$ —</u>	<u>\$2,000,874</u>

NOTE E – GRANTS

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 expenses which may be disallowed by the grantor cannot be determined at this time although the Housing Authority expects such amounts, if any, to be immaterial.

NOTE F – TAX, SPENDING AND DEBT LIMITATIONS

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

Housing Authority of the City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE G – PENSION PLAN

The Authority offers a voluntary defined contribution plan under the provisions of Section 457 of the Internal Revenue Code. The plan allows salaried employees to contribute up to 5% of their yearly salary, and the Authority contributes a matching amount up to 5%. Under the plan, the Housing Authority can contribute 2% of the employee's pay whether or not the employee contributes. The plan is administered by State Farm. Contributions to the plan for the year ended December 31, 2016 were \$7,335 from the employees and \$7,335 from the Housing Authority.

NOTE H – SEVERANCE PACKAGE

On September 20, 2016 the board of directors approved a severance package for a former employee in the amount of \$17,500 to be paid out over the course of fiscal year 2017 in equal bi-weekly installments.

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Rifle

SCHEDULE OF NET POSITION - ALL PROJECTS

December 31, 2016

	Kendall Heights	Jackson Heights	Total
ASSETS			
Cash and investments	\$ 210,434	\$ 384,940	\$ 595,374
Tenant security deposits	25,007	20,437	45,444
Annexation costs	-	7,607	7,607
Capital assets, net	733,822	1,267,052	2,000,874
Total assets	<u>\$ 969,263</u>	<u>\$ 1,680,036</u>	<u>\$ 2,649,299</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts payable	\$ 1,357	\$ 11,529	\$ 12,886
Accrued payroll expense	9,975	7,525	17,500
Security deposits held	25,007	20,437	45,444
Total liabilities	36,339	39,491	75,830
Net position			
Net investment in capital assets	733,822	1,267,052	2,000,874
Unrestricted	199,102	373,493	572,595
Total net position	<u>932,924</u>	<u>1,640,545</u>	<u>2,573,469</u>
Total liabilities and net position	<u>\$ 969,263</u>	<u>\$ 1,680,036</u>	<u>\$ 2,649,299</u>

Housing Authority of the City of Rifle

SCHEDULE OF INDIVIDUAL PROJECT REVENUES,
EXPENSES, AND CHANGES IN NET POSITION

Year ended December 31, 2016

	Kendall Heights	Jackson Heights	Total
Operating revenue			
Rent income and housing assistance payments	\$ 488,043	\$ 261,618	\$ 749,661
Grant revenue	-	83,679	83,679
Other revenues	27,558	23,976	51,534
Total operating revenue	515,601	369,273	884,874
Operating expenses			
Operations and maintenance			
Maintenance labor	90,566	71,640	162,206
Maintenance and repairs	27,717	19,223	46,940
Utilities	95,496	70,979	166,475
Capital outlay	51,318	125,015	176,333
Depreciation	43,455	40,213	83,668
Total operations and maintenance	308,552	327,070	635,622
General and administrative			
Manager salary	41,120	31,301	72,421
Employee benefits	16,072	13,944	30,016
Legal fees	670	505	1,175
Accounting and auditing	21,112	16,441	37,553
Insurance and bonding	14,381	10,852	25,233
Other administrative	10,929	8,517	19,446
Total general and administrative	104,284	81,560	185,844
Total operating expenses	412,836	408,630	821,466
Net operating income (loss)	102,765	(39,357)	63,408
Non-operating revenue (expense)			
Interest income	-	698	698
Interest expense	(658)	-	(658)
Transfers in (out)	(33,500)	33,500	-
Total non-operating revenue (expense)	(34,158)	34,198	40
Change in net position	68,607	(5,159)	63,448
Net position at beginning of year	864,317	1,645,704	2,510,021
Net position at end of year	\$ 932,924	\$ 1,640,545	\$ 2,573,469

Housing Authority of the City of Rifle

Schedule of Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2016

	Original and Final Budget	Total Actual	Variance Favorable (Unfavorable)
Revenue			
Rent income and housing assistance payments	\$ 750,060	\$ 749,661	\$ (399)
Interest income	25	698	673
Grant revenue	-	83,679	83,679
Other revenues	39,314	51,534	12,220
Total revenue	<u>789,399</u>	<u>885,572</u>	<u>96,173</u>
Expenses			
Operations and maintenance			
Maintenance labor	133,932	162,206	(28,274)
Maintenance and repairs	50,144	40,853	9,291
Painting and decorating	1,525	6,087	(4,562)
Utilities	170,010	166,475	3,535
Capital outlay	164,279	176,333	(12,054)
Total operations and maintenance	<u>519,890</u>	<u>551,954</u>	<u>(32,064)</u>
General and administrative			
Manager salary	56,956	72,421	(15,465)
Employee benefits	29,415	30,016	(601)
Accounting and auditing	21,660	37,553	(15,893)
Legal fees	2,300	1,175	1,125
Insurance and bonding	21,015	25,233	(4,218)
Other administrative	18,650	19,446	(796)
Total general and administrative	<u>149,996</u>	<u>185,844</u>	<u>(35,848)</u>
Debt service - interest	170	658	(488)
Total expenses	<u>670,056</u>	<u>738,456</u>	<u>(68,400)</u>
Excess of revenue over (under) expenses	<u>\$ 119,343</u>	<u>147,116</u>	<u>\$ 27,773</u>
Adjustments to non-GAAP basis			
Depreciation		(83,668)	
Total adjustments		<u>(83,668)</u>	
Change in net position		63,448	
Net position at beginning of year		2,510,021	
Net position at end of year		<u>\$ 2,573,469</u>	

Housing Authority of the City of Rifle

Schedule of Kendall Heights Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2016

	Original and Final Budget	Kendall Heights Actual	Variance Favorable (Unfavorable)
Revenue			
Rent income and housing assistance payments	\$ 488,160	\$ 488,043	\$ (117)
Other revenues	22,339	27,558	5,219
Total revenue	510,499	515,601	5,102
Expenses			
Operations and maintenance			
Maintenance labor	75,601	90,566	(14,965)
Maintenance and repairs	30,940	21,630	9,310
Painting and decorating	1,525	6,087	(4,562)
Utilities	99,009	95,496	3,513
Capital outlay	56,750	51,318	5,432
Total operations and maintenance	263,825	265,097	(1,272)
General and administrative			
Manager salary	32,465	41,120	(8,655)
Employee benefits	17,000	16,072	928
Legal fees	600	670	(70)
Accounting and auditing	12,346	21,112	(8,766)
Insurance and bonding	11,700	14,381	(2,681)
Other administrative	9,244	10,929	(1,685)
Total general and administrative	83,355	104,284	(20,929)
Debt service			
Interest	170	658	(488)
Total debt service	170	658	(488)
Total expenses	347,350	370,039	(22,689)
Excess of revenue over (under) expenses	\$ 163,149	145,562	\$ (17,587)
Adjustments to non-GAAP basis			
Transfer out		(33,500)	
Depreciation		(43,455)	
Total adjustments		(76,955)	
Change in net position		68,607	
Net position at beginning of year		864,317	
Net position at end of year		\$ 932,924	

Housing Authority of the City of Rifle

Schedule of Jackson Heights Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2016

	Original and Final Budget	Jackson Heights Actual	Variance Favorable (Unfavorable)
Revenue			
Rent income and housing assistance payments	\$ 261,900	\$ 261,618	\$ (282)
Interest income	25	698	673
Grant revenue	-	83,679	83,679
Other revenues	16,975	23,976	7,001
Total revenue	<u>278,900</u>	<u>369,971</u>	<u>91,071</u>
Expenses			
Operations and maintenance			
Maintenance labor	58,331	71,640	(13,309)
Maintenance and repairs	19,204	19,223	(19)
Utilities	71,001	70,979	22
Capital outlay	107,529	125,015	(17,486)
Total operations and maintenance	<u>256,065</u>	<u>286,857</u>	<u>(30,792)</u>
General and administrative			
Manager salary	24,491	31,301	(6,810)
Employee benefits	12,415	13,944	(1,529)
Legal fees	1,700	505	1,195
Accounting and auditing	9,314	16,441	(7,127)
Insurance and bonding	9,315	10,852	(1,537)
Other administrative	9,406	8,517	889
Total general and administrative	<u>66,641</u>	<u>81,560</u>	<u>(14,919)</u>
Total expenses	<u>322,706</u>	<u>368,417</u>	<u>(45,711)</u>
Excess of revenue over (under) expenses	<u>\$ (43,806)</u>	1,554	<u>\$ 45,360</u>
Adjustments to non-GAAP basis			
Transfer in		33,500	
Depreciation		(40,213)	
Total adjustments		<u>(6,713)</u>	
Change in net position		(5,159)	
Net position at beginning of year		1,645,704	
Net position at end of year		<u>\$ 1,640,545</u>	

Housing Authority of the City of Rifle

SCHEDULE OF INDIVIDUAL PROJECT CASH FLOWS

Year ended December 31, 2016

	Kendall Heights	Jackson Heights	Total
Cash flows from operating activities			
Cash received from tenants and subsidies	\$ 488,043	\$ 261,618	\$ 749,661
Other operating receipts and grants	27,558	107,655	135,213
Cash paid to suppliers	(236,043)	(265,584)	(501,627)
Cash paid to employees	(131,686)	(101,139)	(232,825)
Net cash provided (used) by operating activities	147,872	2,550	150,422
Cash flows from capital and related financing activities			
Transfers in (out)	(33,500)	33,500	-
Paid for development costs	-	(3,690)	(3,690)
Interest paid	(658)	-	(658)
Net cash provided (used) by capital and related financing activities	(34,158)	29,810	(4,348)
Cash flows from investing activities			
Interest received	-	698	698
Net cash provided (used) by investing activities	-	698	698
Increase (decrease) in cash and cash equivalents	113,714	33,058	146,772
Beginning cash and cash equivalents	121,727	372,319	494,046
Ending cash and cash equivalents	\$ 235,441	\$ 405,377	\$ 640,818
Reconciliation of net operating income (loss) to net cash provided (used) by operating activities			
Net operating income (loss)	\$ 102,765	\$ (39,357)	\$ 63,408
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities			
Depreciation	43,455	40,213	83,668
Increase (decrease) in accounts payable	(9,802)	(436)	(10,238)
Increase (decrease) in accrued payroll expense	9,975	1,802	11,777
Increase (decrease) in security deposits	1,479	328	1,807
Total adjustments	45,107	41,907	87,014
Net cash provided (used) by operating activities	\$ 147,872	\$ 2,550	\$ 150,422