

CONEJOS COUNTY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

LaJara, Colorado

March 31, 2017

Goldie Roberts

Certified Public Accountant



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CONEJOS COUNTY
HOUSING AUTHORITY

La Jara, Colorado
March 31, 2017

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Conejos County Housing Authority
510 Richfield Road
La Jara, Colorado 81140

I have audited the accompanying financial statements of the Conejos County Housing Authority ("the Authority") which comprise the Statement of Net Position as of March 31, 2017, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Conejos County Housing Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conejos County Housing Authority as of March 31, 2017, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2017 on my consideration of the Conejos County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejos County Housing Authority's internal control over financial reporting and compliance.

Goldie Roberts
Certified Public Accountant

Fredericksburg, Indiana
September 6, 2017

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2017

This section of the CONEJOS COUNTY HOUSING AUTHORITY ("the Authority") annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2017. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of March 31, 2017 was \$764,492. The net position increased by \$19,441, an increase of 2.6% over the prior year.
- Revenues for the Authority were \$361,167 for the year ended March 31, 2017. This was an increase of \$43,208 or 13.6% over the prior year.
- Expenses for the Authority were \$341,726 for the year ended March 31, 2017. This was a decrease of \$20,593 or 5.7% from the prior year.
- Rental income for the Authority was \$103,910 for the year ended March 31, 2017. This was a decrease of \$12,920 or 11.1% from the prior year. Federal operating grants for the Authority was \$216,155 for the year ended March 31, 2017. This was an increase of \$34,860 or 19.2% 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 Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

MARCH 31, 2017

(Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

HUD Reporting

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2017 and is required to be included in the audit reporting package.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2017

(Continued)

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$764,492 at the close of the year ended March 31, 2017, up from \$745,051 in fiscal year 2016. The increase in net position of \$19,441 was due to the reasons noted below.

- Current assets include cash, receivables, prepaid expenses, and materials inventory. Of the \$50,676 increase in this category, cash increased \$53,496, receivables increased \$4,934, prepaid expenses decreased \$1,448, and materials inventory decreased \$6,306.
- Capital assets decreased \$32,474 due to current year depreciation expense and capital asset disposal. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities decreased \$299 from FY 2016.
- Noncurrent liabilities decreased \$940 from FY 2016.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 399,978	\$ 349,302	\$ 50,676	14.5%
Capital assets, net	394,413	426,887	(32,474)	-7.6%
TOTAL ASSETS	<u>\$ 794,391</u>	<u>\$ 776,189</u>	<u>\$ 18,202</u>	2.3%
LIABILITIES				
Current liabilities	\$ 29,574	\$ 29,873	\$ (299)	-1.0%
Noncurrent liabilities	325	1,265	(940)	-74.3%
TOTAL LIABILITIES	<u>29,899</u>	<u>31,138</u>	<u>(1,239)</u>	-4.0%
NET POSITION				
Net investment in capital assets	394,413	426,887	(32,474)	-7.6%
Unrestricted	370,079	318,164	51,915	16.3%
TOTAL NET POSITION	<u>\$ 764,492</u>	<u>\$ 745,051</u>	<u>\$ 19,441</u>	2.6%

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2017
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$370,079 as of March 31, 2017. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for next fiscal year. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

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

	<u>FY 2017</u>	<u>FY 2016</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES				
Operating - non-operating - capital contributions:				
Rental income	\$ 103,910	\$ 116,830	\$ (12,920)	-11.1%
Federal operating grants	216,155	181,295	34,860	19.2%
Interest income	2,303	821	1,482	180.5%
Capital contributions	5,186	13,176	(7,990)	-60.6%
Other income	33,613	5,837	27,776	475.9%
TOTAL REVENUES	<u>361,167</u>	<u>317,959</u>	<u>43,208</u>	13.6%
EXPENSES				
Administrative	108,283	113,296	(5,013)	-4.4%
Tenant services	322	-	322	100.0%
Utilities	37,571	39,658	(2,087)	-5.3%
Ordinary maintenance and operation	120,774	91,201	29,573	32.4%
General expense	30,882	40,213	(9,331)	-23.2%
Depreciation expense	43,894	77,951	(34,057)	-43.7%
TOTAL EXPENSES	<u>341,726</u>	<u>362,319</u>	<u>(20,593)</u>	-5.7%
CHANGE IN NET POSITION	19,441	(44,360)	63,801	
NET POSITION - BEG OF YEAR	<u>745,051</u>	<u>789,411</u>	<u>(44,360)</u>	
NET POSITION - END OF YEAR	<u>\$ 764,492</u>	<u>\$ 745,051</u>	<u>\$ 19,441</u>	

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2017
(Continued)

FINANCIAL ANALYSIS (CONTINUED)

As can be seen in the table on the previous page, total revenues increased \$43,208 due to the reasons noted below.

- Rental income decreased \$12,920 or 11.1% from FY 2016 due to a decrease in average dwelling rental charge of \$19.12 or 9.1%.
- Federal operating grants increased \$34,860 due to an increase in public housing operating subsidy of \$2,250 and an increase capital fund grants used for operating expenditures of \$32,610.
- Interest income increased \$1,482 from FY 2016.
- Capital contributions decreased \$7,990 from FY 2016.
- Other income increased \$27,776 from FY 2016 primarily due to USDA grant home rehab income of \$25,000.

Total expenses decreased \$20,593 due to the reasons noted below.

- Administrative expense decreased \$5,013 or 4.4% from FY 2016 mostly due to a \$6,363 decrease in office and other administrative expenses.
- Tenant services increased \$322 from FY 2016.
- Utilities decreased \$2,087 or 5.3% from FY 2016 mainly due to a decrease in water of \$425 or 3.9% and a decrease in sewer of \$1,714 or 24.1%.
- Ordinary maintenance and operation increased \$12,173 or 13.3% from 2016 primarily due to an increase in maintenance materials of \$8,793 or 38.7% and an increase in maintenance labor and benefits of \$2,535 or 4.6%.
- General expense decreased \$9,331 or 23.2% mostly due to a decrease in tenant bad debt expense of \$13,481. This was partially offset by an increase in insurance expense of \$3,026 or 21.2%.
- The Authority had a \$34,057 or 43.7% decrease in Depreciation which is the write-off of capital assets over their estimated useful life.
- The Authority had special items, net loss of \$17,400 in FY 2017 for reporting due to HUD's Rental Assistance Demonstration program.

The Public Housing occupancy rate for fiscal year March 31, 2017 was 98.1%, up from 97.5% in FY 2016. The Authority currently has 44 Public Housing units.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2017
(Continued)

CAPITAL ASSETS

Capital Assets - The Conejos County Housing Authority, Colorado's net investment in capital assets, as of March 31, 2017 amounts to \$394,413. The investment in capital assets includes equipment and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 7.6% in terms of net book value. Depreciation charges for the year totaled \$43,894. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$426,887	\$11,420	\$(43,894)	\$394,413

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 2018 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Most operating expenses are expected to increase by the economy's inflation rate. The Authority is estimating an 18.0% decrease in Administrative Expenses for the Public Housing Program mainly due to a decrease in travel and training of 63%. The Authority is also estimating a \$12,500 increase in tenant bad debt expense. Operating income for the Public Housing Program is budgeted to decrease 16% mostly due to a 43% decrease in capital fund grants utilized for operating expenditures.

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 Executive Director, Conejos County Housing Authority, 510 Richfield Road, La Jara, Colorado 81140.

FINANCIAL STATEMENTS

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT OF NET POSITION
MARCH 31, 2017

ASSETS

Current Assets

Cash and cash equivalents	\$ 373,517
Restricted cash and cash equivalents	10,825
Accounts receivable, net	15,048
Prepaid expenses	588
Total Current Assets	<u>399,978</u>

Capital Assets

Land and other nondepreciable assets	28,653
Depreciable capital assets, net	<u>365,760</u>
Total Capital Assets	<u>394,413</u>

TOTAL ASSETS	<u>794,391</u>
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LIABILITIES

Current liabilities

Accounts payable	443
Accrued liabilities	16,759
Unearned revenue	1,547
Payable from restricted cash and and cash equivalents:	
Tenants security deposits	<u>10,825</u>
Total Current Liabilities	<u>29,574</u>

Noncurrent Liabilities

Accrued compensated absences	<u>325</u>
Total Noncurrent Liabilities	<u>325</u>

Total Liabilities	<u>29,899</u>
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NET POSITION

Investment in capital assets	394,413
Unrestricted	<u>370,079</u>
Total Net Position	<u>\$ 764,492</u>

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED MARCH 31, 2017

OPERATING REVENUES

Rental income, net of bad debt expense \$478	\$ 103,910
Other income	<u>33,613</u>

TOTAL OPERATING REVENUE 137,523

OPERATING EXPENSES

Administrative	114,356
Tenant services	322
Utilities	37,571
Ordinary maintenance and operation	103,374
General expense	42,209
Depreciation expense	<u>43,894</u>

TOTAL OPERATING EXPENSES 341,726

OPERATING INCOME (LOSS) (204,203)

NONOPERATING REVENUES

Federal operating grants	216,155
Interest income	<u>2,303</u>

TOTAL NONOPERATING REVENUES 218,458

CAPITAL CONTRIBUTIONS 5,186

CHANGE IN NET POSITION 19,441

TOTAL NET POSITION - BEGINNING OF YEAR 745,051

TOTAL NET POSITION - END OF YEAR \$ 764,492

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 132,589
Payments to suppliers	(151,867)
Payments to/for employees	<u>(139,450)</u>
 Net Cash Flows (Used) by Operating Activities	 <u>(158,728)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>216,155</u>
Net Cash From Noncapital Financing Activities	<u>216,155</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>2,303</u>
Net Cash From Investing Activities	<u>2,303</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	5,186
Capital assets purchased	<u>(11,420)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	 <u>(6,234)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	53,496
Cash and Cash Equivalents - Beginning of year	<u>330,846</u>
Cash and Cash Equivalents - End of year	<u>\$ 384,342</u>
 Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	\$ 373,517
Restricted cash and cash equivalents	<u>10,825</u>
Total Cash and Cash Equivalents	<u>\$ 384,342</u>

Continued

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017
(CONTINUED)

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

Operating income (loss)	\$ (204,203)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	43,894
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(4,934)
Prepaid expenses	1,448
Inventory	6,306
Increase (Decrease) in:	
Accounts payable	(503)
Accrued liabilities	(2,044)
Unearned revenue	<u>1,308</u>
 Net Cash Flows Provided (Used) by Operating Activities	 \$ <u><u>(158,728)</u></u>

The accompanying notes are an integral part of these financial statements

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

NOTE A - Summary of Significant Accounting Policies:

Reporting Entity

The CONEJOS COUNTY HOUSING AUTHORITY is a political subdivision both corporate and politic which was established under the provision of Colorado Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into an annual contribution contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program (Contract No. A-CO038).

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Conejos County Housing Authority, a primary government. Although it is legally separate from the Conejos County Housing Authority, the Valley Housing Corporation is reported as if they were part of the primary government because its sole purpose is to work in conjunction with the Housing Authority to assist with providing housing for low and moderate income individuals. The criteria for inclusion as a component unit include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Accordingly the Valley Housing Corporation financial information has been blended with the Conejos County Housing Authority. There are no other component units to be included herewith, but this report does include all programs, which are controlled by the entity's governing body. The Valley Housing Corporation had no activity.

The financial statements of the CONEJOS COUNTY HOUSING AUTHORITY include the following:

<u>Management:</u>	<u>Units</u>
Low-Income Public Housing	<u>44</u>

Capital Fund Grant:
CFP 501-15, 501-16

NOTE A - Summary of Significant Accounting Policies:

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

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

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

This special purpose government engaged in activities similar to business activities uses an enterprise fund to account for those operations that are financed and operated in a manner similar to private business, or where the Board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability. The intent of the governing body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

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

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

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

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

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

Cash and Cash Equivalents - Deposits consist of checking accounts and Certificates of Deposit and are stated at fair value. Deposits are fully collateralized or vested in securities of the United States Government and are identified specifically in the name of the Authority. Certificates of deposit that are redeemable immediately with little or no penalty are considered cash equivalents.

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(Continued)

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

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

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond March 31, 2017.

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

Capital Assets - Capital assets purchased are recorded at cost at the time of purchase. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs.

It is the policy of the Authority to capitalize assets costing \$1,000 or more.

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

<u>Class</u>	<u>Life</u>
Buildings & Improvements	15-40 years
Furniture, Equipment & Machinery	3-10 years

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

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

Restricted Assets - When both restricted and unrestricted resources are available for use, it is the Authorities policy to use unrestricted resources first, and then restricted resources as they are needed.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

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

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

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

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

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At March 31, 2017, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

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

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

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

The carrying amounts of the Authority's cash deposits were \$384,342 at March 31, 2017. Bank balances before reconciling items were \$389,653 on that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name. Restricted deposits consists of tenant security deposits.

Deposits consist of the following:

Checking accounts	\$ 100,073
Certificates of Deposit and Money Market Account	<u>284,269</u>
Total	<u>\$ 384,342</u>

NOTE C - Custodial Credit Risk:

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are position of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) 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 for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, their deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for bank and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At March 31, 2016, the Authority's deposits amounting to \$337,628 were insured by federal depository insurance or collateralized with securities held by the pledging institution's trust department or agent in the Authority's name and consequently were not exposed to custodial credit risk.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

NOTE D - Accounts Receivable:

Accounts receivable at March 31, 2017, consist of the following:

Tenants accounts receivable, net of allowance of \$2,800 \$ 15,048

NOTE E - Prepaid Expenses:

Prepaid expenses at March 31, 2017, consist of the following:

Prepaid insurance \$ 588

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	Beginning Balance 03/31/16	Increases	Decreases	Transfers	Ending Balance 03/31/17
Capital assets, not being depreciated:					
Land	\$ 28,653	\$ 0	\$ 0	\$ 0	\$ 28,653
Construction in Progress	13,396	0	0	(13,396)	0
Total Capital Assets, Not being depreciated	42,049	0	0	(13,396)	28,653
Capital Assets, being depreciated:					
Buildings & Improvements	3,767,952	4,010	0	13,396	3,785,358
Furniture, Equipment & Machinery	74,560	7,410	0	0	81,970
Total Capital Assets, being depreciated	3,842,512	11,420	0	13,396	3,867,328
Less Accumulated Depreciation for:					
Buildings & Improvements	(3,392,046)	(40,907)	0	0	(3,432,953)
Furniture, Equipment and Machinery	(65,628)	(2,987)	0	0	(68,615)
Total Accumulated Depreciation:	(3,457,674)	(43,894)	0	0	(3,501,568)
Total Capital Assets, being depreciated, net	384,838	(32,474)	0	13,396	365,760
Capital Assets, Net	\$ 426,887	\$ (32,474)	\$ 0	\$ 0	\$ 394,413

There are \$57,730 of funds yet to be expended under the current Capital Fund Grant Program. Depreciation expense of \$43,894 was recorded for the year.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

NOTE G - Accounts Payable:

Accounts payable at March 31, 2017, consist of the following:

Vendors' accounts payable	\$ <u>443</u>
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NOTE H - Accrued Liabilities:

Accrued liabilities at March 31, 2017, consist of the following:

Payments in lieu of taxes	\$ 6,141
Accrued payroll taxes	7,193
Accrued compensated absences - current portion	1,645
Accrued liabilities - other	<u>1,780</u>
Total	\$ <u>16,759</u>

NOTE I - Unearned Revenue:

Unearned revenue at March 31, 2017, consists of the following:

Prepaid rent	\$ <u>1,547</u>
--------------	-----------------

NOTE J - Noncurrent liabilities:

Accrued compensated absences:

<u>03/31/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/17</u>	<u>Current Portion</u>	<u>Total</u>
\$ 1,265	\$ 0	\$ 940	\$ 325	\$ 1,645	\$ 1,970

NOTE K - Pension Plan:

In fiscal year 206, Conejos County Housing Authority began offering its employees a SEP-IRA plan created in accordance with Internal Revenue Code Section 408(k). The plan is administered by Vanguard and is available to all employees with 3 months of service aged 18 or older who receive compensation of at least \$450 per year.

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

During the year ended December 31, 2016, the Authority's required and actual contributions amounted to \$11,139, which was set by the Board at differing amounts for individual employees. Employees' required and actual contributions amounted to \$0.

NOTE L - Commitments and Contingencies:

Litigation: At March 31, 2017, the Authority was not involved in any threatened litigation.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017
(Continued)

NOTE L - Commitments and Contingencies: (Continued)

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations during the year ended March 31, 2017.

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

Construction Projects: There is one construction project in progress at March 31, 2017. This includes modernizing rental units in project TN002. This project is being funded by HUD. Funds are requested periodically as the cost is incurred.

NOTE M - Affiliated Organizations:

Valley Housing Corporation

The Conejos County Housing Authority formed a 501(c)3 organization, the Valley Housing Corporation, in January 2016. Although a directly controlled affiliate of Conejos County Housing Authority, consolidated financial statements are not presented as there were no financial transactions for the Valley Housing Corporation during fiscal year 2017.

NOTE N - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to

coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

The Authority participates in two public entity risk pool (Tennessee Municipal League Risk Management Pool and Tennessee Housing Authority Risk Management Trust) for general liability, and Directors' and Officers' liability. Settled claims resulting from these risks have not exceeded risk pool coverage in any of the past three fiscal years. Rights and responsibilities of the Authority and the pool are contained within the pool agreement and the scope of coverage documents.

NOTE O - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. This subsidy contribution for the operating year ended March 31, 2017 were as follows:

Low Rent Public Housing	\$ 113,315
Capital Fund Program	<u>102,840</u>
Total	<u>\$ 216,155</u>

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(Continued)

NOTE P - Capital Contributions:

The Authority received capital grants from HUD for capital fund program improvements. Federal Capital grants for the fiscal year ended March 31, 2017 were \$5,186.

NOTE Q - Conduit Type Debt:

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

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

NOTE R - Economic Dependency:

The Authority receives approximately 61% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

NOTE S - Taxpayer's Bill of Rights:

In November 1992, the voters of the State of Colorado approved an amendment to the states constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the Taxpayer's Bill of Rights because it is an "enterprise: (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenues from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency and does not have the power to impose taxes which are all the basic operational requirements of TABOR. However, many provisions of the TABOR Amendment are complex and subject to further interpretation and will require judicial interpretation.

NOTE T - Subsequent Events:

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through September 6, 2017 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

COMBINING SCHEDULE OF PROGRAM NET POSITION
MARCH 31, 2017

	Annual Contributions Contracts		
	CO038		
	Low		
	Income		
	Public	Capital	
	Housing	Fund	Total
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 373,517	\$ 0	\$ 373,517
Restricted cash and cash equivalents	10,825	0	10,825
Accounts receivable, net	15,048	0	15,048
Prepaid expenses	588	0	588
Total Current Assets	399,978	0	399,978
<u>Capital Assets:</u>			
Land and other nondepreciable assets	28,653	0	28,653
Depreciable capital assets, net	365,760	0	365,760
Total Capital Assets	394,413	0	394,413
TOTAL ASSETS	794,391	0	794,391
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	443	0	443
Accrued liabilities	16,759	0	16,759
Unearned revenue	1,547	0	1,547
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	10,825	0	10,825
Total Current Liabilities	29,574	0	29,574
<u>Noncurrent Liabilities</u>			
Accrued compensated absences	325	0	325
Total Noncurrent Liabilities	325	0	325
Total Liabilities	29,899	0	29,899
<u>NET POSITION</u>			
Investment in capital assets	394,413	0	394,413
Unrestricted	370,079	0	370,079
Total Net Position	\$ 764,492	\$ 0	\$ 764,492

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONS
FOR THE YEAR ENDED MARCH 31, 2017

	Annual Contributions		Contracts		Total	
	CO038	CO038				
	Low	Income	Capital			
	Public	Housing	Fund	Business		
	Program	Activities				
<u>OPERATING REVENUES</u>						
Rental income	\$ 103,910	\$ 0	\$ 0	\$ 103,910		
Other income	3,100	0	30,513	33,613		
TOTAL OPERATING REVENUE	107,010	0	30,513	137,523		
<u>OPERATING EXPENSES</u>						
Administrative	110,734	0	3,622	114,356		
Tenant services	322	0	0	322		
Utilities	37,571	0	0	37,571		
Ordinary maintenance and operation	84,165	0	19,209	103,374		
General expense	42,209	0	0	42,209		
Depreciation expense	43,894	0	0	43,894		
TOTAL OPERATING EXPENSES	318,895	0	22,831	341,726		
OPERATING INCOME (LOSS)	(211,885)	0	7,682	(204,203)		
<u>NONOPERATING REVENUES (EXPENSES)</u>						
Federal operating grants	113,315	102,840	0	216,155		
Interest income	2,303	0	0	2,303		
NET NONOPERATING REVENUES	115,618	102,840	0	218,458		
Net income before capital contributions	(96,267)	102,840	7,682	14,255		
CAPITAL CONTRIBUTIONS	0	5,186	0	5,186		
CHANGE IN NET POSITION	(96,267)	108,026	7,682	19,441		
TOTAL NET POSITION - BEGINNING						
OF YEAR, as originally stated	745,051	0	0	745,051		
Equity transfers	115,708	(108,026)	(7,682)	0		
TOTAL NET POSITION - BEGINNING	860,759	(108,026)	(7,682)	745,051		
OF YEAR, as restated	860,759	(108,026)	(7,682)	745,051		
TOTAL NET POSITION - END OF YEAR	\$ 764,492	\$ 0	\$ 0	\$ 764,492		

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED
MARCH 31, 2017

Annual Contributions Contract C0038

	CFP <u>501-15</u>	CFP <u>501-16</u>
1. The Capital Fund Grant Costs are as follows:		
Funds Approved	\$ 59,355	\$ 61,847
Funds Expended	<u>59,355</u>	<u>61,847</u>
Excess / (Deficiency) of Funds Approved	\$ <u>0</u>	\$ <u>0</u>
Funds Advanced	\$ 59,355	\$ 61,847
Funds Expended	<u>59,355</u>	<u>61,847</u>
Excess / (Deficiency) of Funds Advanced	\$ <u>0</u>	\$ <u>0</u>

2. Cost additions totaling \$ 111,627 were made during the current audit period, and accordingly, were audited by Goldie Roberts, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs on the above phases and the Actual Capital Fund Grant Costs Certificate submitted to HUD are in agreement with the Authority records.
4. All Capital Fund Grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which to file such liens has expired.
6. There were no budget overruns.

Conejos County Housing Authority (CO038)
La Jara, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$89,248		\$89,248		\$89,248
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted					
114 Cash - Tenant Security Deposits	\$10,825		\$10,825		\$10,825
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$100,073	\$0	\$100,073	\$0	\$100,073
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$17,848		\$17,848		\$17,848
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,800		-\$2,800		-\$2,800
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$15,048	\$0	\$15,048	\$0	\$15,048
131 Investments - Unrestricted	\$284,269		\$284,269		\$284,269
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$588		\$588		\$588
143 Inventories					
143.1 Allowance for Obsolete Inventories					
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$399,978	\$0	\$399,978	\$0	\$399,978
161 Land	\$28,653		\$28,653		\$28,653
162 Buildings	\$2,945,609		\$2,945,609		\$2,945,609
163 Furniture, Equipment & Machinery - Dwellings	\$1,267		\$1,267		\$1,267
164 Furniture, Equipment & Machinery - Administration	\$80,703		\$80,703		\$80,703
165 Leasehold Improvements	\$839,749		\$839,749		\$839,749
166 Accumulated Depreciation	-\$3,501,568		-\$3,501,568		-\$3,501,568
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$394,413	\$0	\$394,413	\$0	\$394,413
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$394,413	\$0	\$394,413	\$0	\$394,413
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$794,391	\$0	\$794,391	\$0	\$794,391
311 Bank Overdraft					
312 Accounts Payable <= 90 Days	\$443		\$443		\$443
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$7,193		\$7,193		\$7,193
322 Accrued Compensated Absences - Current Portion	\$1,645		\$1,645		\$1,645
324 Accrued Contingency Liability					

325	Accrued Interest Payable					
331	Accounts Payable - HUD PHA Programs					
332	Account Payable - PHA Projects					
333	Accounts Payable - Other Government	\$6,141		\$6,141		\$6,141
341	Tenant Security Deposits	\$10,825		\$10,825		\$10,825
342	Unearned Revenue	\$1,547		\$1,547		\$1,547
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344	Current Portion of Long-term Debt - Operating Borrowings					
345	Other Current Liabilities					
346	Accrued Liabilities - Other	\$1,780		\$1,780		\$1,780
347	Inter Program - Due To					
348	Loan Liability - Current					
310	Total Current Liabilities	\$29,574	\$0	\$29,574	\$0	\$29,574
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352	Long-term Debt, Net of Current - Operating Borrowings					
353	Non-current Liabilities - Other					
354	Accrued Compensated Absences - Non Current	\$325		\$325		\$325
355	Loan Liability - Non Current					
356	FASB 5 Liabilities					
357	Accrued Pension and OPEB Liabilities					
350	Total Non-Current Liabilities	\$325	\$0	\$325	\$0	\$325
300	Total Liabilities	\$29,899	\$0	\$29,899	\$0	\$29,899
400	Deferred Inflow of Resources					
508.4	Net Investment in Capital Assets	\$394,413		\$394,413		\$394,413
511.4	Restricted Net Position					
512.4	Unrestricted Net Position	\$370,079	\$0	\$370,079		\$370,079
513	Total Equity - Net Assets / Position	\$764,492	\$0	\$764,492	\$0	\$764,492
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$794,391	\$0	\$794,391	\$0	\$794,391

Conejos County Housing Authority (CO038)
La Jara, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2017

	Project Total	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$98,976		\$98,976		\$98,976
70400 Tenant Revenue - Other	\$4,934		\$4,934		\$4,934
70500 Total Tenant Revenue	\$103,910	\$0	\$103,910	\$0	\$103,910
70600 HUD PHA Operating Grants	\$216,155		\$216,155		\$216,155
70610 Capital Grants	\$5,186		\$5,186		\$5,186
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue			\$0	\$0	\$0
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$2,303		\$2,303		\$2,303
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue	\$3,100	\$30,513	\$33,613		\$33,613
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$330,654	\$30,513	\$361,167	\$0	\$361,167
91100 Administrative Salaries	\$68,639	\$2,392	\$61,031		\$61,031
91200 Auditing Fees	\$6,181		\$6,181		\$6,181
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$211		\$211		\$211
91500 Employee Benefit contributions - Administrative	\$21,334		\$21,334		\$21,334
91600 Office Expenses	\$7,062		\$7,062		\$7,062
91700 Legal Expense	\$1,073		\$1,073		\$1,073
91800 Travel	\$3,841		\$3,841		\$3,841
91810 Allocated Overhead					
91900 Other	\$6,320	\$1,230	\$7,550		\$7,550
91000 Total Operating - Administrative	\$104,661	\$3,622	\$108,283	\$0	\$108,283
92000 Asset Management Fee					
92100 Tenant Services - Salaries					
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services					
92400 Tenant Services - Other	\$322		\$322		\$322
92500 Total Tenant Services	\$322	\$0	\$322	\$0	\$322
93100 Water	\$10,417		\$10,417		\$10,417
93200 Electricity	\$10,687		\$10,687		\$10,687
93300 Gas	\$5,408		\$5,408		\$5,408
93400 Fuel					
93500 Labor					
93600 Sewer	\$10,949		\$10,949		\$10,949
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	\$110		\$110		\$110
93000 Total Utilities	\$37,571	\$0	\$37,571	\$0	\$37,571
94100 Ordinary Maintenance and Operations - Labor	\$37,679	\$5,646	\$43,325		\$43,325
94200 Ordinary Maintenance and Operations - Materials and Other	\$17,937	\$13,563	\$31,500		\$31,500
94300 Ordinary Maintenance and Operations Contracts	\$14,789		\$14,789		\$14,789
94500 Employee Benefit Contributions - Ordinary Maintenance	\$13,760		\$13,760		\$13,760
94000 Total Maintenance	\$84,165	\$19,209	\$103,374	\$0	\$103,374

95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance	\$8,805		\$8,805		\$8,805
96120 Liability Insurance	\$3,879		\$3,879		\$3,879
96130 Workmen's Compensation	\$2,410		\$2,410		\$2,410
96140 All Other Insurance	\$2,205		\$2,205		\$2,205
96100 Total Insurance Premiums	\$17,299	\$0	\$17,299	\$0	\$17,299
96200 Other General Expenses	\$18,769		\$18,769		\$18,769
96210 Compensated Absences	\$6,073		\$6,073		\$6,073
96300 Payments in Lieu of Taxes	\$6,141		\$6,141		\$6,141
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$30,983	\$0	\$30,983	\$0	\$30,983
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$275,001	\$22,831	\$297,832	\$0	\$297,832
97000 Excess of Operating Revenue over Operating Expenses	\$55,653	\$7,682	\$63,335	\$0	\$63,335
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$43,894		\$43,894		\$43,894
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$318,895	\$22,831	\$341,726	\$0	\$341,726
10010 Operating Transfer In	\$110,522		\$110,522	-\$110,522	\$0
10020 Operating transfer Out	-\$102,840	-\$7,682	-\$110,522	\$110,522	\$0
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10050 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$7,682	-\$7,682	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$19,441	\$0	\$19,441	\$0	\$19,441
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$745,051	\$0	\$745,051		\$745,051
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0		\$0		\$0
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity					

11180 Housing Assistance Payments Equity				
11190 Unit Months Available	528		528	528
11210 Number of Unit Months Leased	518		518	518
11270 Excess Cash	\$348,350		\$348,350	\$348,350
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$5,186		\$5,186	\$5,186
11630 Furniture & Equipment - Dwelling Purchases	\$1,267		\$1,267	\$1,267
11640 Furniture & Equipment - Administrative Purchases	\$1,299		\$1,299	\$1,299
11650 Leasehold Improvements Purchases	\$3,667		\$3,667	\$3,667
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 31, 2017

NOTE A - Financial Data Schedule:

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

OTHER REPORTS

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

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

Independent Auditor's Report

Board of Commissioners
Conejos County Housing Authority
109 Raymond Griffith Rd
LaJara, Colorado 41649

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Conejos County Housing Authority, as of and for the year ended March 31, 2017, and the related notes to the financial statements, which collectively comprise the Conejos County Housing Authority's basic financial statements and have issued my report thereon dated September 6, 2017.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that I consider to be significant deficiencies and material weaknesses as items 2017-001 and 2017-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Conejos County Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of

financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2017-001 and 2017-002.

Conejos County Housing Authority's Response to Findings

The Conejos County Housing Authority's responses to the findings identified in my audit is described in the accompanying Schedule of Findings and Questioned Cost. Conejos County Housing Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of Conejos County Housing Authority in a separate letter dated September 6, 2017.

Purpose Of This Report

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

Goldie T. Lutz
Certified Public Accountant

Fredericksburg, Indiana
September 6, 2017

CONEJOS COUNTY HOUSING AUTHORITY
LaJara, Colorado

MARCH 31, 2017

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

No matters were reported

CURRENT AUDIT FINDINGS

2017-001

Rental Receipt Process

CURRENT
CONDITION:

During the review the following conditions were noted.

1. Daily deposits were not timely made.
2. Residents were not given receipts.
3. Late charges were not added.
4. The Authority did not have a sufficient rent roll system to record rental charges and collections throughout the year.

CRITERIA:

HUD rules and regulations and the Authority's policies require internal control procedures to be followed.

CAUSE:

The Authority did not follow HUD rules or their own internal policies.

EFFECT:

Residents did not pay their rent.

RECOMMENDATION:

The Authority should follow all HUD rules and regulations and enforce their own policy. The Authority should make deposits within 3 days, give residents a receipt, and add late charges when appropriate. Rental records should be properly maintained and files for audit and agreed to the general ledger.

REPLY:

Effective September 7, 2017, all rental payments are made within 3 days of receipt.

Effective September 14, 2017, a new receipt system was created. All tenants who made a rental payment in September were sent a receipt.

Per Statement of Major Board Resolution: Rent Collection Policy; Resolution Number 2017.2; Management began assessing late charges effective July 1, 2017.

A new "Rent Register" was created August 2016, which has allowed for proper recording of all rental payments and balances due.

DISCUSSED WITH: Karen Hinojos, Executive Director 9/07/2017

CONEJOS COUNTY HOUSING AUTHORITY
LaJara, Colorado

MARCH 31, 2017

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

CURRENT AUDIT FINDINGS
(Continued)

2017-002

General Ledger Balances and Supporting Documentation

CURRENT
CONDITION:

The Authority does not have a schedule of all positions and salaries. Additionally, they do not have a maintenance wage rate form.

CRITERIA:

HUD rules and regulations require 1) Board approval of all checks written 2) budgets and 3) compliance with maintenance wage rates.

CAUSE:

The Authority personnel were not aware of HUD rules and regulations and did not utilize the appropriate budgeting processes and allocation methodology.

EFFECT:

HUD rules and procedures were not followed. The payroll system was far more complicated than necessary.

RECOMMENDATION:

The Authority should conduct a time study. The results of the study should be used to develop an allocation plan. The Authority should utilize the allocation plan on the schedule of all positions and salaries and obtain board approval for the schedule.

REPLY:

A time study will be conducted along with collaboration with our fee accountant to find the best way to report all salary allocations without unnecessary paperwork burden on management. The cost allocation plan will be presented for board approval along with the budget.

HUD Form 4250/52158 (Maintenance Wage Rate Form) was turned into HUD on September 19, 2017.

A list of all checks produced for the month will be available in all future board meetings; which will also include a sign off sheet for board members to review and sign.

DISCUSSED WITH:

Karen Hinojos, Executive Director 9/07/2017

Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd
Fredericksburg, IN 47120

phone (812) 472-3527

fax (812) 472-3649

cell (404) 307-5903

September 6, 2017

Board of Commissioners
Conejos County Housing Authority
109 Raymond Griffith Drive #1101
LaJara, Colorado 41649

In planning and performing my audit of the financial statements of the Conejos County Housing Authority as of and for the year ended March 31, 2017, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated September 6, 2017 on the financial statements of the Authority.

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

1. CONDITION: Inventory

An inventory of the maintenance shop was not taken.

RECOMMENDATION:

The Authority should take an annual inventory and provide the information to the fee accountant so that it can be included in the REAC submission.

2. CONDITION: Capital Assets Inventory

The Authority did not take an inventory.

RECOMMENDATION:

The Authority should take an inventory at least every two years.

3. CONDITION: Petty Cash

The Authority has a \$5,000 debit card account. This account has not been handled as an imprest fund.

RECOMMENDATION:

The Authority needs to ensure that policies and procedures are in place and that there is approval for all expenditures.

4. CONDITION: Procurement

A check went out for \$17,500. There was no documentation of bids, contract, insurance or other procurement evidence.

RECOMMENDATION:

The Authority should document procurement in accordance with their policies.

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

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

Sincerely,

Goldie Roberts

Goldie Roberts
Certified Public Accountant