

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

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

Year Ended December 31, 2017

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Office of the State Auditor

May 4, 2018

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017

This section of the Housing Authority of the City of Fort Morgan, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 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 basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2017 was \$1,767,662. The net position increased by \$22,541, an increase of 1.3% over the prior year. Of this amount, \$884,051 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$531,651 for the year ended December 31, 2017. This was a decrease of (\$29,631) or 5% from the prior year.

Operating expenses for the Authority were \$711,006 for the year ended December 31, 2017. This was a decrease of (\$36,132) or 5% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

Notes to the Basic Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2017 is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2017	FY 2016	Dollar Change	Percent Change
Current and other assets	\$ 973,752	\$ 831,287	\$ 142,465	17%
Capital assets	1,309,955	1,439,123	(129,168)	-9%
Total Assets	<u>2,283,707</u>	<u>2,270,410</u>	<u>13,297</u>	<u>0.6%</u>
Current liabilities	66,006	69,490	(3,484)	-5%
Noncurrent liabilities	450,039	455,799	(5,760)	-1%
Total Liabilities	<u>516,045</u>	<u>525,289</u>	<u>(9,244)</u>	<u>-2%</u>
Net Position				
Net investment in capital assets	857,580	982,511	(124,931)	-13%
Restricted	26,031	18,226	7,805	43%
Unrestricted	884,051	744,384	139,667	19%
Total Net Position	<u>\$ 1,767,662</u>	<u>\$ 1,745,121</u>	<u>\$ 22,541</u>	<u>1.3%</u>

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017

FINANCIAL ANALYSIS (CONT'D)

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,767,662 at the close of the year ended December 31, 2017. This represents an increase of \$22,541 which is an increase of 1.3% over the prior year and was attributed to operations for the year end December 31, 2017.

Current and other assets increased by \$142,465. This was attributed to operations before depreciation of \$188,699 and offset by funds used for capital improvements of (\$37,238) and principal paid on capital debt of (\$4,236) which resulted in a net increase in cash and investments of \$24,118 and by an increase of \$117,629 in the amount receivable from HUD which is merely the result of when funds are requisitioned.

Total liabilities decreased by (\$9,244). There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

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

Unrestricted net position as of December 31, 2017 was \$884,051. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had \$26,031 of net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

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

As can be seen on the next page, total revenues decreased by (\$28,860), primarily due to the decrease in rental income of (\$37,121) or 7% and was offset by an increase in USDA program contributions of \$6,221. In the prior year the rental income had increased by \$12,369 or 2% over 2015.

For the year of 2017 Hillcrest had an occupancy rate of 94.23%. As of December 2017, the occupancy rate was 94.28 at Hillcrest. We are a small rural community and our waiting lists for both projects were small all year. Very few applications were returned for Fremont, our RD project. These are mostly 2-bedroom units with stairs, which are hard to market to elderly and disabled. Despite our increased marketing efforts, our occupancy rate at Fremont for the year of 2017 was 87.29% due to no one on the wait list. December 2017 occupancy rate was 86.67%.

HUD operating subsidy for the Authority was \$104,993 for the year ended December 31, 2017. This was a decrease of (\$5,239) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. In the current year the Authority expended \$117,629 of HUD capital grants for operations compared to \$112,553 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

FINANCIAL ANALYSIS (CONT'D)

**CONDENSED STATEMENT 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				
Program revenues				
Rental	\$ 494,430	\$ 531,551	\$ (37,121)	-7%
HUD program contributions	222,622	222,785	(163)	-0.1%
USDA program contributions	35,395	29,174	6,221	21%
Other	14,132	12,008	2,124	18%
General revenues				
Interest	1,669	1,590	79	5%
Total Revenues	<u>768,248</u>	<u>797,108</u>	<u>(28,860)</u>	<u>-4%</u>
Expenses				
Depreciation	166,158	191,343	(25,185)	-13%
Operating	544,848	555,795	(10,947)	-2%
Interest	34,356	32,359	1,997	6%
Other nonoperating	345	15,241	(14,896)	-98%
Total Expenses	<u>745,707</u>	<u>794,738</u>	<u>(49,031)</u>	<u>-6%</u>
Changes in Net Position	22,541	2,370	20,171	851%
Beginning Net Position	1,745,121	1,742,751	2,370	
Ending Net Position	<u>\$ 1,767,662</u>	<u>\$ 1,745,121</u>	<u>\$ 22,541</u>	

Operating expenses for the Authority were \$544,848 for the year ended December 31, 2017. This was a decrease of (\$10,947) or 2% from the prior year. The following expense categories had significant changes from the prior year:

- Administrative increased by \$19,143
- Maintenance decreased by (\$26,025)

Administrative increases were mainly contributed to transition of new office staff and Executive Director. We had 3 office personnel for a few months which increased salaries and benefit costs. Also, health care premiums increased statewide in 2017 which increased our benefits and are expected to rise again in 2018. Also, in 2017 our Audit costs increased due to requirement of AUP reporting for RD.

Maintenance wages decreased due to the fact we only had one maintenance person for the entire year, while one employee quit in March 2017 as maintenance staff and went back to his former employer. That employee was not replaced until November. Another employee left on July 31, 2017 and she was janitorial/maintenance staff. That employee was not replaced until October 2017 and then went to part-time in January 2018. With the janitorial position going to part-time we do not have to pay the health care premium for that person.

Nonoperating expenses decreased by (\$14,896) which the majority was the removal of capital assets disposed of during the prior fiscal year.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017**

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2017 were \$1,309,955. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's capital assets for the fiscal year was 9% in terms of net book value. The actual amount to purchase or construct capital assets was \$37,238 for the year. Depreciation charges for the year totaled \$166,158. Additional information on the Authority's capital assets can be found in Note G of the notes to the basic financial statements of this report.

Capital improvements for 2017 consisted of replacing carpet in many apartments at Hillcrest with vinyl tile and new cove base. One apartment had to have the sub-floor built up with new plywood prior to tiling. New linoleum was installed in the elevator. We replaced 10 refrigerators at Hillcrest and purchased a cab for the Kubota tractor. At Fremont we replaced the carpet in 2 apartments with new carpet, pad and cove base, and removed 2 bathtubs and install 2 new showers and fixtures. Also, at Fremont we installed vinyl fence around 2 dumpsters. This involved replacing concrete around one dumpster area for city sidewalks, curb and gutter. We replaced one stove and 3 hot water tanks and one baseboard heater at Fremont. We also replaced several toilets at Hillcrest and Fremont with hi-rise toilets.

DEBT ADMINISTRATION

The Authority has outstanding notes payable of \$452,375, a decrease of (\$4,236). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended December 31, 2017. Additional information on the Authority's long-term debt can be found in Note J of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2018 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD and Rural Development. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Fort Morgan, 1100 Linda Street, Fort Morgan, Colorado 80701.

INDEPENDENT AUDITOR'S REPORT

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Morgan, Colorado as of December 31, 2017, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2018 on our consideration of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
May 2, 2018

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2017

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 640,089
Investments	145,268
Due from other governments	117,629
Accrued interest receivable	93
Prepaid insurance	2,831
Materials inventory	1,911
<i>Restricted:</i>	
Cash and cash equivalents	<u>39,900</u>
TOTAL CURRENT ASSETS	947,721
 NONCURRENT ASSETS:	
<i>Restricted:</i>	
Cash and cash equivalents	26,031
Capital Assets, non-depreciable	81,150
Capital Assets, depreciable, net	<u>1,228,805</u>
TOTAL NONCURRENT ASSETS	<u>1,335,986</u>
TOTAL ASSETS \$	<u>2,283,707</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 12,945
Accrued payroll and benefits	5,369
Accrued compensated absences	2,674
Unearned revenue	306
Accrued interest payable	692
Tenant security deposit payable	39,900
Current-portion notes payable	<u>4,120</u>
TOTAL CURRENT LIABILITIES	<u>66,006</u>
 NONCURRENT LIABILITIES:	
Accrued compensated absences	1,784
Notes payable	<u>448,255</u>
TOTAL NONCURRENT LIABILITIES	<u>450,039</u>
TOTAL LIABILITIES	<u>516,045</u>
 NET POSITION	
Net investment in capital assets	857,580
Restricted, replacement reserve	26,031
Unrestricted	<u>884,051</u>
TOTAL NET POSITION \$	<u>1,767,662</u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2017

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	494,430
USDA rental assistance		23,089
Other income		14,132
TOTAL OPERATING REVENUES		531,651
 OPERATING EXPENSES		
Administrative		158,882
Tenant services		12,665
Utilities		116,141
Ordinary maintenance and operations		196,439
General expense		60,721
Depreciation		166,158
TOTAL OPERATING EXPENSES		711,006
		OPERATING INCOME (LOSS) (179,355)
 NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		104,993
HUD capital grants - operations		117,629
USDA interest subsidy		12,306
Interest income		1,669
Interest expense		(34,356)
Loss on capital asset dispositions		(345)
TOTAL NONOPERATING REVENUES (EXPENSES)		201,896
		INCREASE (DECREASE) IN NET POSITION 22,541
 NET POSITION:		
Net position, beginning balance		1,745,121
	NET POSITION - ENDING BALANCE \$	1,767,662

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended December 31, 2017

		<u>Housing</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Rental receipts	\$	494,736
USDA rental assistance		23,089
Other receipts		14,132
Tenant security deposits		(240)
		(301,622)
Cash payments for goods and services		<u>(249,088)</u>
Cash payments to employees for services		<u>(18,993)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(18,993)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		<u>104,993</u>
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		104,993
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(37,238)
Interest paid on capital debt		(22,076)
Principal paid on capital debt		<u>(4,236)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(63,550)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
(Deposits) withdrawals to investments		(1,290)
Interest received		<u>1,668</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		378
NET INCREASE (DECREASE) IN CASH		22,828
 CASH AND CASH EQUIVALENTS-BEGINNING		<u>683,192</u>
CASH AND CASH EQUIVALENTS-END OF YEAR	\$	<u><u>706,020</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended December 31, 2017

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (179,355)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	166,158
Change in assets and liabilities:	
(Increase) decrease in prepaid insurance	173
(Increase) decrease in materials inventory	(892)
Increase (decrease) in accounts payable	(2,111)
Increase (decrease) in accrued payroll and benefits	(1,653)
Increase (decrease) in unearned revenue	306
Increase (decrease) in tenant security deposits	(240)
Increase (decrease) in accrued leave	<u>(1,379)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(18,993)</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

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

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

Public Housing Program. This program accounts for the operation, maintenance, and development of 86 housing units which are owned by the Authority known as Hillcrest. The developments of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

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

Project Program. This program accounts for various non-federal financial activities of the Housing Authority.

Budgetary Process

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

Cash and Investments

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

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

Accounts Receivable

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

Prepaid Items

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

Use of Restricted/Unrestricted Net Position

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

Inventory

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

Capital Assets and Depreciation

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

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

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

Grant Revenue

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues,

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

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

Compensated Absences

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Income Taxes

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

Taxpayer's Bill of Rights

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

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 2017, the Authority's carrying amount of deposits was \$851,198 and the bank balances were \$864,559. The Authority had cash on hand of \$90 as of December 31, 2017. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S., as amended. Of the balance, \$621,674 was covered by FDIC insurance and \$242,885 was covered by the Public Deposit Protection Act.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE C – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at December 31, 2017 is as follows:

HUD – capital fund grants	\$ <u>117,629</u>
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NOTE D – RESTRICTED ASSETS

The following is a summary of restricted assets at December 31, 2017:

Restricted Cash and Cash Equivalents

Tenant security deposits	\$ 39,900	
Replacement Reserve	<u>26,031</u>	[1]
	\$ <u>65,931</u>	

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

NOTE E – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2017 is as follows:

Vendors and contractors	\$ <u>12,945</u>
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NOTE F – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2017 is as follows:

Tenant prepaid rents	\$ <u>306</u>
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HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance 1/1/2017	Increases	Decreases	Balance 12/31/2017
Non-depreciable assets:				
Land	\$ 81,150	\$ -	\$ -	\$ 81,150
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>81,150</u>	<u>-</u>	<u>-</u>	<u>81,150</u>
Depreciable assets				
Buildings	4,495,316	29,638	-	4,524,954
Equipment - Dwelling	41,547	5,658	-	47,205
Equipment - Administration	183,355	2,040	(4,660)	180,735
Total depreciable assets	<u>4,720,218</u>	<u>37,336</u>	<u>(4,660)</u>	<u>4,752,894</u>
Total Capital Assets	<u>4,801,368</u>	<u>37,336</u>	<u>(4,660)</u>	<u>4,834,044</u>
Accumulated depreciation				
Buildings	3,235,340	147,287	-	3,382,627
Equipment - Dwelling	15,243	4,075	-	19,318
Equipment - Administration	111,662	14,796	(4,315)	122,143
Total accumulated depreciation	<u>3,362,245</u>	<u>166,158</u>	<u>(4,315)</u>	<u>3,524,088</u>
Depreciable assets, net	<u>1,357,973</u>	<u>(128,822)</u>	<u>(345)</u>	<u>1,228,805</u>
Capital assets, net	<u>\$ 1,439,123</u>	<u>\$ (128,822)</u>	<u>\$ (345)</u>	<u>\$ 1,309,955</u>

NOTE H—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ 5,838	\$ 4,323	\$ (5,703)	\$ 4,458	\$ 2,674

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

NOTE I—NET POSITION

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

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted equity of \$26,031 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note D).

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

NOTE J – LONG-TERM LIABILITIES

The Authority has Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development. There are two loans on the project, one is dated July 1, 1997 and had an original principal amount of \$370,976 and loan two is dated July 3, 1997 and had an original principal amount of \$128,233. The loans require monthly debt service payments of \$787 and \$272 respectively. The combined outstanding balance as of December 31, 2017 was \$452,375. The loans are secured by the property known as Fremont and the accounts and revenue of the project.

A summary of changes in Notes payable as of December 31, 2017 is as follows:

Description	Balance 1/1/2017	Principal Retired	Balance 12/31/2017	Within One Year
Rural Development Loan #6	\$ 339,257	\$ (3,153)	\$ 336,104	\$ 3,116
Rural Development Loan #5	117,355	(1,083)	116,272	1,004
Total	<u>\$ 456,612</u>	<u>\$ (4,236)</u>	<u>\$ 452,375</u>	<u>\$ 4,120</u>
		Less current maturities	(4,120)	
		Long-term portion	<u>\$ 448,255</u>	

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

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

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2018	\$ 4,120	\$ 8,588	\$ 12,708
2019	4,199	8,509	12,708
2020	4,280	8,428	12,708
2021	4,362	8,346	12,708
2022	4,446	8,262	12,708
2023-2027	23,545	39,994	63,539
2028-2032	25,895	37,644	63,539
2033-2037	28,481	35,058	63,539
2038-2042	31,325	32,214	63,539
2043-2046	27,298	22,475	49,773
2047	294,424	-	294,424
[1]	<u>\$ 452,375</u>	<u>\$ 209,518</u>	<u>\$ 661,893</u>

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

NOTE K – CONTINGENCIES

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any to be immaterial.

NOTE L - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended December 31, 2017, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2017

ASSETS	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
CURRENT ASSETS:				
Cash and cash equivalents	\$ 622,029	\$ 617	\$ 17,443	\$ 640,089
Investments	145,268	-	-	145,268
Due from other governments	117,629	-	-	117,629
Accrued interest receivable	93	-	-	93
Prepaid insurance	2,175	656	-	2,831
Materials inventory	1,621	290	-	1,911
<i>Restricted:</i>				
Cash and cash equivalents	25,690	14,210	-	39,900
TOTAL CURRENT ASSETS	914,505	15,773	17,443	947,721
NONCURRENT ASSETS:				
<i>Restricted:</i>				
Cash and cash equivalents	-	26,031	-	26,031
Capital Assets, non-depreciable	21,150	60,000	-	81,150
Capital Assets, depreciable, net	1,042,217	186,588	-	1,228,805
TOTAL NONCURRENT ASSETS	1,063,367	272,619	-	1,335,986
TOTAL ASSETS	\$ 1,977,872	\$ 288,392	\$ 17,443	\$ 2,283,707
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	\$ 10,360	\$ 2,585	\$ -	\$ 12,945
Accrued payroll and benefits	5,155	214	-	5,369
Accrued compensated absences	1,818	856	-	2,674
Unearned revenue	306	-	-	306
Accrued interest payable	-	692	-	692
Tenant security deposit payable	25,690	14,210	-	39,900
Current-portion notes payable	-	4,120	-	4,120
TOTAL CURRENT LIABILITIES	43,329	22,677	-	66,006
NONCURRENT LIABILITIES:				
Accrued compensated absences	1,213	571	-	1,784
Notes payable	-	448,255	-	448,255
TOTAL NONCURRENT LIABILITIES	1,213	448,826	-	450,039
TOTAL LIABILITIES	44,542	471,503	-	516,045
NET POSITION:				
Net investment in capital assets	1,063,367	(205,787)	-	857,580
Restricted, replacement reserve	-	26,031	-	26,031
Unrestricted	869,963	(3,355)	17,443	884,051
TOTAL NET POSITION	\$ 1,933,330	\$ (183,111)	\$ 17,443	\$ 1,767,662

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended December 31, 2017

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
OPERATING REVENUES				
Rental income	\$ 334,004	\$ 160,426	\$ -	\$ 494,430
USDA rental assistance	-	23,089	-	23,089
Other income	8,960	5,172	-	14,132
TOTAL OPERATING REVENUES	<u>342,964</u>	<u>188,687</u>	<u>-</u>	<u>531,651</u>
OPERATING EXPENSES				
Administrative	107,677	51,205	-	158,882
Tenant services	8,803	3,862	-	12,665
Utilities	95,503	20,638	-	116,141
Ordinary maintenance and operations	137,966	58,473	-	196,439
General expense	43,813	16,908	-	60,721
Depreciation	147,298	18,860	-	166,158
TOTAL OPERATING EXPENSES	<u>541,060</u>	<u>169,946</u>	<u>-</u>	<u>711,006</u>
OPERATING INCOME (LOSS)	<u>(198,096)</u>	<u>18,741</u>	<u>-</u>	<u>(179,355)</u>
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	104,993	-	-	104,993
HUD capital grants - operations	117,629	-	-	117,629
USDA interest subsidy	-	12,306	-	12,306
Interest income	1,595	48	26	1,669
Interest expense	-	(34,356)	-	(34,356)
Loss on capital asset dispositions	(345)	-	-	(345)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>223,872</u>	<u>(22,002)</u>	<u>26</u>	<u>201,896</u>
INCREASE (DECREASE) IN NET POSITION	<u>25,776</u>	<u>(3,261)</u>	<u>26</u>	<u>22,541</u>
NET POSITION:				
Net position, beginning balance	1,907,554	(179,850)	17,417	1,745,121
NET POSITION - ENDING BALANCE	<u>\$ 1,933,330</u>	<u>\$ (183,111)</u>	<u>\$ 17,443</u>	<u>\$ 1,767,662</u>

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended December 31, 2017

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Rental receipts	\$ 334,310	\$ 160,426	\$ -	\$ 494,736
USDA rental assistance	-	23,089	-	23,089
Other receipts	8,960	5,172	-	14,132
Tenant security deposits	(938)	698	-	(240)
Cash payments for goods and services	(228,398)	(73,224)	-	(301,622)
Cash payments to employees for services	(170,430)	(78,658)	-	(249,088)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(56,496)	37,503	-	(18,993)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
HUD operating subsidy	104,993	-	-	104,993
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	104,993	-	-	104,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases and construction of capital assets	(29,000)	(8,238)	-	(37,238)
Interest paid on capital debt	-	(22,076)	-	(22,076)
Principal paid on capital debt	-	(4,236)	-	(4,236)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(29,000)	(34,550)	-	(63,550)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Deposits) withdrawals to investments	(1,290)	-	-	(1,290)
Interest received	1,594	48	26	1,668
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	304	48	26	378
NET INCREASE (DECREASE) IN CASH	19,801	3,001	26	22,828
CASH AND CASH EQUIVALENTS-BEGINNING	627,918	37,857	17,417	683,192
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 647,719	\$ 40,858	\$ 17,443	\$ 706,020

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended December 31, 2017

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (198,096)	\$ 18,741	\$ -	\$ (179,355)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	147,298	18,860	-	166,158
Change in assets and liabilities:				
(Increase) decrease in prepaid insurance	173	-	-	173
(Increase) decrease in materials inventory	(892)	-	-	(892)
Increase (decrease) in accounts payable	(1,961)	(150)	-	(2,111)
Increase (decrease) in accrued payroll and benefits	(1,448)	(205)	-	(1,653)
Increase (decrease) in unearned revenue	306	-	-	306
Increase (decrease) in tenant security deposits	(938)	698	-	(240)
Increase (decrease) in accrued leave	(938)	(441)	-	(1,379)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (56,496)	\$ 37,503	\$ -	\$ (18,993)

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$622,029	\$617		\$17,443	\$640,089		\$640,089
113 Cash - Other Restricted		\$26,031			\$26,031		\$26,031
114 Cash - Tenant Security Deposits	\$25,690	\$14,210			\$39,900		\$39,900
100 Total Cash	\$647,719	\$40,858	\$0	\$17,443	\$706,020		\$706,020
122 Accounts Receivable - HUD Other Projects	\$117,629				\$117,629		\$117,629
128.2 Allowance for Doubtful Accounts - Other	\$0				\$0		\$0
129 Accrued Interest Receivable	\$93				\$93		\$93
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$117,722	\$0	\$0	\$0	\$117,722		\$117,722
131 Investments - Unrestricted	\$145,268				\$145,268		\$145,268
142 Prepaid Expenses and Other Assets	\$2,175	\$656			\$2,831		\$2,831
143 Inventories	\$1,621	\$290			\$1,911		\$1,911
143.1 Allowance for Obsolete Inventories	\$0	\$0			\$0		\$0
150 Total Current Assets	\$914,505	\$41,804	\$0	\$17,443	\$973,752		\$973,752
161 Land	\$21,150	\$60,000			\$81,150		\$81,150
162 Buildings	\$3,478,957	\$1,045,997			\$4,524,954		\$4,524,954
163 Furniture, Equipment & Machinery - Dwellings	\$39,867	\$7,337			\$47,204		\$47,204
164 Furniture, Equipment & Machinery - Administration	\$174,601	\$6,134			\$180,735		\$180,735
166 Accumulated Depreciation	-\$2,651,206	-\$872,880			-\$3,524,086		-\$3,524,086
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,063,367	\$246,588	\$0	\$0	\$1,309,955		\$1,309,955
180 Total Non-Current Assets	\$1,063,367	\$246,588	\$0	\$0	\$1,309,955		\$1,309,955
290 Total Assets and Deferred Outflow of Resources	\$1,977,872	\$288,392	\$0	\$17,443	\$2,283,707		\$2,283,707
312 Accounts Payable <= 90 Days	\$3,340	\$1,000			\$4,340		\$4,340
321 Accrued Wage/Payroll Taxes Payable	\$5,155	\$214			\$5,369		\$5,369
322 Accrued Compensated Absences - Current Portion	\$1,818	\$856			\$2,674		\$2,674
325 Accrued Interest Payable		\$692			\$692		\$692
341 Tenant Security Deposits	\$25,690	\$14,210			\$39,900		\$39,900
342 Unearned Revenue	\$306				\$306		\$306
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$4,120			\$4,120		\$4,120
346 Accrued Liabilities - Other	\$7,020	\$1,585			\$8,605		\$8,605
310 Total Current Liabilities	\$43,329	\$22,677	\$0	\$0	\$66,006		\$66,006
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$448,255			\$448,255		\$448,255
354 Accrued Compensated Absences - Non Current	\$1,213	\$571			\$1,784		\$1,784
350 Total Non-Current Liabilities	\$1,213	\$448,826	\$0	\$0	\$450,039		\$450,039
300 Total Liabilities	\$44,542	\$471,503	\$0	\$0	\$516,045		\$516,045
508.4 Net Investment in Capital Assets	\$1,063,367	-\$205,787		\$0	\$857,580		\$857,580
511.4 Restricted Net Position		\$26,031		\$0	\$26,031		\$26,031
512.4 Unrestricted Net Position	\$869,963	-\$3,355	\$0	\$17,443	\$884,051		\$884,051
513 Total Equity - Net Assets / Position	\$1,933,330	-\$183,111	\$0	\$17,443	\$1,767,662		\$1,767,662
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,977,872	\$288,392	\$0	\$17,443	\$2,283,707		\$2,283,707

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

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2017

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$306,239	\$149,404			\$455,643		\$455,643
70400 Tenant Revenue - Other	\$27,765	\$11,022			\$38,787		\$38,787
70500 Total Tenant Revenue	\$334,004	\$160,426	\$0	\$0	\$494,430	\$0	\$494,430
70600 HUD PHA Operating Grants	\$222,622				\$222,622		\$222,622
70800 Other Government Grants		\$12,308	\$23,089		\$35,395		\$35,395
71100 Investment Income - Unrestricted	\$1,595	\$18		\$26	\$1,639		\$1,639
71500 Other Revenue	\$8,960	\$5,172			\$14,132		\$14,132
71600 Gain or Loss on Sale of Capital Assets	-\$345				-\$345		-\$345
72000 Investment Income - Restricted		\$30			\$30		\$30
70000 Total Revenue	\$566,836	\$177,952	\$23,089	\$26	\$767,903	\$0	\$767,903
91100 Administrative Salaries	\$64,496	\$31,115			\$95,611		\$95,611
91200 Auditing Fees	\$3,350	\$4,300			\$7,650		\$7,650
91400 Advertising and Marketing	\$1,132	\$419			\$1,551		\$1,551
91500 Employee Benefit contributions - Administrative	\$21,894	\$7,275			\$29,169		\$29,169
91600 Office Expenses	\$11,368	\$4,546			\$15,914		\$15,914
91700 Legal Expense	\$84				\$84		\$84
91800 Travel	\$780	\$377			\$1,157		\$1,157
91900 Other	\$4,573	\$3,173			\$7,746		\$7,746
91000 Total Operating - Administrative	\$107,677	\$51,205	\$0	\$0	\$158,882	\$0	\$158,882
92100 Tenant Services - Salaries	\$5,316	\$2,502			\$7,818		\$7,818
92300 Employee Benefit Contributions - Tenant Services	\$1,326	\$574			\$1,900		\$1,900
92400 Tenant Services - Other	\$2,161	\$786			\$2,947		\$2,947
92500 Total Tenant Services	\$8,803	\$3,862	\$0	\$0	\$12,665	\$0	\$12,665
93100 Water	\$28,943	\$10,889			\$39,832		\$39,832
93200 Electricity	\$34,341	\$5,700			\$40,041		\$40,041
93300 Gas	\$16,181				\$16,181		\$16,181
93600 Sewer	\$16,038	\$3,949			\$19,987		\$19,987
93000 Total Utilities	\$95,503	\$20,638	\$0	\$0	\$116,141	\$0	\$116,141
94100 Ordinary Maintenance and Operations - Labor	\$57,352	\$28,457			\$85,809		\$85,809
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,680	\$3,928			\$22,608		\$22,608
94300 Ordinary Maintenance and Operations Contracts	\$47,214	\$19,382			\$66,596		\$66,596
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,720	\$6,706			\$21,426		\$21,426
94000 Total Maintenance	\$137,966	\$58,473	\$0	\$0	\$196,439	\$0	\$196,439
96110 Property Insurance	\$34,801	\$13,137			\$47,938		\$47,938
96120 Liability Insurance	\$1,413	\$665			\$2,078		\$2,078
96130 Workmen's Compensation	\$2,499	\$1,378			\$3,877		\$3,877
96140 All Other Insurance	\$1,738	\$165			\$1,903		\$1,903
96100 Total Insurance Premiums	\$40,451	\$15,345	\$0	\$0	\$55,796	\$0	\$55,796
96210 Compensated Absences	\$2,940	\$1,383			\$4,323		\$4,323
96400 Bad debt - Tenant Rents	\$422	\$180			\$602		\$602
96000 Total Other General Expenses	\$3,362	\$1,563	\$0	\$0	\$4,925	\$0	\$4,925
96710 Interest of Mortgage (or Bonds) Payable		\$34,356			\$34,356		\$34,356
96700 Total Interest Expense and Amortization Cost	\$0	\$34,356	\$0	\$0	\$34,356	\$0	\$34,356
96900 Total Operating Expenses	\$393,762	\$185,442	\$0	\$0	\$579,204	\$0	\$579,204
97000 Excess of Operating Revenue over Operating Expenses	\$173,074	-\$7,490	\$23,089	\$26	\$188,699	\$0	\$188,699
97400 Depreciation Expense	\$147,298	\$18,860			\$166,158		\$166,158
90000 Total Expenses	\$541,060	\$204,302	\$0	\$0	\$745,362	\$0	\$745,362
10010 Operating Transfer In	\$117,629	\$23,089			\$140,718	-\$140,718	\$0
10020 Operating transfer Out	-\$117,629		-\$23,089		-\$140,718	\$140,718	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$25,776	-\$3,261	\$0	\$26	\$22,541	\$0	\$22,541
11020 Required Annual Debt Principal Payments	\$0	\$4,236	\$0	\$0	\$4,236		\$4,236
11030 Beginning Equity	\$1,907,554	-\$178,850	\$0	\$17,417	\$1,745,121		\$1,745,121
11190 Unit Months Available	1032	480			1512		1512
11210 Number of Unit Months Leased	973	422			1395		1395
11270 Excess Cash	\$834,567				\$834,567		\$834,567
11620 Building Purchases	\$21,902				\$21,902		\$21,902
11630 Furniture & Equipment - Dwelling Purchases	\$5,059				\$5,059		\$5,059
11640 Furniture & Equipment - Administrative Purchases	\$2,040				\$2,040		\$2,040

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

Submission Type: **Audited/Non Single Audit**

Fiscal Year End: **12/31/2017**

Project: **CO011011011 HILLCREST APARTMENTS**

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$306,239		\$306,239
70400 Tenant Revenue - Other	\$27,765		\$27,765
70500 Total Tenant Revenue	\$334,004	\$0	\$334,004
70500 HUD PHA Operating Grants	\$104,993	\$117,629	\$222,622
71100 Investment Income - Unrestricted	\$1,595		\$1,595
71500 Other Revenue	\$8,960		\$8,960
71600 Gain or Loss on Sale of Capital Assets	-\$345		-\$345
70000 Total Revenue	\$449,207	\$117,629	\$566,836
91100 Administrative Salaries	\$64,496		\$64,496
91200 Auditing Fees	\$3,350		\$3,350
91400 Advertising and Marketing	\$1,132		\$1,132
91500 Employee Benefit contributions - Administrative	\$21,894		\$21,894
91600 Office Expenses	\$11,368		\$11,368
91700 Legal Expense	\$84		\$84
91800 Travel	\$780		\$780
91900 Other	\$4,573		\$4,573
91000 Total Operating - Administrative	\$107,677	\$0	\$107,677
92100 Tenant Services - Salaries	\$5,316		\$5,316
92300 Employee Benefit Contributions - Tenant Services	\$1,326		\$1,326
92400 Tenant Services - Other	\$2,161		\$2,161
92500 Total Tenant Services	\$8,803	\$0	\$8,803
93100 Water	\$28,943		\$28,943
93200 Electricity	\$34,341		\$34,341
93300 Gas	\$16,181		\$16,181
93600 Sewer	\$16,038		\$16,038
93000 Total Utilities	\$95,503	\$0	\$95,503
94100 Ordinary Maintenance and Operations - Labor	\$57,352		\$57,352
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,680		\$18,680
94300 Ordinary Maintenance and Operations Contracts	\$47,214		\$47,214
94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,720		\$14,720
94000 Total Maintenance	\$137,966	\$0	\$137,966
96110 Property Insurance	\$34,801		\$34,801
96120 Liability Insurance	\$1,413		\$1,413
96130 Workmen's Compensation	\$2,499		\$2,499
96140 All Other Insurance	\$1,738		\$1,738
96100 Total Insurance Premiums	\$40,451	\$0	\$40,451
96210 Compensated Absences	\$2,940		\$2,940
96400 Bad debt - Tenant Rents	\$422		\$422
96000 Total Other General Expenses	\$3,362	\$0	\$3,362
96900 Total Operating Expenses	\$393,762	\$0	\$393,762
97000 Excess of Operating Revenue over Operating Expenses	\$55,445	\$117,629	\$173,074
97400 Depreciation Expense	\$147,298		\$147,298
90000 Total Expenses	\$541,060	\$0	\$541,060
10010 Operating Transfer In	\$117,629		\$117,629
10020 Operating transfer Out		-\$117,629	-\$117,629
10100 Total Other financing Sources (Uses)	\$117,629	-\$117,629	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$25,776	\$0	\$25,776
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$1,907,554	\$0	\$1,907,554
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	973		973
11270 Excess Cash	\$834,567		\$834,567
11620 Building Purchases	\$21,902	\$0	\$21,902
11630 Furniture & Equipment - Dwelling Purchases	\$5,059	\$0	\$5,059
11640 Furniture & Equipment - Administrative Purchases	\$2,040	\$0	\$2,040

GOVERNMENT AUDITING STANDARDS SECTION

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

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

Independent Auditors Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2017, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements, and have issued our report thereon dated May 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control.

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Niewedde & Wiens, CPA's

York, Nebraska
May 2, 2018