

HOUSING AUTHORITY OF THE TOWN OF AGUILAR

AUDITED FINANCIAL STATEMENTS

Aguilar, Colorado

December 31, 2018

Goldie Roberts

Certified Public Accountant

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HOUSING AUTHORITY
OF THE TOWN OF AGUILAR

Aguilar, Colorado
December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	i
 <u>FINANCIAL STATEMENTS</u>	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Fund Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	7
 <u>SUPPLEMENTAL FINANCIAL INFORMATION</u>	
Combining Schedule of Program Net Position	15
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position	16
Financial Data Schedule	17
Notes to Supplemental Financial Information	22
 <u>OTHER REPORTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23
Schedule of Findings and Responses	25

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Aguilar
P O Box 312
Aguilar, CO 81020

I have audited the accompanying financial statements of the Housing Authority of the Town of Aguilar ("the Authority") which comprise the Statement of Net Position as of December 31, 2018, 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 Housing Authority of the Town of Aguilar'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 Housing Authority of the Town of Aguilar as of December 31, 2018, 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 v 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 May 8, 2019 on my consideration of the Housing Authority of the Town of Aguilar'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 Housing Authority of the Town of Aguilar's internal control over financial reporting and compliance.

Certified Public Accountant

Fredericksburg, Indiana
May 8, 2019

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued June 1999.

Our discussion and analysis of the Housing Authority of the Town of Aguilar (the "Authority"), Colorado financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2018. Please read the MD&A in conjunction with the Authority's financial statements.

For accounting purposes, the 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 and all liabilities 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

Total assets of the Authority for the year ended December 31, 2018 were **\$243,615**. Total liabilities were **\$13,202**. Total assets exceeded its liabilities by **\$230,413** (net position).

Unrestricted net position totaled **\$80,482**. This amount is dedicated to the Authority's operations.

Total revenue (excluding capital contributions) for the year ended December 31, 2018 was **\$85,729**. Expenses for the same period were **\$120,936**. Expenses exceeded Revenue by **\$35,207** before capital contributions from HUD.

Overview of Financial Statements

This annual report includes this Management's Discussion and Analysis report, the Financial Statements and the Notes to the Financial Statements. This annual report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Financial Information Required by HUD. The Authority's financial statements are presented as program level financial statements because the Authority has only one proprietary fund, which is an enterprise fund.

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Authority's 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 to the Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Changes in 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 cost through its user fees and other charges, profitability and credit worthiness.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Continued)

Overview of Financial Statements (Continued)

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, 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 notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The section Supplemental Financial Information contains the Financial Data Schedule (FDS) required by HUD. HUD has established Uniform Financial Reporting Standards that require the Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2018.

Financial Analysis

The following schedules are the Statement of Net Position and the Statement of Changes in Net Position. The Statement of Net Position provides a summary of the Authority's assets and liabilities as of the close of business on December 31, 2018. The Statement of Changes in Net Position summarizes the revenues and sources of those revenues generated during the year ended December 31, 2018 and the expenses incurred in operating the Authority for the year ended December 31, 2018.

The Authority accounts for its public housing activities in two related programs. The Authority has a low rent program that provides housing for qualified tenants and a capital fund program that the Authority uses for improvements to its low rent property. Our analysis below focuses on the net position of the Authority as a whole and not the individual programs.

**Statement of Net Position
December 31, 2018**

<u>Assets</u>	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Current Assets	\$ 93,684	\$ 100,241	\$ (6,557)
Capital Assets, net	149,931	177,288	(27,357)
Total Assets	\$ 243,615	\$ 277,529	\$ (33,914)
<u>Liabilities</u>			
Current Liabilities	\$ 13,202	\$ 11,909	\$ 1,293
<u>Net Position</u>			
Investment in capital assets	\$ 149,931	\$ 177,288	\$ (27,357)
Unrestricted	80,482	88,332	(7,850)
Total Net Position	\$ 230,413	\$ 265,620	\$ (35,207)

Current assets decreased due to the operating loss, and capital assets decreased due to depreciation expense and no CFP drawdowns.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Continued)

Statement of Changes in Net Position
For the Year Ended December 31, 2018

	2018	2017	Variance
Revenue			
Tenant revenue	\$ 46,426	\$ 44,001	\$ 2,425
Federal grants and subsidies	39,031	60,477	(21,446)
Interest income	272	257	(15)
Other	0	1,270	-1,270
Total revenue	<u>85,729</u>	<u>106,005</u>	<u>20,276</u>
Expenses			
Administrative	48,770	52,694	(3,924)
Utilities	4,685	4,141	544
Maintenance	24,356	26,403	(2,047)
General	14,699	14,410	289
Depreciation	28,426	29,699	(1,273)
Total expenses	<u>120,936</u>	<u>127,347</u>	<u>(6,411)</u>
Excess before contributions	(35,207)	(21,342)	13,865
Capital contributions	0	0	0
Decrease in net position	<u>35,207</u>	<u>21,342</u>	<u>13,865</u>
Net position, beginning of year	265,620	286,962	21,342
Net position, end of year	<u>230,413</u>	<u>265,620</u>	<u>35,207</u>

Revenues decreased because the Operating Subsidies stayed the same and due to no CFP's drawn down to #1406 operating costs. There was decreased interest income due to lower interest rates. Expenses decreased because of decreased spending in maintenance/ repair areas due to age of items and repairs and less tenant issues with repairs. Other expenses experienced only slight changes due to changes in utility costs and higher depreciation. Capital Contributions decreased due to no 2018 CFP drawdowns.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Continued)

Capital Assets

As of December 31, 2018, the Authority had invested \$149,931 in capital assets, net of depreciation.

	December 31, 2017			December 31, 2018
	Balances	Increases	Decreases	Balances
Land	\$ 2,241	\$ 0	\$ 0	\$ 2,241
Buildings	1,096,181	0	0	1,096,181
Furniture and equipment	99,803	1,068		100,871
Accumulated depreciation	-1,020,937	-28,425	0	(1,049,362)
Capital assets, net	\$ 177,288	\$ 27,357	\$	\$ 149,931

The decrease in assets was due to no capital funds drawn down in 2018 and the depreciation costs from age and wear and tear repairs.

Budget Section

	2018	Budget	Net Change
Revenue			
Tenant revenue	\$ 46,426	\$ 35,000	\$ 11,426
HUD Operating Grant	39,031	36,842	2,189
Interest income	272	100	172
Other	0	100	-100
Total revenue	85,729	72,042	13,587
Expenses			
Administrative	48,770	63,711	(14,941)
Utilities	4,685	5,300	(615)
Maintenance	24,356	24,200	156
General	14,699	18,800	(4,101)
Depreciation	28,426	29,699	(1,273)
Total expenses	120,936	141,710	(20,774)

Long-Term Debt

The Authority has no long-term debt.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018
(Continued)

Economic Factors

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected as much by the federal budget as by local economic conditions. The funding of programs could be significantly affected by the 2018 federal budget.

Contacting the Authority's Financial Management

Our financial report is designed to provide our citizens and taxpayers with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Teena M. Campbell, Executive Director, at the Housing Authority of the Town of Aguilar, 301 W. Main, PO Box 477, Aguilar, Colorado 81020, telephone number (719) 941-4357.

FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$ 86,102
Restricted cash	6,552
Accounts receivable, net	1,030
Total Current Assets	<u>93,684</u>

Capital Assets

Land and other nondepreciable assets	2,241
Depreciable capital assets, net	147,690
Total Capital Assets	<u>149,931</u>

Total Assets	<u>243,615</u>
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LIABILITIES

Current liabilities

Accounts payable	1,467
Accrued liabilities	5,063
Unearned revenue	120
Payable from restricted cash and cash equivalents:	
Tenants security deposits	6,552
Total Current Liabilities	<u>13,202</u>

Net Position

Investment in capital assets	149,931
Unrestricted	80,482
Total Net Position	<u>\$ 230,413</u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUES

Rental income	\$ 46,426
Other income	0
TOTAL OPERATING REVENUE	46,426

OPERATING EXPENSES

Administrative	48,770
Utilities	4,685
Ordinary maintenance and operation	24,356
General expense	14,699
Depreciation expense	28,426
TOTAL OPERATING EXPENSES	120,936

OPERATING INCOME (LOSS) (74,510)

NONOPERATING REVENUES

Federal operating grants	39,031
Interest income	272
TOTAL NONOPERATING REVENUES	39,303

Net income before capital contributions (35,207)

CAPITAL CONTRIBUTIONS 0

CHANGE IN NET POSITION **(35,207)**

TOTAL NET POSITION - BEGINNING OF YEAR 265,620

TOTAL NET POSITION - END OF YEAR \$ 230,413

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tenants and other deposits	\$	46,500
Payments to vendors		(42,728)
Payments to employees		(48,471)
Net Cash Used by Operating Activities		<u>(44,699)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received		<u>39,031</u>
Net Cash From Noncapital Financing Activities		<u>39,031</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Federal Capital grants received		0
Purchase of capital assets		<u>(1,069)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities		<u>(1,069)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received		<u>272</u>
Net Cash From Investing Activities		<u>272</u>

Net Increase (Decrease) in Cash and Cash Equivalentents (6,465)

Cash - Beginning of year 99,119

Cash - End of year \$ 92,654

Reconciliation of Cash
Unrestricted \$ 86,102
Restricted 6,552
\$ 92,654

Continued

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(CONTINUED)

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

Operating income (loss)	\$	(74,510)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		28,426
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		92
Increase (Decrease) in:		
Accounts payable		1,254
Accrued liabilities		57
Unearned revenue		(18)
		<hr/>
Net Cash Flows Provided (Used) by Operating Activities	\$	<u><u>(44,699)</u></u>

The accompanying notes are an integral part of these financial statements

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - Summary of Significant Accounting Policies and Organization:

The financial statements of the HOUSING AUTHORITY OF THE TOWN OF AGUILAR ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

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 Housing Authority of the Town of Aguilar. There are no component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Housing Authority of the Town of Aguilar include the following:

At December 31, 2018, the Housing Authority has 18 units under management.

<u>Project:</u>	<u>Units</u>
FW-1368	<u>18</u>

Basis of Presentation

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.

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.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

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

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 position that are not subject to externally imposed stipulations. Unrestricted net positions 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.

Accounting Policies - The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of Enterprise Accounting - The Authority presents its financial statements using enterprise accounting, as allowed by governments. Although the Authority accounts for its programs using accounts for its internal reporting, the Authority is considered to be a unified enterprise fund for reporting purposes. Accordingly, the Authority uses the economic resources measurement focus and the related accrual basis of accounting. Under the economic resources measurement focus, the Authority accounts for all assets and liabilities. Under the accrual basis of accounting expenses are recorded when the goods and services are received, irrespective of when paid for, and revenues are recorded as earned, irrespective of when cash is received.

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 is not presented because the Authority does not annually adopt a legally authorized budget. The Authority's budget is adopted by the Authority's board and approved by HUD. This budget does not represent a legally binding appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Authority's budget represents budgetary execution and management by its board and HUD; 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 non-cash investing, capital, and financing activities during the year.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(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 Authority board takes action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepays (if any) represent payments made to vendors for services that will benefit beyond December 31, 2018.

Inventories - Inventories (if any) 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 on the Statement of Net Position at the time of purchase. Such assets are recorded at cost. The capitalization policy of the Authority requires assets to be capitalized when their cost is \$500 or more. 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.

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

<u>Class</u>	<u>Life</u>
Building & Improvements	15-40 years
Furniture & Fixture & Machinery	5-10 years

Compensated Absences - Compensated absences (if any) 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 and/or services 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 Authority's policy to use unrestricted resources first, and then restricted resources as they are allowed.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 (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.

Revenues 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 and 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 instrument.

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 pledge 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.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

(Continued)

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rate, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2018 the Authority's deposits were not limited and all of which are either available on demand or have maturities of less than two years.

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.

At December 31, 2018, the carrying amount of the Authority's deposits was \$92,654. The bank balance was \$95,045. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits.

Deposits consist of the following:

Checking and savings accounts	\$ 44,810
Certificates of Deposit	<u>54,309</u>
Total	<u>\$ 99,119</u>

NOTE C - Accounts Receivable:

Accounts receivable at December 31, 2018, consist of the following:

Tenants	\$ 1,045
Accrued interest	<u>77</u>
Total	<u>\$ 1,122</u>

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

NOTE D - Capital Assets:

A summary of changes in capital assets is as follows:

	<u>Beginning Balance 12/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance 12/31/18</u>
Capital assets, not being depreciated:					
Land	\$ 2,241	\$ 0	\$ 0	\$ 0	\$ 2,241
Capital Assets, being depreciated:					
Buildings & Improvements	1,096,181	0	0	0	1,096,181
Furniture, Equipment & Machinery	99,803	0	(1691)	0	99,803
Total Capital Assets, being depreciated	<u>1,195,984</u>	<u>0</u>	<u>(1,691)</u>	<u>0</u>	<u>1,195,984</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(930,304)	(27,954)	0	0	(958,258)
Furniture, Equipment and Machinery	(90,633)	(471)	0	0	(91,104)
Total Accumulated Depreciation:	<u>(1,020,937)</u>	<u>(28,425)</u>	<u>0</u>	<u>0</u>	<u>(1,020,937)</u>
Total Capital Assets, being depreciated, net	<u>175,047</u>	<u>(27,357)</u>	<u>0</u>	<u>0</u>	<u>147,690</u>
Capital Assets, Net	<u>\$ 177,288</u>	<u>27,357</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 177,288</u>

Depreciation expense of \$29,699 was incurred during the year.

NOTE E - Accounts Payable:

Accounts payable at December 31, 2018, consist of the following:

Vendors accounts payable \$ 817

NOTE F - Accrued Liabilities:

Accrued liabilities at December 31, 2018, consist of the following:

Payment in lieu of taxes \$ 3,986
 Accrued Wages and Payroll Taxes 1,020
 Total \$ 5,006

NOTE G - Unearned Revenue:

Unearned revenue at December 31, 2018, consists of the following:

Prepaid Rent \$ 138

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(Continued)

NOTE H - Federal Operating Grants:

Low Rent Public Housing \$ 39,031

NOTE I - Commitments and Contingencies:

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 examinations during the year ended December 31, 2018.

Grant Disallowances: Amounts received or receivable from HUD are subject to audit and adjustment by HUD. Any disallowed claims, including amounts already collected, would constitute a liability of the Authority. The amounts, if any, of expenses 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 are certain major construction projects in progress at December 31, 2018. These include modernizing rental units at the project sites. These projects are being funded by HUD. The Authority had outstanding construction commitments pertaining to its Capital Fund Program. These costs will be paid by grants committed to the Authority by HUD.

NOTE J - 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.

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE K - 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 employees; and natural disasters. The Authority carries commercial insurance 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.

NOTE L - Economic Dependency:

The Authority receives approximately 46% 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 M - 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 Authority.

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

NOTE N - 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 May 8, 2019 (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

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

COMBINING SCHEDULE OF PROGRAM NET POSITION
DECEMBER 31, 2018

	Annual Contributions Contract		
	FW-1368	FW-1368	
	Low	Capital	
	Income	Fund	
	Public	Programs	
	Housing		Totals
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 86,102	\$ 0	\$ 86,102
Restricted cash	6,552	0	6,552
Accounts receivable, net	1,030	0	1,030
Total Current Assets	93,684	0	93,684
<u>Capital Assets</u>			
Land and other nondepreciable assets	2,241	0	2,241
Depreciable capital assets, net	147,690	0	147,690
Total Capital Assets	149,931	0	149,931
Total Assets	243,615	0	243,615
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	1,467	0	1,467
Accrued liabilities	5,063	0	5,063
Unearned revenue	120	0	120
Payable from restricted cash and cash equivalents:			
Tenants security deposits	6,552	0	6,552
Total Current Liabilities	13,202	0	13,202
<u>Net Position</u>			
Investment in capital assets	149,931	0	149,931
Unrestricted	80,482	0	80,482
Total Net Position	\$ 230,413	\$ 0	\$ 230,413

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

COMBINING SCHEDULE OF PROGRAM CHANGES IN REVENUES, EXPENSES AND FUND NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	Annual Contributions Contract		
	FW-1368	FW-1368	
	Low Income Public Housing	Capital Fund Program	Totals
<u>OPERATING REVENUES</u>			
Rental income	\$ 46,426	\$ 0	\$ 46,426
Other income	0	0	0
TOTAL OPERATING REVENUE	46,426	0	46,426
<u>OPERATING EXPENSES</u>			
Administrative	48,770	0	48,770
Tenant services	0	0	0
Utilities	4,685	0	4,685
Ordinary maintenance and operation	24,356	0	24,356
General expense	14,699	0	14,699
Depreciation expense	28,426	0	28,426
TOTAL OPERATING EXPENSES	120,936	0	120,936
OPERATING INCOME (LOSS)	(74,510)	0	(74,510)
<u>NONOPERATING REVENUES</u>			
Federal operating grants	39,031	0	39,031
Gain on sale of capital assets	0	0	0
Interest income	272	0	272
TOTAL NONOPERATING REVENUES	39,303	0	39,303
Net income before capital contributions	(35,207)	0	(35,207)
CAPITAL CONTRIBUTIONS	0	0	0
CHANGE IN NET POSITION	(35,207)	0	(35,207)
TOTAL NET POSITION - BEGINNING OF YEAR as originally stated	265,620	0	265,620
Equity transfers	0	0	0
TOTAL NET POSITION - BEGINNING OF YEAR as restated	265,620	0	265,620
TOTAL NET POSITION - END OF YEAR	\$ 230,413	\$ 0	\$ 230,413

Housing Authority of the Town of Aguilar (CO015)

Aguilar, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	Total
111 Cash - Unrestricted	\$31,568	\$31,568	\$31,568
112 Cash - Restricted - Modernization and Development			
113 Cash - Other Restricted			
114 Cash - Tenant Security Deposits	\$6,552	\$6,552	\$6,552
115 Cash - Restricted for Payment of Current Liabilities			
100 Total Cash	\$38,120	\$38,120	\$38,120
121 Accounts Receivable - PHA Projects			
122 Accounts Receivable - HUD Other Projects			
124 Accounts Receivable - Other Government			
125 Accounts Receivable - Miscellaneous			
126 Accounts Receivable - Tenants	\$953	\$953	\$953
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	\$0
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	\$77	\$77	\$77
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,030	\$1,030	\$1,030
131 Investments - Unrestricted	\$54,534	\$54,534	\$54,534
132 Investments - Restricted			
135 Investments - Restricted for Payment of Current Liability			
142 Prepaid Expenses and Other Assets			
143 Inventories			
143.1 Allowance for Obsolete Inventories			
144 Inter Program Due From			
145 Assets Held for Sale			
150 Total Current Assets	\$93,684	\$93,684	\$93,684
161 Land	\$2,241	\$2,241	\$2,241
162 Buildings	\$939,218	\$939,218	\$939,218
163 Furniture, Equipment & Machinery - Dwellings	\$11,255	\$11,255	\$11,255
164 Furniture, Equipment & Machinery - Administration	\$89,616	\$89,616	\$89,616
165 Leasehold Improvements	\$156,963	\$156,963	\$156,963
166 Accumulated Depreciation	-\$1,049,362	-\$1,049,362	-\$1,049,362
167 Construction in Progress			
168 Infrastructure			
160 Total Capital Assets, Net of Accumulated Depreciation	\$149,931	\$149,931	\$149,931
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	\$149,931	\$149,931	\$149,931
200 Deferred Outflow of Resources			
290 Total Assets and Deferred Outflow of Resources	\$243,615	\$243,615	\$243,615
311 Bank Overdraft			
312 Accounts Payable <= 90 Days	\$874	\$874	\$874
313 Accounts Payable >90 Days Past Due			

321	Accrued Wage/Payroll Taxes Payable	\$986	\$986	\$986
322	Accrued Compensated Absences - Current Portion			
324	Accrued Contingency Liability			
325	Accrued Interest Payable			
331	Accounts Payable - HUD PHA Programs			
332	Account Payable - PHA Projects			
333	Accounts Payable - Other Government	\$4,077	\$4,077	\$4,077
341	Tenant Security Deposits	\$6,552	\$6,552	\$6,552
342	Unearned Revenue	\$120	\$120	\$120
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	\$593	\$593	\$593
347	Inter Program - Due To			
348	Loan Liability - Current			
310	Total Current Liabilities	\$13,202	\$13,202	\$13,202
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			
355	Loan Liability - Non Current			
356	FASB 5 Liabilities			
357	Accrued Pension and OPEB Liabilities			
350	Total Non-Current Liabilities	\$0	\$0	\$0
300	Total Liabilities	\$13,202	\$13,202	\$13,202
400	Deferred Inflow of Resources			
508.4	Net Investment in Capital Assets	\$149,931	\$149,931	\$149,931
511.4	Restricted Net Position	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$80,482	\$80,482	\$80,482
513	Total Equity - Net Assets / Position	\$230,413	\$230,413	\$230,413
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$243,615	\$243,615	\$243,615

Housing Authority of the Town of Aguilar (CO015)
Aguilar, CO
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	Subtotal	Total
70300 Net Tenant Rental Revenue	\$45,459	\$45,459	\$45,459
70400 Tenant Revenue - Other	\$967	\$967	\$967
70500 Total Tenant Revenue	\$46,426	\$46,426	\$46,426
70600 HUD PHA Operating Grants	\$39,031	\$39,031	\$39,031
70610 Capital Grants			
70710 Management Fee			
70720 Asset Management Fee			
70730 Book Keeping Fee			
70740 Front Line Service Fee			
70750 Other Fees			
70700 Total Fee Revenue			
70800 Other Government Grants			
71100 Investment Income - Unrestricted	\$272	\$272	\$272
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			
71600 Gain or Loss on Sale of Capital Assets			
72000 Investment Income - Restricted			
70000 Total Revenue	\$85,729	\$85,729	\$85,729
91100 Administrative Salaries	\$35,581	\$35,581	\$35,581
91200 Auditing Fees	\$3,283	\$3,283	\$3,283
91300 Management Fee			
91310 Book-keeping Fee			
91400 Advertising and Marketing			
91500 Employee Benefit contributions - Administrative	\$5,366	\$5,366	\$5,366
91600 Office Expenses	\$2,068	\$2,068	\$2,068
91700 Legal Expense			
91800 Travel			
91810 Allocated Overhead			
91900 Other	\$2,472	\$2,472	\$2,472
91000 Total Operating - Administrative	\$48,770	\$48,770	\$48,770
92000 Asset Management Fee			
92100 Tenant Services - Salaries			
92200 Relocation Costs			
92300 Employee Benefit Contributions - Tenant Services			
92400 Tenant Services - Other			
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$690	\$690	\$690
93200 Electricity	\$2,550	\$2,550	\$2,550
93300 Gas	\$1,117	\$1,117	\$1,117
93400 Fuel			
93500 Labor			
93600 Sewer			
93700 Employee Benefit Contributions - Utilities			
93800 Other Utilities Expense	\$328	\$328	\$328
93000 Total Utilities	\$4,685	\$4,685	\$4,685

94100 Ordinary Maintenance and Operations - Labor	\$7,150	\$7,150	\$7,150
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,353	\$8,353	\$8,353
94300 Ordinary Maintenance and Operations Contracts	\$8,479	\$8,479	\$8,479
94500 Employee Benefit Contributions - Ordinary Maintenance	\$374	\$374	\$374
94000 Total Maintenance	\$24,356	\$24,356	\$24,356
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
96110 Property Insurance	\$7,882	\$7,882	\$7,882
96120 Liability Insurance			
96130 Workmen's Compensation	\$1,476	\$1,476	\$1,476
96140 All Other Insurance	\$1,264	\$1,264	\$1,264
96100 Total Insurance Premiums	\$10,622	\$10,622	\$10,622
96200 Other General Expenses			
96210 Compensated Absences			
96300 Payments in Lieu of Taxes	\$4,077	\$4,077	\$4,077
96400 Bad debt - Tenant Rents			
96500 Bad debt - Mortgages			
96600 Bad debt - Other			
96800 Severance Expense			
96000 Total Other General Expenses	\$4,077	\$4,077	\$4,077
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
96900 Total Operating Expenses	\$92,510	\$92,510	\$92,510
97000 Excess of Operating Revenue over Operating Expenses	-\$6,781	-\$6,781	-\$6,781
97100 Extraordinary Maintenance			
97200 Casualty Losses - Non-capitalized			
97300 Housing Assistance Payments			
97350 HAP Portability-In			
97400 Depreciation Expense	\$28,426	\$28,426	\$28,426
97500 Fraud Losses			
97600 Capital Outlays - Governmental Funds			
97700 Debt Principal Payment - Governmental Funds			
97800 Dwelling Units Rent Expense			
90000 Total Expenses	\$120,936	\$120,936	\$120,936
10010 Operating Transfer In			
10020 Operating transfer Out			
10030 Operating Transfers from/to Primary Government			
10040 Operating Transfers from/to Component Unit			
10050 Proceeds from Notes, Loans and Bonds			
10060 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)	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$35,207	-\$35,207	-\$35,207

11020	Required Annual Debt Principal Payments	\$0	\$0	\$0
11030	Beginning Equity	\$265,620	\$265,620	\$265,620
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors			
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	216	216	216
11210	Number of Unit Months Leased	211	211	211
11270	Excess Cash	\$80,482	\$80,482	\$80,482
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0
11640	Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0
11650	Leasehold Improvements Purchases	\$0	\$0	\$0
11660	Infrastructure Purchases	\$0	\$0	\$0
13510	CFFP Debt Service Payments	\$0	\$0	\$0
13901	Replacement Housing Factor Funds	\$0	\$0	\$0

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

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 and gains and losses on the disposal of capital assets 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
Housing Authority of the Town of Aguilar
P O Box 312
Aguilar, CO 81020

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 Housing Authority of the Town of Aguilar, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Aguilar's basic financial statements and have issued my report thereon dated May 8, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Housing Authority of the Town of Aguilar'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 Housing Authority of the Town of Aguilar's internal control. Accordingly, I do not express an opinion on the effectiveness of the Housing Authority of the Town of Aguilar'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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I 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 Town of Aguilar'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 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 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.

Fredericksburg, Indiana
May 8, 2019

Certified Public Accountant

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
Aguilar, Colorado

DECEMBER 31, 2018

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no prior audit findings.

FINDINGS, RECOMMENDATIONS AND REPLIES

There were no current audit findings.