

CONEJOS COUNTY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

LaJara, Colorado

March 31, 2018

Goldie Roberts

Certified Public Accountant

E

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Office of the State Auditor

July 24, 2018

CONEJOS COUNTY
HOUSING AUTHORITY

LaJara, Colorado
March 31, 2018

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Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.
Fredericksburg, IN 47120

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Conejos County Housing Authority ("the Authority") which comprise the Statement of Net Position as of March 31, 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 Conejos County Housing Authority's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conejos County Housing Authority as of March 31, 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 vi be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my audit of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 10, 2018 on my consideration of the Conejos County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejos County Housing Authority's internal control over financial reporting and compliance.


Certified Public Accountant

Fredericksburg, Indiana
July 10, 2018

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2018

This section of the HOUSING AUTHORITY OF CONEJOS COUNTY ("the Authority") annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

FINANCIAL HIGHLIGHTS

- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of March 31, 2018 was \$783,204. The net position increased by \$18,712, an increase of 2.4% over the prior year.
- Revenues for the Authority were \$323,247 for the year ended March 31, 2018. This was a decrease of \$37,920 or 10.5% from the prior year.
- Expenses for the Authority were \$304,535 for the year ended March 31, 2018. This was a decrease of \$37,191 or 10.9% from the prior year.
- Rental income for the Authority was \$110,361 for the year ended March 31, 2018. This was an increase of \$6,451 or 6.2% from the prior year. Federal operating grants for the Authority was \$122,848 for the year ended March 31, 2018. This was a decrease of \$93,307 or 43.2% 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 Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

CONEJOS COUNTY HOUSING AUTHORITY
-La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

MARCH 31, 2018

(continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

HUD Reporting

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2018 and is required to be included in the audit reporting package.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2018

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$783,204 at the close of the year ended March 31, 2018, up from \$764,492 in fiscal year 2017. The increase in net position of \$18,712 was due to the reasons noted below.

- Current assets include cash, receivables, prepaid expenses, and materials inventory. Of the \$56,943 increase in this category, cash increased \$62,744, receivables decreased \$5,721, and prepaid expenses decreased \$80.
- Capital assets decreased \$37,566 due to current year depreciation expense and capital asset disposal. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities increased \$496 from FY 2017.
- Noncurrent liabilities increased \$169 from FY 2017.

CONDENSED STATEMENTS OF NET POSITION

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current assets	\$ 456,921	\$ 399,978	\$ 56,943	14.2%
Capital assets, net	356,847	394,413	(37,566)	-9.5%
TOTAL ASSETS	<u>\$ 813,768</u>	<u>\$ 794,391</u>	<u>\$ 19,377</u>	2.4%
LIABILITIES				
Current liabilities	\$ 30,070	\$ 29,574	\$ 496	1.7%
Noncurrent liabilities	494	325	169	52.0%
TOTAL LIABILITIES	<u>30,564</u>	<u>29,899</u>	<u>665</u>	2.2%
NET POSITION				
Investment in capital assets	356,847	394,413	(37,566)	-9.5%
Unrestricted	426,357	370,079	56,278	15.2%
TOTAL NET POSITION	<u>\$ 783,204</u>	<u>\$ 764,492</u>	<u>\$ 18,712</u>	2.4%

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

MARCH 31, 2018

(continued)

FINANCIAL ANALYSIS (CONTINUED)

The unrestricted net position was \$426,357 as of March 31, 2018. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for next fiscal year. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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

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

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
REVENUES				
Operating - non-operating - capital contributions:				
Rental income	\$ 110,361	\$ 103,910	\$ 6,451	6.2%
Federal operating grants	122,848	216,155	(93,307)	-43.2%
Interest income	3,998	2,303	1,695	73.6%
Capital contributions	-	5,186	(5,186)	-100.0%
Other income	86,040	33,613	52,427	156.0%
TOTAL REVENUES	<u>323,247</u>	<u>361,167</u>	<u>(37,920)</u>	-10.5%
EXPENSES				
Administrative	107,016	108,283	(1,267)	-1.2%
Tenant services	-	322	(322)	-100.0%
Utilities	36,081	37,571	(1,490)	-4.0%
Ordinary maintenance and operation	84,946	103,374	(18,428)	-17.8%
General expense	32,423	30,882	1,541	5.0%
Depreciation expense	44,069	43,894	175	0.4%
Special items, net loss	-	17,400	(17,400)	-100.0%
TOTAL EXPENSES	<u>304,535</u>	<u>341,726</u>	<u>(37,191)</u>	-10.9%
CHANGE IN NET POSITION	18,712	19,441	(729)	
NET POSITION - BEG OF YEAR	<u>764,492</u>	<u>745,051</u>	<u>19,441</u>	
NET POSITION - END OF YEAR	<u>\$ 783,204</u>	<u>\$ 764,492</u>	<u>\$ 18,712</u>	

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

MARCH 31, 2018

(continued)

FINANCIAL ANALYSIS (CONTINUED)

As can be seen in the table on the previous page, total revenues decreased \$37,920 due to the reasons noted below.

- Rental income increased \$6,451 or 6.2% from FY 2017 due to an increase in average dwelling rental charge of \$8.94 or 4.7%.
- Federal operating grants decreased \$93,307 due to a decrease in capital fund grants used for operating expenditures of \$102,840. This was partially offset by an increase in public housing operating subsidy of \$9,533.
- Interest income increased \$1,695 from FY 2017.
- Capital contributions decreased \$5,186 from FY 2017.
- Other income increased \$52,427 from FY 2017 primarily due to funds received from lawsuit settlement of \$80,824. This was partially offset by a \$25,000 decrease in USDA grant home rehab income.

Total expenses decreased \$37,191 due to the reasons noted below.

- Administrative expense decreased \$1,267 or 1.2% from FY 2017.
- Tenant services decreased \$322 from FY 2017.
- Utilities decreased \$1,490 or 4.0% from FY 2017 mainly due to a decrease in electricity of \$2,797 or 26.2%.
- Ordinary maintenance and operation decreased \$18,428 or 17.8% from 2017 primarily due to a decrease in maintenance materials of \$19,055 or 60.5%.
- General expense increased \$1,541 or 5.0% mostly due to a \$2,245 increase in tenant bad debt expense.
- The Authority had a \$175 or 0.4% increase in Depreciation which is the write-off of capital assets over their estimated useful life.
- The Authority had special items, net loss of \$17,400 in FY 2017 for reporting due to HUD's Rental Assistance Demonstration program.

The Public Housing occupancy rate for fiscal year March 31, 2018 was 97.0%, down from 98.1% in FY 2017. The Authority currently has 44 Public Housing units.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
MARCH 31, 2018
(continued)

CAPITAL ASSETS

Capital Assets - The Housing Authority of Conejos County, Colorado's net investment in capital assets, as of March 31, 2018 amounts to \$356,847. The investment in capital assets includes equipment and accumulated depreciation.

The total decrease in the Authority's investment in capital assets for the current fiscal year was 9.5% in terms of net book value. Depreciation charges for the year totaled \$44,069. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

	Beginning	Additions	Depreciation	Ending
Capital assets	\$394,413	\$6,503	\$(44,069)	\$356,847

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2018 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also established and approved by HUD. Formula income is based on rental income from the Authority's rent roll records for the period specified by HUD. Most operating expenses are expected to increase by the economy's inflation rate. The Authority is estimating an 11.2% increase in Administrative Expenses for the Public Housing Program mainly due to an increase in travel and training of 38.8%. The Authority is also estimating a \$50,434 increase in ordinary maintenance and operations primarily due to an increase in contracted maintenance services of 70.0%. Operating income for the Public Housing Program is budgeted to increase 10.8% mostly due to a 30.1% increase in dwelling rental income.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Executive Director, Housing Authority of Conejos County, 510 Richfield Road, La Jara, Colorado 81140.

FINANCIAL STATEMENTS

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

STATEMENT OF NET POSITION
MARCH 31, 2018

ASSETS

Current Assets

Cash and cash equivalents	\$	434,911
Restricted cash and cash equivalents		12,175
Accounts receivable, net		9,327
Prepaid expenses		508
Total Current Assets		456,921

Capital Assets

Land and other nondepreciable assets		28,653
Depreciable capital assets, net		328,194
Total Capital Assets		356,847

TOTAL ASSETS		813,768
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LIABILITIES

Current liabilities

Accounts payable		1,411
Accrued liabilities		16,198
Unearned revenue		286
Payable from restricted cash and and cash equivalents:		
Tenants security deposits		12,175
Total Current Liabilities		30,070

Noncurrent Liabilities

Accrued compensated absences		494
Total Noncurrent Liabilities		494

Total Liabilities		30,564
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NET POSITION

Investment in capital assets		356,847
Unrestricted		426,357
		783,204

Total Net Position	\$	783,204
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The accompanying notes are an integral part of these financial statements.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

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

<u>OPERATING REVENUES</u>	
Rental income	\$ 110,361
Other income	86,040
	<hr/>
TOTAL OPERATING REVENUE	196,401
	<hr/>
<u>OPERATING EXPENSES</u>	
Administrative	112,602
Tenant services	310
Utilities	36,081
Ordinary maintenance and operation	84,946
General expense	26,527
Depreciation expense	44,069
	<hr/>
TOTAL OPERATING EXPENSES	304,535
	<hr/>
OPERATING INCOME (LOSS)	(108,134)
	<hr/>
<u>NONOPERATING REVENUES</u>	
Federal operating grants	122,848
Interest income	3,998
	<hr/>
TOTAL NONOPERATING REVENUES	126,846
	<hr/>
CAPITAL CONTRIBUTIONS	0
	<hr/>
CHANGE IN NET POSITION	18,712
	<hr/>
TOTAL NET POSITION - BEGINNING OF YEAR	764,492
	<hr/>
TOTAL NET POSITION - END OF YEAR	\$ <u>783,204</u>

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

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

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Receipts from residents and other deposits	\$ 202,122
Payments to suppliers	(119,033)
Payments to/for employees	<u>(140,688)</u>
Net Cash Flows (Used) by Operating Activities	<u>(57,599)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>	
Federal operating grants received	<u>122,848</u>
Net Cash From Noncapital Financing Activities	<u>122,848</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Interest received	<u>3,998</u>
Net Cash From Investing Activities	<u>3,998</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Capital grants received	0
Capital assets purchased	<u>(6,503)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	<u>(6,503)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	62,744
Cash and Cash Equivalents - Beginning of year	<u>384,342</u>
Cash and Cash Equivalents - End of year	<u>\$ 447,086</u>
Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	\$ 434,911
Restricted cash and cash equivalents	<u>12,175</u>
Total Cash and Cash Equivalents	<u>\$ 447,086</u>

Continued

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

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

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

Operating income (loss)	\$ (108,134)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:	
Depreciation	44,069
Changes in operating assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	5,721
Prepaid expenses	80
Inventory	0
Increase (Decrease) in:	
Accounts payable	2,318
Accrued liabilities	(392)
Unearned revenue	<u>(1,261)</u>
Net Cash Flows Provided (Used) by Operating Activities	\$ <u><u>(57,599)</u></u>

The accompanying notes are an integral part of these financial statements

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018

NOTE A - Summary of Significant Accounting Policies:

Reporting Entity

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

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

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

Management:

Low-Income Public Housing

Units

44

Capital Fund Grant:

CFP 501-15, 501-16

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

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

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

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

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

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

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

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

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

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

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

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 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 Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond March 31, 2018.

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

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

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

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

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

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

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

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 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.

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

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

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

2. Risk Disclosures

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

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

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

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

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

The carrying amounts of the Authority's cash deposits were \$447,086 at March 31, 2018. Bank balances before reconciling items were \$449,002 on that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name. Restricted deposits consists of tenant security deposits.

Deposits consist of the following:

Checking accounts	\$ 159,117
Certificates of Deposit and Money Market Account	<u>287,969</u>
Total	<u>\$ 447,086</u>

NOTE C - Custodial Credit Risk:

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are position of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, their deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for bank and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At March 31, 2017, the Authority's deposits amounting to \$449,002 were insured by federal depository insurance or collateralized with securities held by the pledging institution's trust department or agent in the Authority's name and consequently were not exposed to custodial credit risk.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE D - Accounts Receivable:

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

Tenants accounts receivable, net of allowance of \$1,500 \$ 9,327

NOTE E - Prepaid Expenses:

Prepaid expenses at March 31, 2018, consist of the following:

Prepaid insurance \$ 508

NOTE F - Capital Assets:

A summary in changes in capital assets is as follows:

	<u>Beginning Balance 03/31/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance 03/31/18</u>
Capital assets, not being depreciated:					
Land	\$ 28,653	\$ 0	\$ 0	\$ 0	\$ 28,653
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>28,653</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,653</u>
Capital Assets, being depreciated:					
Buildings & Improvements	3,785,358	0	0	0	3,785,358
Furniture, Equipment & Machinery	<u>81,970</u>	<u>6,502</u>	<u>0</u>	<u>0</u>	<u>88,472</u>
Total Capital Assets, being depreciated	<u>3,867,328</u>	<u>6,502</u>	<u>0</u>	<u>0</u>	<u>3,873,830</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(3,432,953)	(40,825)	0	0	(3,473,778)
Furniture, Equipment and Machinery	<u>(68,615)</u>	<u>(3,243)</u>	<u>0</u>	<u>0</u>	<u>(71,858)</u>
Total Accumulated Depreciation:	<u>(3,501,568)</u>	<u>(44,068)</u>	<u>0</u>	<u>0</u>	<u>(3,545,636)</u>
Total Capital Assets, being depreciated, net	<u>365,760</u>	<u>(37,566)</u>	<u>0</u>	<u>0</u>	<u>328,194</u>
Capital Assets, Net	<u>\$ 394,413</u>	<u>\$ (37,566)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 356,847</u>

Depreciation expense of \$44,069 was recorded for the year.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE G - Accounts Payable:

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

Vendors' accounts payable	\$ <u>1,411</u>
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NOTE H - Accrued Liabilities:

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

Payments in lieu of taxes	\$ 6,633
Accrued payroll taxes	6,145
Accrued compensated absences - current portion	2,708
Accrued liabilities - other	<u>712</u>
 Total	 \$ <u>16,198</u>

NOTE I - Unearned Revenue:

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

Prepaid rent	\$ <u>286</u>
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NOTE J - Noncurrent liabilities:

Accrued compensated absences:

<u>03/31/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/18</u>	<u>Current Portion</u>	<u>Total</u>
\$ 325	\$ 169	\$ 0	\$ 494	\$ 2,708	\$ 3,202

NOTE K - Pension Plan:

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

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

During the year ended March 31, 2018, the Authority's required and actual contributions amounted to \$11,472, which was set by the Board at differing amounts for individual employees. Employees' required and actual contributions amounted to \$0.

NOTE L - Commitments and Contingencies:

Litigation: At March 31, 2018, the Authority was not involved in any threatened litigation.

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE L - Commitments and Contingencies: (Continued)

Examinations: The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations during the year ended March 31, 2018.

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

Construction Projects: There is one construction project in progress at March 31, 2018. This project is being funded by HUD. Funds are requested periodically as the cost is incurred.

NOTE M - Affiliated Organizations:

Valley Housing Corporation

The Conejos County Housing Authority formed a 501(c)3 organization, the Valley Housing Corporation, in January 2017. Although a directly controlled affiliate of Conejos County Housing Authority, consolidated financial statements are not presented as there were no financial transactions for the Valley Housing Corporation during fiscal year 2018.

NOTE N - Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to coverage for these risks to the extent deemed prudent by Authority management. Settled claims have not exceeded this commercial coverage in any of the past 3 years.

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

NOTE O - Federal Operating Grants:

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts. This subsidy contribution for the operating year ended March 31, 2018 were as follows:

Low Rent Public Housing	<u>\$ 122,848</u>
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CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

(Continued)

NOTE P - Conduit Type Debt:

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

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

NOTE Q - Economic Dependency:

The Authority receives approximately 38% 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 R - Taxpayer's Bill of Rights:

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

NOTE S - 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 July 10, 2018 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

COMBINING SCHEDULE OF PROGRAM NET POSITION
MARCH 31, 2018

	Annual Contributions Contracts		Total
	C0038	C0038	
	Low Income Public Housing	Capital Fund	
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 434,911	\$ 0	\$ 434,911
Restricted cash and cash equivalents	12,175	0	12,175
Accounts receivable, net	9,327	0	9,327
Prepaid expenses	508	0	508
Inventory, net	0	0	0
Total Current Assets	456,921	0	456,921
<u>Capital Assets:</u>			
Land and other nondepreciable assets	28,653	0	28,653
Depreciable capital assets, net	328,194	0	328,194
Total Capital Assets	356,847	0	356,847
TOTAL ASSETS	813,768	0	813,768
<u>LIABILITIES</u>			
<u>Current liabilities</u>			
Accounts payable	1,411	0	1,411
Accrued liabilities	16,198	0	16,198
Unearned revenue	286	0	286
Payable from restricted cash and and cash equivalents:			
Tenants security deposits	12,175	0	12,175
Total Current Liabilities	30,070	0	30,070
<u>Noncurrent Liabilities</u>			
Accrued compensated absences	494	0	494
Total Noncurrent Liabilities	494	0	494
Total Liabilities	30,564	0	30,564
<u>NET POSITION</u>			
Investment in capital assets	356,847	0	356,847
Unrestricted	426,357	0	426,357
Total Net Position	\$ 783,204	\$ 0	\$ 783,204

CONEJOS COUNTY HOUSING AUTHORITY
La Jara, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONS
FOR THE YEAR ENDED MARCH 31, 2018

	Annual Contributions Contracts			Total
	CO038 Low Income Public Housing	CO038 Capital Fund Program	Business Activities	
<u>OPERATING REVENUES</u>				
Rental income	\$ 110,361	\$ 0	\$ 0	\$ 110,361
Other income	80,898	0	5,142	86,040
TOTAL OPERATING REVENUE	191,259	0	5,142	196,401
<u>OPERATING EXPENSES</u>				
Administrative	109,242	0	3,360	112,602
Tenant services	0	0	310	310
Utilities	36,081	0	0	36,081
Ordinary maintenance and operation	83,474	0	1,472	84,946
General expense	26,527	0	0	26,527
Depreciation expense	44,069	0	0	44,069
TOTAL OPERATING EXPENSES	299,393	0	5,142	304,535
OPERATING INCOME (LOSS)	(108,134)	0	0	(108,134)
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Federal operating grants	122,848	0	0	122,848
Interest income	3,998	0	0	3,998
NET NONOPERATING REVENUES	126,846	0	0	126,846
Net income before capital contributions	18,712	0	0	18,712
CAPITAL CONTRIBUTIONS	0	0	0	0
CHANGE IN NET POSITION	18,712	0	0	18,712
TOTAL NET POSITION - BEGINNING OF YEAR, as originally stated	764,492	0	0	764,492
Equity transfers	0	0	0	0
TOTAL NET POSITION - BEGINNING OF YEAR, as restated	764,492	0	0	764,492
TOTAL NET POSITION - END OF YEAR	\$ 783,204	\$ 0	\$ 0	\$ 783,204

Conejos County Housing Authority (CO038)

La Jara, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	\$146,942		\$146,942	\$146,942
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$12,175		\$12,175	\$12,175
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$159,117	\$0	\$159,117	\$159,117
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$10,827		\$10,827	\$10,827
126.1 Allowance for Doubtful Accounts - Tenants	-\$1,500		-\$1,500	-\$1,500
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$9,327	\$0	\$9,327	\$9,327
131 Investments - Unrestricted	\$287,969		\$287,969	\$287,969
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$508		\$508	\$508
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$456,921	\$0	\$456,921	\$456,921
161 Land	\$28,653		\$28,653	\$28,653
162 Buildings	\$2,945,609		\$2,945,609	\$2,945,609
163 Furniture, Equipment & Machinery - Dwellings	\$4,002		\$4,002	\$4,002
164 Furniture, Equipment & Machinery - Administration	\$84,470		\$84,470	\$84,470
165 Leasehold Improvements	\$839,749		\$839,749	\$839,749
166 Accumulated Depreciation	-\$3,545,636		-\$3,545,636	-\$3,545,636
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$356,847	\$0	\$356,847	\$356,847
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	\$356,847	\$0	\$356,847	\$356,847
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$813,768	\$0	\$813,768	\$813,768
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$1,411		\$1,411	\$1,411
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable	\$6,145		\$6,145	\$6,145
322 Accrued Compensated Absences - Current Portion	\$2,708		\$2,708	\$2,708
324 Accrued Contingency Liability				

325	Accrued Interest Payable				
331	Accounts Payable - HUD FHA Programs				
332	Account Payable - PHA Projects				
333	Accounts Payable - Other Government	\$6,633		\$6,633	\$6,633
341	Tenant Security Deposits	\$12,175		\$12,175	\$12,175
342	Unearned Revenue	\$286		\$286	\$286
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	\$712		\$712	\$712
347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$30,070	\$0	\$30,070	\$30,070
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	\$494		\$494	\$494
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$494	\$0	\$494	\$494
300	Total Liabilities	\$30,564	\$0	\$30,564	\$30,564
400	Deferred Inflow of Resources				
508.4	Net Investment in Capital Assets	\$356,847		\$356,847	\$356,847
511.4	Restricted Net Position				
512.4	Unrestricted Net Position	\$426,357	\$0	\$426,357	\$426,357
513	Total Equity - Net Assets / Position	\$783,204	\$0	\$783,204	\$783,204
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$813,768	\$0	\$813,768	\$813,768

Conejos County Housing Authority (CO038)
La Jara, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	\$102,407		\$102,407	\$102,407
70400 Tenant Revenue - Other	\$7,954		\$7,954	\$7,954
70500 Total Tenant Revenue	\$110,361	\$0	\$110,361	\$110,361
70600 HUD PHA Operating Grants	\$122,848		\$122,848	\$122,848
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	\$3,998		\$3,998	\$3,998
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	\$80,698	\$5,142	\$86,040	\$86,040
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$318,105	\$5,142	\$323,247	\$323,247
91100 Administrative Salaries	\$59,033	\$3,360	\$62,393	\$62,393
91200 Auditing Fees	\$4,777		\$4,777	\$4,777
91300 Management Fee				
91310 Book-keeping Fees				
91400 Advertising and Marketing	\$202		\$202	\$202
91500 Employee Benefit contributions - Administrative	\$19,588		\$19,588	\$19,588
91600 Office Expenses	\$6,486		\$6,486	\$6,486
91700 Legal Expense	\$200		\$200	\$200
91800 Travel	\$4,559		\$4,559	\$4,559
91810 Allocated Overhead				
91900 Other	\$8,501	\$310	\$8,811	\$8,811
91000 Total Operating - Administrative	\$103,346	\$3,670	\$107,016	\$107,016
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	\$0
93100 Water	\$10,858		\$10,858	\$10,858
93200 Electricity	\$7,890		\$7,890	\$7,890
93300 Gas	\$5,966		\$5,966	\$5,966
93400 Fuel				
93500 Labor				
93600 Sewer	\$11,367		\$11,367	\$11,367
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense				
93000 Total Utilities	\$36,081	\$0	\$36,081	\$36,081
94100 Ordinary Maintenance and Operations - Labor	\$43,378	\$655	\$44,033	\$44,033
94200 Ordinary Maintenance and Operations - Materials and Other	\$11,628	\$817	\$12,445	\$12,445
94300 Ordinary Maintenance and Operations Contracts	\$13,794		\$13,794	\$13,794

94500 Employee Benefit Contributions - Ordinary Maintenance	\$14,674		\$14,674	\$14,674
94000 Total Maintenance	\$83,474	\$1,472	\$84,946	\$84,946
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$10,313		\$10,313	\$10,313
96120 Liability Insurance	\$2,626		\$2,626	\$2,626
96130 Workmen's Compensation	\$2,695		\$2,695	\$2,695
96140 All Other Insurance	\$1,840		\$1,840	\$1,840
96100 Total Insurance Premiums	\$17,474	\$0	\$17,474	\$17,474
96200 Other General Expenses	\$175		\$175	\$175
96210 Compensated Absences	\$5,896		\$5,896	\$5,896
96300 Payments in Lieu of Taxes	\$6,633		\$6,633	\$6,633
96400 Bad debt - Tenant Rents	\$2,245		\$2,245	\$2,245
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$14,949	\$0	\$14,949	\$14,949
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$255,324	\$5,142	\$260,466	\$260,466
97000 Excess of Operating Revenue over Operating Expenses	\$62,781	\$0	\$62,781	\$62,781
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$44,069		\$44,069	\$44,069
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$299,393	\$5,142	\$304,535	\$304,535
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$18,712	\$0	\$18,712	\$18,712
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$764,492	\$0	\$764,492	\$764,492
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	528	528	528
11210	Number of Unit Months Leased	512	512	512
11270	Excess Cash	\$405,066	\$405,066	\$405,066
11610	Land Purchases	\$0	\$0	\$0
11620	Building Purchases	\$0	\$0	\$0
11630	Furniture & Equipment - Dwelling Purchases	\$2,735	\$2,735	\$2,735
11640	Furniture & Equipment - Administrative Purchases	\$3,768	\$3,768	\$3,768
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

Conejos County Housing Authority
LaJara, Colorado

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION
FOR THE YEAR ENDED MARCH 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
Conejos County Housing Authority
109 Raymond Griffith Rd
LaJara, Colorado 41649

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Conejos County Housing Authority, as of and for the year ended March 31, 2018, and the related notes to the financial statements, which collectively comprise the Conejos County Housing Authority's basic financial statements and have issued my report thereon dated July 10, 2018.

Internal Control Over Financial Reporting

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Conejos County Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly,

I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of Conejos County Housing Authority in a separate letter dated July 10, 2018.

Purpose Of This Report

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

Goldie Roberts

Certified Public Accountant

Fredericksburg, Indiana
July 10, 2018

CONEJOS COUNTY HOUSING AUTHORITY
LaJara, Colorado

MARCH 31, 2017

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

<u>FINDING</u>	<u>CONDITION</u>	<u>STATUS</u>
2017-001	Rental Receipt Process	Cleared
2017-002	General Ledger Balances and Supporting Documentation	Cleared

CURRENT AUDIT FINDINGS

No matters were reported

Goldie Roberts

Certified Public Accountant

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Fredericksburg, IN 47120

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Facsimile No. (812) 472-3649

Mobile No. (404) 307-5903

July 10, 2018

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

In planning and performing my audit of the financial statements of the Conejos County Housing Authority as of and for the year ended March 31, 2018, I considered the Authority's internal control in order to determine my auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during my audit, I became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect my report dated July 10, 2018 the financial statements of the Authority.

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

1. CONDITION: Inventory

The Authority did not take a year end inventory. The correct value was not recorded. The difference is not material.

RECOMMENDATION:

The Authority should take an inventory at year end and then get the information to the fee accountant to be recorded in the financial statements.

2. CONDITION: Capital Assets Inventory

The Authority did not take the inventory as required by 2CFR Uniform Guidance.

RECOMMENDATION:

The Authority should take the inventory. If any items are gone, then board approval should be attained before writing off the assets. Then get the information to your fee accountant so that the items can be recorded in the general ledger.

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

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

Sincerely,



Goldie Roberts
Certified Public Accountant