

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

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

Year Ended December 31, 2018

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



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MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2018

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

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2018 was \$1,304,542. The net position increased by \$15,822, an increase of 1% over the prior year. Of this amount, \$189,244 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$641,363 for the year ended December 31, 2018. This was an increase of \$15,532 or 2% over the prior year.

Operating expenses for the Authority were \$832,355 for the year ended December 31, 2018. This was a decrease of \$36,068 or 4% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Financial Statements

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

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.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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 cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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

Notes to the Basic Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2018 is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2018	FY 2017	Dollar Change	Percent Change
Current and other assets	\$ 310,567	\$ 206,503	\$ 104,064	50%
Capital assets	1,981,580	2,119,557	(137,977)	-7%
Total Assets	<u>2,292,147</u>	<u>2,326,060</u>	<u>(33,913)</u>	<u>-1%</u>
Current liabilities	132,284	123,943	8,341	7%
Other liabilities	2,239	1,376	863	63%
Long-term debt outstanding	853,082	912,021	(58,939)	-6%
Total Liabilities	<u>987,605</u>	<u>1,037,340</u>	<u>(49,735)</u>	<u>-5%</u>
Net Position				
Net investment in capital assets	1,069,559	1,149,226	(79,667)	-7%
Restricted	45,739	33,979	11,760	35%
Unrestricted	189,244	105,515	83,729	79%
Total Net Position	<u>\$ 1,304,542</u>	<u>\$ 1,288,720</u>	<u>\$ 15,822</u>	<u>1%</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2018

FINANCIAL ANALYSIS (CONT'D)

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,304,542 at the close of the year ended December 31, 2018. This represents an increase of \$15,822 which is an increase of 1% over the prior year. The majority of the increase is the result of operations for the year ended December 31, 2018.

Current and other assets increased by \$104,064, a 50% change from the prior year. This was attributed to operations before depreciation, and cash provided from financing activities which resulted in a net increase in cash of \$108,208. In addition, the amount receivable from tenants decreased by (\$1,366).

Current liabilities increased by \$8,341 of which the majority was an increase in the amount payable to vendors and contractors which increased by \$10,109. The increase is merely the result of when payments are made to vendors and contractors. Long-term debt decreased by (\$58,939) which is the reduction in notes payable from current year debt payments.

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

Unrestricted net position as of December 31, 2018 was \$189,244. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. 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.

As of December 31, 2018, the Authority had net position of \$45,739 restricted for the Weld County NSP program for which the transfer of these properties has not occurred as of December 31, 2018.

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

As can be seen on the next page, total revenues increased by \$56,890, primarily due to the increase in Federal operating grants of \$39,444 and an increase in rental income of \$10,108 or 2% and was attributed to the normal fluctuation in occupancy and rent compositions.

HUD operating subsidy for the Authority was \$144,339 for the year ended December 31, 2018. This was a decrease of (\$482) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$106,431 of HUD capital grants for operations for the fiscal year ended December 31, 2018 compared to \$64,774 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2018

FINANCIAL ANALYSIS (CONT'D)

Other income increased by \$7,155 of which the majority was an increase of \$15,464 in the amount received from oil/gas lease income which will fluctuate from year-to-year based on production. HUD program income in Columbine Court decreased by (\$1,731). The Housing Authority saw a vacancy rate higher than expected due to unit rehabilitations. Columbine Court was built in 1979 and many of the units that became vacant needed necessary upgrades. Units that were rehabilitated were given new flooring, LED light fixtures, doors, interior paint, countertops and appliances.

**CONDENSED STATEMENT 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				
Program revenues				
Rental	\$ 467,011	\$ 456,903	\$ 10,108	2%
HUD program contributions	394,443	354,999	39,444	11%
Other	30,679	23,524	7,155	30%
General revenues				
Interest	220	37	183	495%
Total Revenues	<u>892,353</u>	<u>835,463</u>	<u>56,890</u>	<u>7%</u>
Expenses				
Depreciation	235,719	244,503	(8,784)	-4%
Operating	596,636	626,920	(30,284)	-5%
Nonoperating	44,176	43,873	303	1%
Total Expenses	<u>876,531</u>	<u>915,296</u>	<u>(38,765)</u>	<u>-4%</u>
Excess (deficiency) before special items	15,822	(79,833)	95,655	-120%
Special Items:				
Casualty loss income-fire damage	-	109,862	(109,862)	
Casualty loss expense-fire damage	-	(114,695)	114,695	
Changes in Net Position	<u>15,822</u>	<u>(84,666)</u>	<u>100,488</u>	
Beginning Net Position	1,288,720	1,373,386	(84,666)	
Ending Net Position	<u>\$ 1,304,542</u>	<u>\$ 1,288,720</u>	<u>\$ 15,822</u>	

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2018**

FINANCIAL ANALYSIS (CONT'D)

Operating expenses for the Authority were \$596,636 for the year ended December 31, 2018. This was a decrease of (\$30,284) or 5% under the prior year. The following expense categories had significant changes from the prior year:

- Administrative decreased by (\$13,241)
- Tenant services increased by \$5,850
- Maintenance decreased by (\$32,380)

Administrative Decrease:

The Housing Authority has typically functioned with two administrative staff members. The number of administrative staff was cut to one in the year of 2018 causing a decrease in administrative expenses.

Tenant Services Increase:

The Housing Authority saw an increase in the cost of cable/tv service provided to tenants residing at Columbine Court and Crane Court. The Authority is also making an effort to have tenant functions twice a year where food and prizes are given to tenants.

Maintenance decrease:

The Housing Authority saw a decrease in maintenance due to a staffing shortage.

Nonoperating expenses increased by \$303, a 1% increase for the fiscal year ended December 31, 2018.

OCCUPANCY

The Public Housing Program has 50 units of housing or 600-unit months available. There were 20 vacancy months resulting in 580 months leased for the year, a 96% occupancy rate.

The Columbine Court program has 30 units of housing for 360-unit months available, there were 30 vacancy months for a total of 330-unit months leased for the year, a 92% occupancy rate.

The Market Rentals have 15 units with 204-unit months available, there were 16 vacancy months for a total of 188-unit months leased for the year, a 92% occupancy rate.

The Weld County NSP program has 2 houses or 24-months available, there were no vacancies resulting in 24-unit months leased for the year, for a 100% occupancy rate.

The Authority has a total of 99 units of housing or 1,188-unit months available, there were 66 vacancy months resulting in a total of 1,122-unit months leased for the year, a 94% occupancy rate for the Authority.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2018**

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2018 amounts to \$1,981,580. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 7% in terms of net book value. The actual amount to purchase or construct capital assets was \$106,431 for the year. Depreciation charges for the year totaled \$235,719. Additional information on the Authority's capital assets can be found in Note E of the notes to the basic financial statements of this report.

The housing authority is making an effort to rehabilitate all aging units when they become vacant. For FYE 12/31/2018, 8 of the 97 units were rehabilitated. Unit rehabilitations consist of new flooring, LED light fixtures, doors, interior paint, countertops, cabinets, plumbing and appliances.

DEBT ADMINISTRATION

The Authority has outstanding mortgages payable of \$912,021 for real property. The revenue from the Columbine Court Program and Market Rentals are pledged to repay the mortgages. Additional information on the Authority's long-term debt can be found in Note I of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2019 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or request for additional financial information, should be addressed to the Executive Director, Housing Authority of the City of Fort Lupton, 400 2nd Street, Fort Lupton, CO 80621.

INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2018, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Lupton, Colorado as of December 31, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2019 on our consideration of the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
April 15, 2019

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
December 31, 2018

	Housing
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 222,351
Accounts receivable, net	4,759
<i>Restricted:</i>	
Cash and cash equivalents	83,457
TOTAL CURRENT ASSETS	310,567
 NONCURRENT ASSETS:	
Capital Assets, non-depreciable	516,498
Capital Assets, depreciable, net	1,465,082
TOTAL NONCURRENT ASSETS	1,981,580
TOTAL ASSETS	\$ 2,292,147
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 30,806
Accrued payroll and benefits	438
Compensated absence payable	1,622
Unearned revenue	319
Accrued interest payable	2,442
Tenant security deposit payable	37,718
Current-portion, notes payable	58,939
TOTAL CURRENT LIABILITIES	132,284
 NONCURRENT LIABILITIES:	
Compensated absence payable	2,239
Notes payable	853,082
TOTAL NONCURRENT LIABILITIES	855,321
TOTAL LIABILITIES	987,605
 NET POSITION	
Net investment in capital assets	1,069,559
Restricted	45,739
Unrestricted	189,244
TOTAL NET POSITION	\$ 1,304,542

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended December 31, 2018

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	467,011
HUD program revenue		143,673
Other income		<u>30,679</u>
TOTAL OPERATING REVENUES		<u>641,363</u>
 OPERATING EXPENSES		
Administrative		145,770
Tenant Services		24,538
Utilities		138,927
Ordinary maintenance and operations		227,969
General expense		59,432
Depreciation		<u>235,719</u>
TOTAL OPERATING EXPENSES		<u>832,355</u>
OPERATING INCOME (LOSS)		<u>(190,992)</u>
 NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		144,339
HUD capital fund grants - operations		106,431
Interest income		220
Interest expense		(35,506)
Loss on capital asset dispositions		<u>(8,670)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>206,814</u>
INCREASE (DECREASE) IN NET POSITION		<u>15,822</u>
 NET POSITION:		
Net position, beginning balance		<u>1,288,720</u>
NET POSITION - ENDING BALANCE	\$	<u><u>1,304,542</u></u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended December 31, 2018

		Housing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Rental receipts	\$	466,951
HUD receipts		143,673
Other receipts		30,679
Tenant security deposits		1,839
		(379,044)
Cash payments for goods and services		(206,534)
		57,564
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		57,564
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		144,339
HUD capital fund grants - operations		106,431
		250,770
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		250,770
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(106,418)
Interest paid on capital debt		(35,619)
Principal paid on capital debt		(58,309)
		(200,346)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(200,346)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received		220
		220
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		220
		NET INCREASE (DECREASE) IN CASH
		108,208
CASH AND CASH EQUIVALENTS-BEGINNING		197,600
		CASH AND CASH EQUIVALENTS-END OF YEAR
	\$	305,808

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
 Year Ended December 31, 2018

RECONCILIATION OF INCOME (LOSS) FROM
 OPERATIONS TO NET CASH PROVIDED
 (USED) BY OPERATING ACTIVITIES:

	Housing
Operating income (loss)	\$ (190,992)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	235,719
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,366
(Increase) decrease in materials inventory	2,777
Increase (decrease) in accounts payable	10,109
Increase (decrease) in accrued payroll and benefits	(3,093)
Increase (decrease) in tenant security deposits	1,839
Increase (decrease) in tenant prepaid rents	(1,427)
Increase (decrease) in accrued leave	1,266
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 57,564

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Financial Reporting Entity

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

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

Public Housing Program - This program accounts for the operation, maintenance, and development of 20 apartments called Crane Court and 30 family scattered site units for HUD. The development of the projects was funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

Columbine Court - This program accounts for the operation and maintenance of 30 housing units known as Columbine Court which are owned by the Authority and was originally funded under the Section 221(d) (3) the program and with rental assistance through the Section 8 Program provided by the U.S. Department of Housing and Urban Development. During the year ended December 31, 2016, the Authority refinanced a loan from the Bank of Colorado which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property

Market Rentals - This program accounts for the operation and maintenance of 15 housing units which are owned by the Authority. The program is primarily funded by tenant rents.

Weld Co. NSP - This program accounts for the operation and maintenance of 2 individual houses that were purchased and renovated through the Neighborhood Stabilization Program. The program is primarily funded by tenant rents. As of December 31, 2018, the deed to the properties has not been transferred to the Authority.

Budgetary Process

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

Cash and Investments

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

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

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

Prepaid Items

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

Capital Assets and Depreciation

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

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

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

Grant Revenue

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

Use of Restricted/Unrestricted Net Position

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

Inventory

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

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The current policy will allow employees to earn 120 hours of paid time off and the Executive Director to earn 160 hours of paid time off per year. Employees can cash out half of the accrued leave and half can be accrued for the following year. Only 180 hours may be accrued at any given time.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

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

Taxpayer's Bill of Rights

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

NOTE B - DEPOSITS AND INVESTMENTS

At December 31, 2018, the Authority's carrying amount of deposits was \$305,808 and the bank balances were \$323,263. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of \$250,000 (including accrued interest) shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the balance \$250,000 was covered by federal depository insurance and \$73,263 was collateralized by the Public Deposit Protection Act.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2018 is as follows:

Tenants	\$	4,759
Allowance for doubtful accounts		--
	\$	<u>4,759</u>

NOTE D – RESTRICTED ASSETS

Cash and cash equivalents of \$83,457 at December 31, 2018 are restricted for Tenant Security Deposits in the amount of \$37,718 and \$45,739 is restricted for the Weld County NSP Program as further detailed in Note J.

NOTE E – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
Non-depreciable assets:				
Land	\$ 516,498	\$ -	\$ -	\$ 516,498
Construction in progress	-	-	-	-
Total non-depreciable assets	<u>516,498</u>	<u>-</u>	<u>-</u>	<u>516,498</u>
Depreciable assets				
Buildings	4,510,168	89,469	(35,191)	4,564,446
Equipment - Dwelling	101,677	15,566		117,243
Equipment - Administration	77,084	1,376		78,460
Total depreciable assets	<u>4,688,929</u>	<u>106,411</u>	<u>(35,191)</u>	<u>4,760,149</u>
Total Capital Assets	<u>5,205,427</u>	<u>106,411</u>	<u>(35,191)</u>	<u>5,276,647</u>
Accumulated depreciation				
Buildings	2,952,611	213,961	(26,524)	3,140,048
Equipment - Dwelling	81,146	8,485		89,631
Equipment - Administration	52,114	13,274		65,388
Total accumulated depreciation	<u>3,085,871</u>	<u>235,720</u>	<u>(26,524)</u>	<u>3,295,067</u>
Depreciable assets, net	<u>1,603,058</u>	<u>(129,309)</u>	<u>(8,667)</u>	<u>1,465,082</u>
Capital assets, net	<u>\$ 2,119,556</u>	<u>\$ (129,309)</u>	<u>\$ (8,667)</u>	<u>\$ 1,981,580</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE F – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2018 is as follows:

Vendors and contractors	\$	<u>30,806</u>
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NOTE G – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2018 is as follows:

Tenant prepaid rents	\$	<u>319</u>
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NOTE H—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2018 is as follows:

	<u>Beginning Balance</u>	<u>Net Increase</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ <u>1,218</u>	\$ <u>\$2,643</u>	\$ <u>3,861</u>	\$ <u>1,622</u>

NOTE I – LONG-TERM LIABILITIES

Notes Payable- Vehicles

In August, 2012, the Authority obtained financing with a local financial institution in the amount of \$34,824 to purchase a vehicle to be used for maintenance on all properties. The term of the loan is for five years with a 3.25% interest rate. The loan was retired during 2017.

In March 2014, the Authority obtained financing with a local financial institution in the amount of \$28,752 to purchase a vehicle to be used for tenant activities. The term of the loan is for 5 years with a 3.25% interest rate.

A summary of changes in Notes payable - Vehicles for the year ended December 31, 2018 are as follows:

<u>Description</u>	<u>Balance 1/1/2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/2018</u>	<u>Due Within One Year</u>
Bank of Colorado Loan	\$ <u>1,553</u>	\$ <u>-</u>	\$ <u>(1,553)</u>	\$ <u>-</u>	\$ <u>-</u>
Total	\$ <u>1,553</u>	\$ <u>-</u>	\$ <u>(1,553)</u>	\$ <u>-</u>	\$ <u>-</u>
			Less current maturities	<u>-</u>	
			Long-term portion	<u>\$ -</u>	

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Notes Payable - Properties

On April 10, 2015, the Authority refinanced a loan from a local financial institution which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property known as Columbine Court, a thirty-unit rental property. The loan had an original amount of \$281,977 which bears interest at 3.75% adjustable on April 2020. The loan requires monthly principal and interest payments of \$2,830 and matures April 2025. The balance due at December 31, 2018 was \$190,892.

On May 29, 2012, the Authority obtained a mortgage from a local financial institution for the financing of market rate rental known as 210 Harrison. The loan had an original amount of \$59,000 which bears interest at 3.34% adjustable on May 29, 2017. The loan requires monthly principal and interest payments of \$336 and matures June 2032. The balance due at December 31, 2018 was \$43,904.

On March 25, 2016, the Authority obtained a mortgage from a local financial institution for the financing of 7 market rate rentals known as 200 1st Street. The loan had an original amount of \$608,706 which bears interest at 3.75% adjustable on May 1, 2021. The loan requires monthly principal and interest payments of \$3,150 and matures April 2041. The balance due at December 31, 2018 was \$568,174.

On July 15, 2016, the Authority obtained a mortgage from a local financial institution for the financing of a 5-acre tract of land known as 911 S. Denver. The loan had an original amount of \$137,699 which bears interest at 3.75% adjustable on August 15, 2021. The loan requires monthly principal and interest payments of \$1,381 and matures July 2026. The balance due at December 31, 2018 was \$109,052.

A summary of changes in Notes Payable - Properties for the year ended December 31, 2018 are as follows:

Description	Balance 1/1/2018	Additions	Retired	Balance 12/31/2018	Due Within One Year
Mortgage-Columbine	\$ 217,059	\$ -	\$ (26,167)	\$ 190,892	\$ 27,178
Mortgage-210 Harrison	46,446	-	(2,542)	43,904	2,627
Mortgage-200 1st Street	584,044	-	(15,869)	568,174	16,483
Mortgage-911 S. Denver	121,231	-	(12,179)	109,052	12,650
Total	<u>\$ 968,779</u>	<u>\$ -</u>	<u>\$ (56,757)</u>	<u>\$ 912,021</u>	<u>\$ 58,939</u>
			Less current maturities	(58,939)	
			Long-term portion	<u>\$ 853,082</u>	

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 58,939	\$ 33,438	\$ 92,377
2020	61,115	31,262	92,377
2021	63,556	28,821	92,377
2022	66,001	26,376	92,377
2023	68,539	23,838	92,377
2024-2028	208,903	88,376	297,279
2029-2033	143,406	59,711	203,117
2034-2038	157,292	31,707	188,999
2039-2042	84,270	3,929	88,199
	<u>\$ 912,021</u>	<u>\$ 327,458</u>	<u>\$ 1,239,479</u>

NOTE J—NET POSITION

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

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Agency that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This category represents net position of the Agency, not restricted for any project or other purposes.

A summary of restricted net position as of December 31, 2018 is as follows:

Weld County NSP Program \$45,739 – On June 9, 2014, the Authority signed a lease with the Weld County Housing Authority whereas the Authority would receive 2 NSP (Neighborhood Stabilization Program) Houses. According to the agreement the Authority would receive all the benefits until the time of the Deed Restriction transfer documents had occurred. In addition, the Authority is required to deposit any moneys received for rent are to be held in a separate account until such time as the terms of the Deed Restriction (transfer documents) have been defined. As of December 31, 2018, the transfer of the properties has not occurred, and the net position is being reported as restricted.

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE K – CONTINGENCIES

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

NOTE L - RISK MANAGEMENT

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

During the year ended December 31, 2018, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**SUPPLEMENTAL INFORMATION-
PROGRAM FINANCIAL SCHEDULES**

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2018

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ 179,342	\$ 7,782	\$ 34,964	\$ 263	\$ 222,351
Accounts receivable, net	2,991	1,091	677	-	4,759
<i>Restricted:</i>					
Cash and cash equivalents	18,330	8,873	9,142	47,112	83,457
TOTAL CURRENT ASSETS	200,663	17,746	44,783	47,375	310,567
NONCURRENT ASSETS:					
Capital Assets, non-depreciable	119,640	65,000	331,858	-	516,498
Capital Assets, depreciable, net	610,499	249,928	602,748	1,907	1,465,082
TOTAL NONCURRENT ASSETS	730,139	314,928	934,606	1,907	1,981,580
TOTAL ASSETS	\$ 930,802	\$ 332,674	\$ 979,389	\$ 49,282	\$ 2,292,147
LIABILITIES					
CURRENT LIABILITIES:					
Accounts payable	\$ 13,760	\$ 9,143	\$ 7,640	\$ 263	\$ 30,806
Accrued payroll and benefits	438	-	-	-	438
Compensated absence payable	843	503	276	-	1,622
Unearned revenue	64	204	51	-	319
Accrued interest payable	-	308	2,134	-	2,442
Tenant security deposit payable	18,330	8,873	9,142	1,373	37,718
Current-portion, notes payable	-	27,179	31,760	-	58,939
TOTAL CURRENT LIABILITIES	33,435	46,210	51,003	1,636	132,284
NONCURRENT LIABILITIES:					
Compensated absence payable	1,164	694	381	-	2,239
Notes payable	-	163,713	689,369	-	853,082
TOTAL NONCURRENT LIABILITIES	1,164	164,407	689,750	-	855,321
TOTAL LIABILITIES	34,599	210,617	740,753	1,636	987,605
NET POSITION					
Net investment in capital assets	730,139	124,036	213,477	1,907	1,069,559
Restricted	-	-	-	45,739	45,739
Unrestricted	166,064	(1,979)	25,159	-	189,244
TOTAL NET POSITION	\$ 896,203	\$ 122,057	\$ 238,636	\$ 47,646	\$ 1,304,542

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
Year Ended December 31, 2018

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
OPERATING REVENUES					
Rental income	\$ 187,659	\$ 109,668	\$ 148,480	\$ 21,204	\$ 467,011
HUD program revenue	-	143,673	-	-	143,673
Other income	418	819	48,995	-	50,232
TOTAL OPERATING REVENUES	188,077	254,160	197,475	21,204	660,916
OPERATING EXPENSES					
Administrative	72,482	44,700	27,890	2,818	147,890
Tenant Services	10,035	13,169	1,334	-	24,538
Utilities	77,880	41,118	16,669	3,260	138,927
Ordinary maintenance and operations	117,300	86,250	40,413	1,439	245,402
General expense	31,217	15,731	10,544	1,940	59,432
Depreciation	124,775	67,880	42,524	540	235,719
TOTAL OPERATING EXPENSES	433,689	268,848	139,374	9,997	851,908
OPERATING INCOME (LOSS)	(245,612)	(14,688)	58,101	11,207	(190,992)
NONOPERATING REVENUES (EXPENSES)					
HUD operating subsidy	144,339	-	-	-	144,339
HUD capital fund grants - operations	106,431	-	-	-	106,431
Interest income	195	8	4	13	220
Interest expense	-	(7,757)	(27,749)	-	(35,506)
Loss on capital asset dispositions	(7,512)	(757)	(401)	-	(8,670)
TOTAL NONOPERATING REVENUES (EXPENSES)	243,453	(8,506)	(28,146)	13	206,814
INCREASE (DECREASE) IN NET POSITION	(2,159)	(23,194)	29,955	11,220	15,822
NET POSITION:					
Net position, beginning balance	898,362	145,251	208,681	36,426	1,288,720
NET POSITION - ENDING BALANCE	\$ 896,203	\$ 122,057	\$ 238,636	\$ 47,646	\$ 1,304,542

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended December 31, 2018

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Rental receipts	\$ 187,258	\$ 110,009	\$ 148,480	\$ 21,204	\$ 466,951
HUD receipts	-	143,673	-	-	143,673
Other receipts	418	819	48,995	-	50,232
Tenant security deposits	982	925	(125)	57	1,839
Cash payments for goods and services	(200,499)	(127,709)	(60,934)	(9,455)	(398,597)
Cash payments to employees for services	(107,485)	(69,957)	(29,092)	-	(206,534)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(119,326)	57,760	107,324	11,806	57,564
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
HUD operating subsidy	144,339	-	-	-	144,339
HUD capital fund grants - operations	106,431	-	-	-	106,431
Interfund borrowings	-	-	(20,743)	20,743	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	250,770	-	(20,743)	20,743	250,770
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Purchases and construction of capital assets	(46,646)	(55,241)	(4,531)	-	(106,418)
Interest paid on capital debt	-	(7,799)	(27,820)	-	(35,619)
Principal paid on capital debt	-	(26,166)	(32,143)	-	(58,309)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(46,646)	(89,206)	(64,494)	-	(200,346)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	195	8	4	13	220
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	195	8	4	13	220
NET INCREASE (DECREASE) IN CASH	84,993	(31,438)	22,091	32,562	108,208
CASH AND CASH EQUIVALENTS-BEGINNING	112,679	48,093	22,015	14,813	197,600
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 197,672	\$ 16,655	\$ 44,106	\$ 47,375	\$ 305,808

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended December 31, 2018

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (245,612)	\$ (14,688)	\$ 58,101	\$ 11,207	\$ (190,992)
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	124,775	67,880	42,524	540	235,719
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	546	297	523	-	1,366
(Increase) decrease in materials inventory	1,300	263	1,214	-	2,777
Increase (decrease) in accounts payable	975	3,382	5,750	2	10,109
Increase (decrease) in accrued payroll and benefits	(2,002)	(735)	(356)	-	(3,093)
Increase (decrease) in tenant security deposits	982	925	(125)	57	1,839
Increase (decrease) in tenant prepaid rents	(948)	44	(523)	-	(1,427)
Increase (decrease) in accrued leave	658	392	216	-	1,266
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (119,326)	\$ 57,760	\$ 107,324	\$ 11,806	\$ 57,564

**SUPPLEMENTAL INFORMATION-
FINANCIAL DATA SCHEDULE**

Housing Authority of the City of Fort Lupton (CO029)
FORT LUPTON, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$179,342	\$7,782	\$35,227	\$222,351		\$222,351
113 Cash - Other Restricted			\$45,739	\$45,739		\$45,739
114 Cash - Tenant Security Deposits	\$18,330	\$8,873	\$10,515	\$37,718		\$37,718
100 Total Cash	\$197,672	\$16,655	\$91,481	\$305,808		\$305,808
126 Accounts Receivable - Tenants	\$3,213	\$1,091	\$677	\$4,981		\$4,981
126.1 Allowance for Doubtful Accounts - Tenants	-\$222	\$0	\$0	-\$222		-\$222
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,991	\$1,091	\$677	\$4,759		\$4,759
150 Total Current Assets	\$200,663	\$17,746	\$92,158	\$310,567		\$310,567
161 Land	\$119,640	\$65,000	\$331,858	\$516,498		\$516,498
162 Buildings	\$2,329,099	\$1,302,172	\$933,173	\$4,564,444		\$4,564,444
163 Furniture, Equipment & Machinery - Dwellings	\$29,895	\$43,428	\$43,921	\$117,242		\$117,242
164 Furniture, Equipment & Machinery - Administration	\$12,311	\$8,001	\$58,149	\$78,461		\$78,461
166 Accumulated Depreciation	-\$1,760,808	-\$1,103,671	-\$430,588	-\$3,295,065		-\$3,295,065
160 Total Capital Assets, Net of Accumulated Depreciation	\$730,139	\$314,928	\$938,513	\$1,981,580		\$1,981,580
180 Total Non-Current Assets	\$730,139	\$314,928	\$938,513	\$1,981,580		\$1,981,580
290 Total Assets and Deferred Outflow of Resources	\$930,802	\$332,674	\$1,028,671	\$2,292,147		\$2,292,147
312 Accounts Payable <= 90 Days	\$13,760	\$9,143	\$7,903	\$30,806		\$30,806
321 Accrued Wage/Payroll Taxes Payable	\$438			\$438		\$438
322 Accrued Compensated Absences - Current Portion	\$843	\$503	\$276	\$1,622		\$1,622
325 Accrued Interest Payable		\$308	\$2,134	\$2,442		\$2,442
341 Tenant Security Deposits	\$18,330	\$8,873	\$10,515	\$37,718		\$37,718
342 Unearned Revenue	\$54	\$204	\$51	\$319		\$319
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$27,179	\$31,780	\$58,939		\$58,939
310 Total Current Liabilities	\$33,435	\$46,210	\$52,639	\$132,284		\$132,284
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$163,713	\$689,369	\$853,082		\$853,082
354 Accrued Compensated Absences - Non Current	\$1,164	\$694	\$381	\$2,239		\$2,239
350 Total Non-Current Liabilities	\$1,164	\$164,407	\$689,750	\$855,321		\$855,321
300 Total Liabilities	\$34,599	\$210,617	\$742,389	\$987,605		\$987,605
508.4 Net Investment in Capital Assets	\$730,139	\$124,036	\$215,384	\$1,069,559		\$1,069,559
511.4 Restricted Net Position			\$45,739	\$45,739		\$45,739
512.4 Unrestricted Net Position	\$168,064	-\$1,979	\$25,159	\$189,244		\$189,244
513 Total Equity - Net Assets / Position	\$896,203	\$122,057	\$286,282	\$1,304,542		\$1,304,542
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$930,802	\$332,674	\$1,028,671	\$2,292,147		\$2,292,147

Housing Authority of the City of Fort Lupton (CO029)
FORT LUPTON, CO
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$181,134	\$102,104	\$169,684	\$452,922		\$452,922
70400 Tenant Revenue - Other	\$8,525	\$7,564		\$14,089		\$14,089
70500 Total Tenant Revenue	\$187,659	\$109,668	\$169,684	\$467,011	\$0	\$467,011
70800 HUD PHA Operating Grants	\$250,770	\$143,673		\$394,443		\$394,443
71100 Investment Income - Unrestricted	\$195	\$8	\$17	\$220		\$220
71500 Other Revenue	\$418	\$819	\$48,995	\$50,232	-\$19,553	\$30,679
71600 Gain or Loss on Sale of Capital Assets	-\$7,512	-\$757	-\$401	-\$8,670		-\$8,670
70000 Total Revenue	\$431,530	\$253,411	\$218,295	\$903,236	-\$19,553	\$883,683
91100 Administrative Salaries	\$40,558	\$24,179	\$13,260	\$77,997		\$77,997
91200 Auditing Fees	\$4,130	\$2,028	\$1,743	\$7,901		\$7,901
91300 Management Fee			\$2,120	\$2,120		\$2,120
91500 Employee Benefit contributions - Administrative	\$7,286	\$4,344	\$2,545	\$14,175		\$14,175
91600 Office Expenses	\$19,028	\$13,058	\$10,353	\$42,439	-\$2,120	\$40,319
91700 Legal Expense	\$574	\$1,002	\$430	\$2,006		\$2,006
91800 Travel	\$149	\$89	\$49	\$287		\$287
91800 Other	\$757		\$208	\$965		\$965
91000 Total Operating - Administrative	\$72,482	\$44,700	\$30,708	\$147,890	-\$2,120	\$145,770
92400 Tenant Services - Other	\$10,035	\$13,169	\$1,334	\$24,538		\$24,538
92500 Total Tenant Services	\$10,035	\$13,169	\$1,334	\$24,538	\$0	\$24,538
93100 Water	\$41,182	\$10,974	\$9,182	\$61,338		\$61,338
93200 Electricity	\$10,751	\$19,915	\$1,336	\$32,002		\$32,002
93300 Gas	\$8,490	\$7,629	\$2,465	\$16,584		\$16,584
93600 Sewer	\$16,913	\$2,600	\$8,946	\$28,459		\$28,459
93800 Other Utilities Expense	\$2,544			\$2,544		\$2,544
93000 Total Utilities	\$77,880	\$41,118	\$19,929	\$138,927	\$0	\$138,927
94100 Ordinary Maintenance and Operations - Labor	\$49,252	\$33,754	\$9,663	\$92,669		\$92,669
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,413	\$19,781	\$5,021	\$43,215		\$43,215
94300 Ordinary Maintenance and Operations Contracts	\$38,559	\$26,113	\$23,686	\$88,358	-\$17,433	\$70,925
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,076	\$6,602	\$3,482	\$21,160		\$21,160
94000 Total Maintenance	\$117,300	\$86,250	\$41,852	\$245,402	-\$17,433	\$227,969
96110 Property Insurance	\$22,644	\$10,483	\$9,856	\$42,983		\$42,983
96120 Liability Insurance	\$1,277	\$761	\$418	\$2,456		\$2,456
96130 Workmen's Compensation	\$3,188	\$1,900	\$1,042	\$6,130		\$6,130
96140 All Other Insurance	\$3,451	\$2,195	\$953	\$6,599		\$6,599
96100 Total Insurance Premiums	\$30,560	\$15,339	\$12,289	\$58,168	\$0	\$58,168
96210 Compensated Absences	\$657	\$392	\$215	\$1,264		\$1,264
96000 Total Other General Expenses	\$657	\$392	\$215	\$1,264	\$0	\$1,264
96710 Interest of Mortgage (or Bonds) Payable		\$7,757	\$27,749	\$35,506		\$35,506
96700 Total Interest Expense and Amortization Cost	\$0	\$7,757	\$27,749	\$35,506	\$0	\$35,506
96900 Total Operating Expenses	\$308,914	\$208,725	\$134,056	\$651,695	-\$19,553	\$632,142
97000 Excess of Operating Revenue over Operating Expenses	\$122,616	\$44,686	\$84,239	\$251,541	\$0	\$251,541
97400 Depreciation Expense	\$124,775	\$67,880	\$43,064	\$235,719		\$235,719
90000 Total Expenses	\$433,689	\$276,605	\$177,120	\$887,414	-\$19,553	\$867,861
10010 Operating Transfer In	\$106,431			\$106,431	-\$106,431	\$0
10020 Operating Transfer Out	-\$106,431			-\$106,431	\$106,431	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,159	-\$23,194	\$41,175	\$15,822	\$0	\$15,822
11020 Required Annual Debt Principal Payments	\$0	\$26,167	\$32,143	\$58,310		\$58,310
11030 Beginning Equity	\$898,362	\$145,251	\$245,107	\$1,288,720		\$1,288,720
11190 Unit Months Available	600	360	228	1188		1188
11210 Number of Unit Months Leased	580	330	212	1122		1122
11270 Excess Cash	\$140,590			\$140,590		\$140,590
11620 Building Purchases	\$44,034			\$44,034		\$44,034
11630 Furniture & Equipment - Dwelling Purchases	\$1,750			\$1,750		\$1,750
11640 Furniture & Equipment - Administrative Purchases	\$863			\$863		\$863

Housing Authority of the City of Fort Lupton (CO029)
FORT LUPTON, CO
Single Project Revenue and Expense

Submission Type: Audited/Non Single
 Audit

Fiscal Year End: 12/31/2018

Project: CO029000029 FORT LUPTON

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$181,134		\$181,134
70400 Tenant Revenue - Other	\$6,525		\$6,525
70500 Total Tenant Revenue	\$187,659	\$0	\$187,659
70600 HUD PHA Operating Grants	\$144,339	\$106,431	\$250,770
71100 Investment Income - Unrestricted	\$195		\$195
71500 Other Revenue	\$418		\$418
71600 Gain or Loss on Sale of Capital Assets	-\$7,512		-\$7,512
70000 Total Revenue	\$325,099	\$106,431	\$431,530
91100 Administrative Salaries	\$40,558		\$40,558
91200 Auditing Fees	\$4,130		\$4,130
91500 Employee Benefit contributions - Administrative	\$7,286		\$7,286
91600 Office Expenses	\$19,028		\$19,028
91700 Legal Expense	\$574		\$574
91800 Travel	\$149		\$149
91900 Other	\$757		\$757
91000 Total Operating - Administrative	\$72,482	\$0	\$72,482
92400 Tenant Services - Other	\$10,035		\$10,035
92500 Total Tenant Services	\$10,035	\$0	\$10,035
93100 Water	\$41,182		\$41,182
93200 Electricity	\$10,751		\$10,751
93300 Gas	\$6,490		\$6,490
93600 Sewer	\$16,913		\$16,913
93800 Other Utilities Expense	\$2,544		\$2,544
93000 Total Utilities	\$77,880	\$0	\$77,880
94100 Ordinary Maintenance and Operations - Labor	\$49,252		\$49,252
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,413		\$18,413
94300 Ordinary Maintenance and Operations Contracts	\$38,559	\$0	\$38,559
94500 Employee Benefit Contributions - Ordinary Maintenance	\$11,076		\$11,076
94000 Total Maintenance	\$117,300	\$0	\$117,300
96110 Property Insurance	\$22,644		\$22,644
96120 Liability Insurance	\$1,277		\$1,277
96130 Workmen's Compensation	\$3,188		\$3,188
96140 All Other Insurance	\$3,451		\$3,451
96100 Total insurance Premiums	\$30,560	\$0	\$30,560
96210 Compensated Absences	\$657		\$657
96000 Total Other General Expenses	\$657	\$0	\$657
96900 Total Operating Expenses	\$308,914	\$0	\$308,914
97000 Excess of Operating Revenue over Operating Expenses	\$16,185	\$106,431	\$122,616
97400 Depreciation Expense	\$124,775		\$124,775
90000 Total Expenses	\$433,689	\$0	\$433,689
10010 Operating Transfer In	\$106,431		\$106,431
10020 Operating transfer Out		-\$106,431	-\$106,431
10100 Total Other financing Sources (Uses)	\$106,431	-\$106,431	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$2,159	\$0	-\$2,159
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$898,362	\$0	\$898,362
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	580		580
11270 Excess Cash	\$140,590		\$140,590
11620 Building Purchases	\$44,034	\$0	\$44,034
11630 Furniture & Equipment - Dwelling Purchases	\$1,750	\$0	\$1,750
11640 Furniture & Equipment - Administrative Purchases	\$863	\$0	\$863

GOVERNMENT AUDITING STANDARDS SECTION

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

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

Independent Auditors Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2018, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements, and have issued our report thereon dated April 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Niewedde & Wiens, CPA's

York, Nebraska
April 15, 2019