

**HOUSING AUTHORITY OF  
TOWN OF HAXTUN, COLORADO**

**FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITORS' REPORT**

**For the Year Ended  
March 31, 2018**

# HOUSING AUTHORITY OF THE TOWN OF HAXTUN

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Required Supplementary Information - Unaudited)

**HOUSING AUTHORITY OF TOWN OF HAXTUN, COLORADO**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended March 31, 2018**

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This section of the report provides readers with a narrative overview and analysis of the financial activities of the Housing Authority of Town of Haxtun, Colorado (the Authority) for the fiscal year ended March 31, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the Authority's financial performance.

**Financial Highlights**

The Authority's assets exceeded liabilities by \$697,749 at March 31, 2018.

The March 31, 2018 net position is \$(47,706) less than the prior year. The total net position is 359% of 2018 operating expenses. Unrestricted net position of \$335,722 represents 173% of operating expenses. This percentage is up from the prior year due to hail related capital asset casualty losses that occurred in fiscal year 2017.

**Overview of the Financial Statements**

The Authority has a single enterprise fund and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to the Authority's financial statements. The annual report consists of a series of financial statements and other information as follows:

*Management's Discussion and Analysis* introduces the financial statements and provides an analytical overview of the Authority's financial activities.

The *Statement of Net Position* presents information on the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the Authority's operating revenues and expenses, nonoperating revenues and expenses, and whether the Authority's financial position has improved or deteriorated as a result of the year's activities.

The *Statement of Cash Flows* presents the change in the Authority's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Authority financed its activities and how it met its cash requirements.

The *Notes to Financial Statements* provide additional information essential to a full understanding of the data provided in the financial statements.

## Government-wide Financial Analysis

Net Position – As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. As of March 31, 2018, assets exceeded liabilities by \$697,749.

The following table provides a summary of the Authority’s net position:

Condensed Statement of Net Position		
	2018	2017
Assets		
Current and other assets	\$ 408,547	\$ 428,717
Capital assets, net	381,120	413,047
Total Assets	<u>789,667</u>	<u>841,764</u>
Liabilities		
Current and other liabilities	52,825	52,489
Long-term liabilities	39,093	43,820
Total Liabilities	<u>91,918</u>	<u>96,309</u>
Net Position		
Net Investment in Capital Assets	342,027	369,227
Restricted	20,000	20,000
Unrestricted	335,722	356,228
Total Net Position	<u>\$ 697,749</u>	<u>\$ 745,455</u>

A significant portion of the Authority’s net position reflects its investment in capital assets. These assets include land and improvements, buildings and improvements and equipment. These capital assets are used to provide services to residents; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The only long-term debt is the loan for construction of the Villa East property. The Authority has no other long-term debt.

Part of the Authority’s net position represents resources that are subject to external restriction on how they may be used. Included in this category is the debt service reserve of \$20,000.

A significant portion of the Authority’s net position represents unrestricted net position of \$335,722, which may be used to meet the Authority’s ongoing obligations to residents and creditors.

The following table indicates the changes in net position:

Changes in Net Position		
	<u>2018</u>	<u>2017</u>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 106,253	\$ 103,732
<b>General revenues</b>		
HUD Contribution and Grant	37,828	44,721
Capital grants	-	36,350
Investment earnings	1,675	1,328
Other	703	64,874
Total revenues	<u>146,459</u>	<u>251,005</u>
<b>Expenses</b>		
Program services	157,199	205,334
Depreciation	36,509	35,220
Interest on long-term debt	457	601
Total expenses	<u>194,165</u>	<u>241,155</u>
Changes in Net Position	<u>\$ (47,706)</u>	<u>\$ 9,850</u>

The most significant changes in the 2018 operation was related to the lack of utilization of capital grants combined with fiscal year 2017 hail losses that impacted general revenues through the receipt of insurance proceeds and program service expenses in the form of a casualty loss from the original roof that was replaced.

### **Capital Assets and Debt Administration**

Capital Assets – The Authority’s investment in capital assets as of March 31, 2018 amounts to \$381,120 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings and improvements and equipment, all with an original cost of \$500 or greater.

Capital asset additions during the fiscal year included the replacement of a refrigerator, hot water heater and flooring.

The Authority's capital assets were as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>4/1/17</b>	<b>Additions</b>	<b>Deletions</b>	<b>3/31/18</b>
Capital assets not being depreciated				
Land	\$ 2,098	\$ -	\$ -	\$ 2,098
Capital assets being depreciated				
Buildings and improvements	1,170,371	3,828	-	1,174,199
Land improvements	13,834	-	-	13,834
Equipment	91,440	754	-	92,194
Total capital assets being depreciated	<u>1,275,645</u>	<u>4,582</u>	<u>-</u>	<u>1,280,227</u>
Less: Accumulated depreciation				
Buildings and improvements	(780,261)	(33,228)	-	(813,489)
Land improvements	(8,201)	(627)	-	(8,828)
Equipment	(76,234)	(2,654)	-	(78,888)
Total accumulated depreciation	<u>(864,696)</u>	<u>(36,509)</u>	<u>-</u>	<u>(901,205)</u>
Capital assets, net	<u>\$ 413,047</u>	<u>\$ (31,927)</u>	<u>\$ -</u>	<u>\$ 381,120</u>

Additional information on the Authority's capital assets can be found in Note 3 to the basic financial statements.

Long-term Debt – At March 31, 2018, the Authority had a note payable obligation in the amount of \$39,093 (\$43,820 at March 31, 2017), to be funded from rent revenue, payable to Rural Development. Additional information on the Authority's long-term debt can be found in Note 4 to the basic financial statements.

	<b>Balance</b>			<b>Balance</b>	<b>Current</b>
	<b>4/1/2017</b>	<b>Advances</b>	<b>Payments</b>	<b>3/31/2018</b>	<b>Portion</b>
Notes Payable - Rural Development	\$ 43,820	\$ -	\$ 4,727	\$ 39,093	\$ 4,815
Accrued Compensated Absences	4,069	-	1,265	2,804	2,804
<b>Total Noncurrent Obligations</b>	<u>\$ 47,889</u>	<u>\$ -</u>	<u>\$ 5,992</u>	<u>\$ 41,897</u>	<u>\$ 7,619</u>

### Other Matters

The following factors are expected to have a significant effect on the Authority's financial position and results of operations and were taken into account in planning for 2019 fiscal year operations:

- Future fair market rents and rent supplements must be approved by HUD and are expected to be minimal.
- The Authority does not anticipate any substantial rehabilitation work during the year but will complete all repairs as needed.

**Requests for Information**

This financial report is designed to provide the Authority's residents, creditors and others with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives. Questions concerning this report or additional information should be addressed to the Authority, 136 S. Miller, P.O. Box 95, Haxtun, Colorado 80731.

# Holscher, Mayberry & Company, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
and Private Company Practice Section

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Board of Directors  
Haxtun Housing Authority  
Haxtun, CO

## Independent Auditors' Report

### Report on the Financial Statements

We have audited the accompanying financial statements of the Haxtun Housing Authority, the "Authority", as of and for the year ended March 31, 2018 and the related notes to the financial statements which collectively comprise the basic financial statements of the Authority, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity'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 entity's internal controls. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the Haxtun Housing Authority as of March 31, 2018, and the changes in financial position and cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Haxtun Housing Authority's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information – Management Discussion and Analysis*

Accounting principles generally accepted in the United States of America require that the management, discussion and analysis on pages i - v 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, 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 the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining schedules listed as other supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. The 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 basic 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 our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Report on Other Legal and Regulatory Requirements**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule reports pages 16-18 are presented for state regulatory compliance and are not a required part of the financial statements. 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. The 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 basic financial statements or to 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Holscher, Mayberry + Company, LLC*

Englewood, Colorado  
October 12, 2018

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**STATEMENT OF NET POSITION**

**March 31, 2018**

	<u>Business- Type Activities</u>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 195,187
Cash - Security Deposits	8,475
Net Receivables	724
Investments - Unrestricted	193,844
Prepaid Assets	<u>10,317</u>
Total Current Assets	408,547
Noncurrent Assets	
Capital Assets, net	<u>381,120</u>
Total Assets	<u>789,667</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	5,672
Accrued Wage/Payroll Taxes Payable	2,536
Accrued Compensated Absences - Current	2,804
Tenant Security Deposits	8,475
Accrued Liabilities - Other	30,432
Unearned Revenue	<u>2,906</u>
Total Current Liabilities	<u>52,825</u>
Noncurrent Liabilities	
Due Within One Year	4,815
Due Beyond One Year	<u>34,278</u>
Total Noncurrent Liabilities	<u>39,093</u>
Total Liabilities	<u>91,918</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	342,027
Restricted Net Position	20,000
Unrestricted Net Position	<u>335,722</u>
Total Net Position	<u>\$ 697,749</u>

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

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
For the Year Ended March 31, 2018**

	Business- Type Activities
OPERATING REVENUES	
Dwelling Rents	\$ 103,033
Other Tenant Revenue	<u>3,220</u>
Total Operating Revenues	<u>106,253</u>
OPERATING EXPENSES	
Administrative	69,276
Utilities	37,531
Maintenance & Operations	36,696
Taxes and Insurance	13,371
Other General Expense	325
Interest Expense	457
Depreciation Expense	<u>36,509</u>
Total Operating Expenses	<u>194,165</u>
OPERATING INCOME (LOSS)	<u>(87,912)</u>
OTHER INCOME (EXPENSE)	
HUD Contribution and Grant	37,828
Investment Income - Unrestricted	1,675
Other Revenue	<u>703</u>
Total Other Income (Expense)	<u>40,206</u>
CHANGE IN NET POSITION	(47,706)
NET POSITION, Beginning	<u>745,455</u>
NET POSITION, Ending	<u>\$ 697,749</u>

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

# HOUSING AUTHORITY OF THE TOWN OF HAXTUN

## STATEMENT OF CASH FLOW For the Year Ended March 31, 2018

	Business - Type Activities
Cash Flows from Operating Activities	
Receipts from Tenants and Others	\$ 107,494
Payments to Suppliers	(105,462)
Payments to Employees	(53,629)
Net Cash Used by Operating Activities	<u>(51,597)</u>
Cash Flows from Noncapital Financing Activities	
Federal Subsidies	42,281
Other Nonoperating Revenues	703
Net Cash Provided by Noncapital Financing Activities	<u>42,984</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(4,582)
Principal Paid on Outstanding Debt	(4,727)
Net Cash Used by Capital and Related Financing Activities	<u>(9,309)</u>
Cash Flows from Investing Activities	
Earnings on Investments	1,675
Interest Credits to Certificates of Deposit Investments	(1,100)
Net Cash Provided by Investing Activities	<u>575</u>
Net Change in Cash	(17,347)
CASH, Beginning	<u>221,009</u>
CASH, Ending	<u>\$ 203,662</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating Income (Loss)	\$ (87,912)
Depreciation	36,509
Changes in operating assets and liabilities:	
Accounts Receivable	(334)
Prepaid Expenses	(197)
Accounts Payable	(1,037)
Accrued Salaries and Benefits	1,064
Accrued Compensated Absences	(1,265)
Tenant Security Deposits	1,365
Unearned Revenue	210
Net Cash Provided (Used) by Operating Activities	<u>\$ (51,597)</u>

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

# HOUSING AUTHORITY OF THE TOWN OF HAXTUN

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Housing Authority of Town of Haxtun, Colorado's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The more significant of the Authority's accounting policies are described below.

#### **Reporting entity**

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Authority has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Authority has no component units.

#### **Nature of operations**

The Housing Authority of the Town of Haxtun, Colorado, provides 32 units of qualified individual and family housing with construction financed through a grant from HUD, a loan from USDA Rural Development and local contributions. Villa East consists of 10 two-bedroom units receiving USDA Rural Development rental assistance; with the remaining 22 units receiving HUD project based operating and capital assistance.

The General Fund holds the Authority's assets and related liabilities.

#### **Basis of accounting**

The Authority's basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The accounts of the Authority are organized on the basis of a proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities that (a) are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (assets less liabilities) are segregated into net investments in capital assets, restricted for debt service and unrestricted components.

**Encumbrances**

The Authority does not utilize encumbrance accounting.

**Cash and cash equivalents**

For the purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents.

**Receivables**

Based upon a review of existing accounts receivable and prior collection experience, the Authority has established an allowance for doubtful accounts in the amount of \$1,632.

**Capital assets**

All capital assets with a unit cost greater than \$500 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

The Authority does not capitalize interest costs related to its constructed fixed assets.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	<u>Estimated Useful Lives</u>
Land Improvements	5 – 10 years
Buildings and Improvements	15 – 50 years
Equipment	3 – 10 years

**Compensated absences**

The Authority’s personnel policies permit employees to carryover and receive vacation or sick leave benefits upon request; this liability has been recorded in the financial statements pursuant to GASB Statement No. 16, “Accounting for Compensated Absences.”

# HOUSING AUTHORITY OF THE TOWN OF HAXTUN

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2018

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Net Position**

Net position represents the difference between assets and liabilities. Net Investment in Capital Assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors (such as through debt covenants), grantors or laws or regulations of other governments. All remaining net position is considered unrestricted.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

#### **Operating revenues and expenses**

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from nonexchange transactions or ancillary activities.

#### **Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. The Authority had no transactions that qualify as extraordinary or special items during the year.

#### **Budgetary reporting**

Colorado statutes do not require the Authority to legally adopt an annual budget.

### NOTE 2: CASH AND INVESTMENTS

#### **Cash and deposits**

Colorado State statutes govern the Authority's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At year-end, the bank balance was either insured or collateralized with securities held by the pledging institution’s trust department or agent in the Authority’s name.

	<b>Bank Balance</b>	<b>Carrying Balance</b>
FDIC Insured Deposits	\$209,987	\$203,637
FDIC Insured Investments	40,013	46,363
PDPA Secured Investments (1)	153,831	147,481
Cash on Hand	-	25
Total Cash and Investments	<u>\$403,831</u>	<u>\$397,506</u>

(1) - Not in the Authority's name

**Investments**

Authorized investments – Investment policies are governed by Colorado State Statutes and the Authority’s own investment policies and procedures. Investments of the Authority may include:

- Obligations of the United States Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the Authority only had investments in certificates of deposit.

The Authority’s cash and investments are presented as follows in the financial statements:

Cash	\$195,187
Cash - Security Deposits	8,475
Investments - Unrestricted	<u>193,844</u>
Total Cash and Investments	<u>\$397,506</u>

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 3: CAPITAL ASSETS**

Capital asset activity for the year was as follows:

	<u>Balance</u> <u>4/1/17</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>3/31/18</u>
Capital assets not being depreciated				
Land	\$ 2,098	\$ -	\$ -	\$ 2,098
Capital assets being depreciated				
Buildings and improvements	1,170,371	3,828	-	1,174,199
Land improvements	13,834	-	-	13,834
Equipment	91,440	754	-	92,194
Total capital assets being depreciated	<u>1,275,645</u>	<u>4,582</u>	<u>-</u>	<u>1,280,227</u>
Less: Accumulated depreciation				
Buildings and improvements	(780,261)	(33,228)	-	(813,489)
Land improvements	(8,201)	(627)	-	(8,828)
Equipment	<u>(76,234)</u>	<u>(2,654)</u>	<u>-</u>	<u>(78,888)</u>
Total accumulated depreciation	<u>(864,696)</u>	<u>(36,509)</u>	<u>-</u>	<u>(901,205)</u>
Capital assets, net	<u>\$ 413,047</u>	<u>\$ (31,927)</u>	<u>\$ -</u>	<u>\$ 381,120</u>

**NOTE 4: LONG-TERM DEBT**

The following is a summary of the changes in long-term debt for the year:

	<u>Balance</u> <u>4/1/2017</u>	<u>Advances</u>	<u>Payments</u>	<u>Balance</u> <u>3/31/2018</u>	<u>Current</u> <u>Portion</u>
Notes Payable - Rural Development	\$ 43,820	\$ -	\$ 4,727	\$ 39,093	\$ 4,815
Accrued Compensated Absences	4,069	-	1,265	2,804	2,804
<b>Total Noncurrent Obligations</b>	<u>\$ 47,889</u>	<u>\$ -</u>	<u>\$ 5,992</u>	<u>\$ 41,897</u>	<u>\$ 7,619</u>

Note payable – Rural Development – The Authority has entered into a \$200,000 note agreement with the USDA Rural Development (Rural Development) dated September 23, 1977, due in monthly installments of \$432 through 2027. The note bears interest at a rate of 8%, which is reduced through an interest subsidy received from Rural Development to an effective rate of 1%. This interest subsidy will be available as long as the Authority is in good standing with Rural Development. The Authority has restricted \$20,000 of net position as a reserve for repayment of the note.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2018**

**NOTE 4: LONG-TERM DEBT** (Continued)

The following represents the Authority's debt service requirements to maturity for the outstanding note payable at year-end, subject to the assumption that the interest subsidy will be received through maturity:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,815	\$ 369	\$ 5,184
2020	4,863	321	5,184
2021	4,912	272	5,184
2022	4,962	222	5,184
2023	5,012	172	5,184
2024-2026	<u>14,529</u>	<u>213</u>	<u>14,742</u>
<b>Total</b>	<b><u>\$ 39,093</u></b>	<b><u>\$ 1,569</u></b>	<b><u>\$ 40,662</u></b>

**NOTE 5: RESTRICTED NET POSITION**

Pursuant to the Rural Development loan agreement dated September 23, 1977, the Authority is required to establish a reserve amount of \$20,000 for Villa East. The reserve balances at year-end are as follows:

Funded reserve balance	\$ 21,750
Required reserve balance	<u>20,000</u>
Excess	<u>\$ 1,750</u>

The Authority is allowed by Rural Development to make withdrawals from these reserve accounts for extraordinary expenditures.

**NOTE 6: 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. The Authority carries commercial insurance for all risks of loss, including workers compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**NOTE 7: COMMITMENTS AND CONTINGENCIES**

Federal Funding

The Authority receives revenues from various state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The Amendment contains tax, spending, revenue and debt limitations that apply to the State of Colorado, all local governments and special districts.

The Authority considers itself to be an enterprise as defined by TABOR, thus being exempt from the provisions of the Amendment.

**NOTE 8: CAPITAL GRANTS**

The Authority did not have any project draws against its Capital Grants for the fiscal year ended March 31, 2018.

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### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Schedule of Net Position by Project
- Combining Schedule of Revenues, Expenses and Changes in Net Position by Project
- Combining Schedule of Cash Flows by Project
- U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule – This fiscal-year report is required by the U.S. Department of Housing and Urban Development and is used to gather financial information from the Public Housing Authority.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN

COMBINING SCHEDULE OF NET POSITION BY PROJECT  
March 31, 2018

	Housing Authority	Villa East Apartments	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 179,700	\$ 15,487	\$ 195,187
Cash - Security Deposits	5,350	3,125	8,475
Accounts Receivable - Miscellaneous	184	-	184
Accounts Receivable - Tenants - Dwelling Rents	540	-	540
Investments - Unrestricted	163,350	30,494	193,844
Prepaid Assets	7,320	2,997	10,317
Interprogram Due From	3,248	(3,248)	-
Total Current Assets	<u>359,692</u>	<u>48,855</u>	<u>408,547</u>
<b>Noncurrent Assets</b>			
Land	1,098	1,000	2,098
Land Improvements	10,134	112,343	122,477
Buildings	830,256	235,301	1,065,557
Furniture, Equipment and Machinery - Dwellings	31,401	-	31,401
Furniture, Equipment and Machinery - Administration	60,792	-	60,792
Accumulated Depreciation	(657,630)	(243,575)	(901,205)
Total Noncurrent Assets	<u>276,051</u>	<u>105,069</u>	<u>381,120</u>
Total Assets	<u>635,743</u>	<u>153,924</u>	<u>789,667</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	3,895	1,777	5,672
Accrued Wage/Payroll Taxes Payable	2,531	5	2,536
Accrued Compensated Absences - Current	2,804	-	2,804
Tenant Security Deposits	5,350	3,125	8,475
Accrued Liabilities - Other	30,432	-	30,432
Unearned Revenue	2,506	400	2,906
Total Current Liabilities	<u>47,518</u>	<u>5,307</u>	<u>52,825</u>
<b>Noncurrent Liabilities</b>			
Due Within One Year	-	4,815	4,815
Due Beyond One Year	-	34,278	34,278
Total Noncurrent Liabilities	<u>-</u>	<u>39,093</u>	<u>39,093</u>
Total Liabilities	<u>47,518</u>	<u>44,400</u>	<u>91,918</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	276,051	65,976	342,027
Restricted Net Position	-	20,000	20,000
Unrestricted Position	312,174	23,548	335,722
Total Net Position	<u>\$ 588,225</u>	<u>\$ 109,524</u>	<u>\$ 697,749</u>

See the accompanying Independent Auditors' Report.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**COMBINING SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION BY PROJECT  
For the Year Ended March 31, 2018**

	Housing Authority	Capital Fund	Villa East Apartments	Total
<b>OPERATING REVENUES</b>				
Dwelling Rents	\$ 70,776	\$ -	\$ 32,257	\$ 103,033
Other Tenant Revenue	2,036	-	1,184	3,220
Total Operating Revenues	<u>72,812</u>	<u>-</u>	<u>33,441</u>	<u>106,253</u>
<b>OPERATING EXPENSES</b>				
Administrative	63,558	-	5,718	69,276
Utilities	22,778	-	14,753	37,531
Maintenance & Operations	32,877	-	3,819	36,696
Taxes and Insurance	11,541	-	1,830	13,371
Other General Expense	-	-	325	325
Interest Expense	-	-	457	457
Depreciation Expense	27,712	-	8,797	36,509
Total Operating Expenses	<u>158,466</u>	<u>-</u>	<u>35,699</u>	<u>194,165</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(85,654)</u>	<u>-</u>	<u>(2,258)</u>	<u>(87,912)</u>
<b>OTHER INCOME (EXPENSE)</b>				
HUD Contribution and Grant	37,828	-	-	37,828
Investment Income - Unrestricted	1,478	-	197	1,675
Other Revenue	615	-	88	703
Total Other Income (Expense)	<u>39,921</u>	<u>-</u>	<u>285</u>	<u>40,206</u>
<b>CHANGE IN NET POSITION</b>	<u>(45,733)</u>	<u>-</u>	<u>(1,973)</u>	<u>(47,706)</u>
<b>NET POSITION, Beginning</b>	<u>633,958</u>	<u>-</u>	<u>111,497</u>	<u>745,455</u>
<b>NET POSITION, Ending</b>	<u>\$ 588,225</u>	<u>\$ -</u>	<u>\$ 109,524</u>	<u>\$ 697,749</u>

See the accompanying Independent Auditors' Report.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**COMBINING SCHEDULE OF CASH FLOWS BY PROJECT  
For the Year Ended March 31, 2018**

	Housing Authority	Capital Fund	Villa East Apartments	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from Tenants and Others	\$ 72,710	\$ -	\$ 34,784	\$ 107,494
Payments to Suppliers	(80,363)	-	(25,099)	(105,462)
Payments to Employees	(49,267)	-	(4,362)	(53,629)
Net Cash Used by Operating Activities	<u>(56,920)</u>	<u>-</u>	<u>5,323</u>	<u>(51,597)</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Federal Subsidies	42,281	-	-	42,281
Other Nonoperating Revenues	615	-	88	703
Net Cash Provided by Noncapital Financing Activities	<u>42,896</u>	<u>-</u>	<u>88</u>	<u>42,984</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	(4,582)	-	-	(4,582)
Principal Paid on Outstanding Debt	-	-	(4,727)	(4,727)
Net Cash Used by Capital and Related Financing Activities	<u>(4,582)</u>	<u>-</u>	<u>(4,727)</u>	<u>(9,309)</u>
<b>Cash Flows from Investing Activities</b>				
Earnings on Investments	1,478	-	197	1,675
Interest Credits to Certificates of Deposit Investments	(1,100)	-	-	(1,100)
Net Cash Provided by Investing Activities	<u>378</u>	<u>-</u>	<u>197</u>	<u>575</u>
Net Change in Cash	(18,228)	-	881	(17,347)
CASH, Beginning	<u>203,278</u>	<u>-</u>	<u>17,731</u>	<u>221,009</u>
CASH, Ending	<u>\$ 185,050</u>	<u>\$ -</u>	<u>\$ 18,612</u>	<u>\$ 203,662</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>				
Operating Income (Loss)	\$ (85,654)	\$ -	\$ (2,258)	\$ (87,912)
Depreciation	27,712	-	8,797	36,509
Changes in operating assets and liabilities:				
Accounts Receivable	(462)	-	128	(334)
Prepaid Expenses	(178)	-	(19)	(197)
Accounts Payable	1,453	-	(2,490)	(1,037)
Accrued Salaries and Benefits	1,114	-	(50)	1,064
Accrued Compensated Absences	(1,265)	-	-	(1,265)
Tenant Security Deposits	550	-	815	1,365
Unearned Revenue	(190)	-	400	210
Net Cash Provided (Used) by Operating Activities	<u>\$ (56,920)</u>	<u>\$ -</u>	<u>\$ 5,323</u>	<u>\$ (51,597)</u>

See the accompanying Independent Auditors' Report.

## Regulatory Compliance

# HOUSING AUTHORITY OF THE TOWN OF HAXTUN

## OTHER SUPPLEMENTARY INFORMATION H.U.D. FINANCIAL DATA SCHEDULES MARCH 31, 2018

Housing Authority of the Town of Haxtun (CO017)  
HAXTUN, CO

### Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	8 Other Federal Program 1	Subtotal	Total
111 Cash - Unrestricted	\$179,700	\$15,487	\$195,187	\$195,187
114 Cash - Tenant Security Deposits	\$5,350	\$3,125	\$8,475	\$8,475
100 Total Cash	\$185,050	\$18,612	\$203,662	\$203,662
126 Accounts Receivable - Tenants	\$2,172	\$0	\$2,172	\$2,172
126.1 Allowance for Doubtful Accounts -Tenants	-\$1,632	\$0	-\$1,632	-\$1,632
129 Accrued Interest Receivable	\$184		\$184	\$184
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$724	\$0	\$724	\$724
131 Investments - Unrestricted	\$163,350	\$30,494	\$193,844	\$193,844
142 Prepaid Expenses and Other Assets	\$7,320	\$2,997	\$10,317	\$10,317
144 Inter Program Due From	\$3,248		\$3,248	\$3,248
150 Total Current Assets	\$359,692	\$52,103	\$411,795	\$411,795
161 Land	\$1,098	\$1,000	\$2,098	\$2,098
162 Buildings	\$830,256	\$235,301	\$1,065,557	\$1,065,557
163 Furniture, Equipment & Machinery - Dwellings	\$31,401		\$31,401	\$31,401
164 Furniture, Equipment & Machinery - Administration	\$60,792		\$60,792	\$60,792
165 Leasehold Improvements	\$10,134	\$112,343	\$122,477	\$122,477
166 Accumulated Depreciation	-\$657,630	-\$243,575	-\$901,205	-\$901,205
160 Total Capital Assets, Net of Accumulated Depreciation	\$276,051	\$105,069	\$381,120	\$381,120
180 Total Non-Current Assets	\$276,051	\$105,069	\$381,120	\$381,120
290 Total Assets and Deferred Outflow of Resources	\$635,743	\$157,172	\$792,915	\$792,915
312 Accounts Payable <= 90 Days	\$3,895	\$1,777	\$5,672	\$5,672
321 Accrued Wage/Payroll Taxes Payable	\$2,531	\$5	\$2,536	\$2,536
322 Accrued Compensated Absences - Current Portion	\$2,804		\$2,804	\$2,804
333 Accounts Payable - Other Government	\$30,432		\$30,432	\$30,432
341 Tenant Security Deposits	\$5,350	\$3,125	\$8,475	\$8,475
342 Unearned Revenue	\$2,506	\$400	\$2,906	\$2,906
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$4,815	\$4,815	\$4,815
347 Inter Program - Due To		\$3,248	\$3,248	\$3,248
310 Total Current Liabilities	\$47,518	\$13,370	\$60,888	\$60,888
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$34,278	\$34,278	\$34,278
300 Total Liabilities	\$47,518	\$47,648	\$95,166	\$95,166
508.4 Net Investment in Capital Assets	\$276,051	\$65,976	\$342,027	\$342,027
511.4 Restricted Net Position	\$0	\$20,000	\$20,000	\$20,000
512.4 Unrestricted Net Position	\$312,174	\$23,548	\$335,722	\$335,722
513 Total Equity - Net Assets / Position	\$588,225	\$109,524	\$697,749	\$697,749
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$635,743	\$157,172	\$792,915	\$792,915

See the accompanying Independent Auditors' Report.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**OTHER SUPPLEMENTARY INFORMATION  
H.U.D. FINANCIAL DATA SCHEDULES  
MARCH 31, 2018**

Housing Authority of the Town of Haxtun (CO017)  
HAXTUN, CO

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2018

	Project Total	8 Other Federal Program 1	Subtotal	Total
70300 Net Tenant Rental Revenue	\$70,776	\$32,257	\$103,033	\$103,033
70400 Tenant Revenue - Other	\$2,036	\$1,184	\$3,220	\$3,220
70500 Total Tenant Revenue	\$72,812	\$33,441	\$106,253	\$106,253
70600 HUD PHA Operating Grants	\$37,828		\$37,828	\$37,828
71100 Investment Income - Unrestricted	\$1,478	\$197	\$1,675	\$1,675
71500 Other Revenue	\$615	\$88	\$703	\$703
70000 Total Revenue	\$112,733	\$33,726	\$146,459	\$146,459
91100 Administrative Salaries	\$34,856	\$2,737	\$37,593	\$37,593
91200 Auditing Fees	\$3,400	\$1,700	\$5,100	\$5,100
91310 Book-keeping Fee	\$2,206		\$2,206	\$2,206
91400 Advertising and Marketing	\$66		\$66	\$66
91500 Employee Benefit contributions - Administrative	\$13,465	\$636	\$14,101	\$14,101
91600 Office Expenses	\$3,787		\$3,787	\$3,787
91700 Legal Expense	\$1,807		\$1,807	\$1,807
91800 Travel	\$2,397		\$2,397	\$2,397
91900 Other	\$622	\$645	\$1,267	\$1,267
91000 Total Operating - Administrative	\$62,606	\$5,718	\$68,324	\$68,324
93100 Water	\$944	\$252	\$1,196	\$1,196
93200 Electricity	\$9,948	\$6,852	\$16,800	\$16,800
93300 Gas	\$9,042	\$3,249	\$12,291	\$12,291
93800 Other Utilities Expense	\$2,844	\$4,400	\$7,244	\$7,244
93000 Total Utilities	\$22,778	\$14,753	\$37,531	\$37,531
94100 Ordinary Maintenance and Operations - Labor	\$13,308	\$1,575	\$14,883	\$14,883
94200 Ordinary Maintenance and Operations - Materials and Other	\$4,266	\$0	\$4,266	\$4,266
94300 Ordinary Maintenance and Operations Contracts	\$13,543	\$2,244	\$15,787	\$15,787
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,760		\$1,760	\$1,760
94000 Total Maintenance	\$32,877	\$3,819	\$36,696	\$36,696
96110 Property Insurance	\$6,779	\$1,830	\$8,609	\$8,609
96120 Liability Insurance	\$1,754		\$1,754	\$1,754
96130 Workmen's Compensation	\$1,790	\$0	\$1,790	\$1,790
96140 All Other Insurance	\$1,218		\$1,218	\$1,218
96100 Total insurance Premiums	\$11,541	\$1,830	\$13,371	\$13,371

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN**

**OTHER SUPPLEMENTARY INFORMATION  
H.U.D. FINANCIAL DATA SCHEDULES  
MARCH 31, 2018**

96200 Other General Expenses		\$325	\$325	\$325
96210 Compensated Absences	\$952		\$952	\$952
96000 Total Other General Expenses	\$952	\$325	\$1,277	\$1,277
96710 Interest of Mortgage (or Bonds) Payable		\$457	\$457	\$457
96900 Total Operating Expenses	\$130,754	\$26,902	\$157,656	\$157,656
97000 Excess of Operating Revenue over Operating Expenses	-\$18,021	\$6,824	-\$11,197	-\$11,197
97400 Depreciation Expense	\$27,712	\$8,797	\$36,509	\$36,509
90000 Total Expenses	\$158,466	\$35,699	\$194,165	\$194,165
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$45,733	-\$1,973	-\$47,706	-\$47,706
11020 Required Annual Debt Principal Payments	\$0	\$5,184	\$5,184	\$5,184
11030 Beginning Equity	\$633,958	\$111,497	\$745,455	\$745,455
11190 Unit Months Available	264	120	384	384
11210 Number of Unit Months Leased	263	119	382	382
11270 Excess Cash	\$293,958		\$293,958	\$293,958
11620 Building Purchases	\$3,828		\$3,828	\$3,828
11630 Furniture & Equipment - Dwelling Purchases	\$754		\$754	\$754

See the accompanying Independent Auditors' Report.