



**HOUSING AUTHORITY OF THE  
COUNTY OF MONTROSE, COLORADO**

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2018

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

March 4, 2019

Board of Commissioners  
Housing Authority of the County of Montrose, Colorado  
Olathe, Colorado

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion 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 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 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 assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes assessing 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.



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Housing Authority of the County  
of Montrose, Colorado  
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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 Housing Authority of the County of Montrose, 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 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 Authority's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



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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 basic financial statements. The information has been subjected to the 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 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 basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Authority's internal control over financial reporting and compliance.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

**Montrose County Housing Authority  
Management's Discussion and Analysis  
Year Ended December 31, 2018**

This narrative overview and analysis of the Montrose County Housing Authority (MCHA), performance through December 31, 2018 is provided as a supplement to MCHA year-end financial statements. Please read it in conjunction with the transmittal letter at the beginning of this report, the basic financial statements following this section and the notes to the basic financial statements.

**Financial Highlights**

- The assets of MCHA exceeded liabilities at December 31, 2018 by \$4.30 million. Of this amount, \$1.43 million (unrestricted net position) may be used to meet ongoing obligations and \$2.58 million is the net investment in capital assets.
- The MCHA total net position increased by \$ 495,728, up 13% from the prior year.
- Operating revenues increased \$663,791 from 2017 (42%) due primarily to a transfer of Sunshine Peaks deferred developer fees.
- Operating expenses increased \$74,149 (4%) in comparison to the prior year due primarily to additional Housing Assistance Payments.
- Additions to capital assets were 2 residential rental units; and a complete remodel at one of the Olathe Meadows units. Overall, capital assets, net of accumulated depreciation, increased by \$120,137.
- Total long-term debt decreased by \$16,002 from the prior year.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended only to serve as an introduction to MCHA's basic financial statements. The MCHA financial statements are comprised of a series of *financial exhibits* highlighting the important statements found in most organizational audits, followed by *Notes to the Basic Financial Statements* that provide additional disclosure of some of the information in the basic financial statements.

*The Statement of Net Position* presents information on MCHA'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 as to whether the MCHA's financial health is improving or deteriorating.

*The Statement of Revenues, Expenses and Changes in Net Position* present information showing how MCHA's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported for some items that will only result in cash flows in future years.

*The Statement of Cash Flows* reports how MCHA's cash and cash equivalents were used in (and provided by) its operating, non-capital financing, capital and related financing, and investing activities during the periods reported. The net of these activities is added to the beginning year cash balance to reconcile to the cash and cash equivalents balances at December 31, 2018. The MCHA uses the direct method of presenting cash flows, which includes a reconciliation of operating activities to operating income. These statements provide answers to such questions as where did cash come from, how cash was used, and what was the change in the cash balance during the year.

*Notes to the Basic Financial Statements* provide financial statement disclosures that are an integral part of the basic financial statements. Such disclosures are essential to comprehensive understanding of the information provided in the basic financial statements.

## Financial Analysis

Net Position is summarized in the table below:

|   | 2017                | 2018                |
|---|---------------------|---------------------|
| Current Assets                                  | \$ 1,130,089        | \$ 912,702          |
| Restricted Assets                               | \$ 282,867          | \$ 303,592          |
| Other Investments                               | \$ -                | \$ 557,346          |
| Capital assets, net                             | \$ 2,581,803        | \$ 2,701,940        |
| Total Assets                                    | <u>\$ 3,994,759</u> | <u>\$ 4,475,580</u> |
| Current Liabilities                             | \$ 51,955           | \$ 53,157           |
| Noncurrent Liabilities                          | \$ 136,670          | \$ 120,561          |
| Total Liabilities                               | <u>\$ 188,625</u>   | <u>\$ 173,718</u>   |
| Invested in capital assets, net of related debt | \$ 2,445,217        | \$ 2,581,539        |
| Restricted for debt service and vouchers        | \$ 282,322          | \$ 287,269          |
| Unrestricted                                    | \$ 1,078,595        | \$ 1,433,054        |
| Total Net Position                              | <u>\$ 3,806,134</u> | <u>\$ 4,301,862</u> |

The MCHA's current ratio reflects the relationship between current assets and current liabilities and is a measure of MCHA's ability to pay short-term obligations. At December 31, 2018 MCHA's current ratio is 17:1.

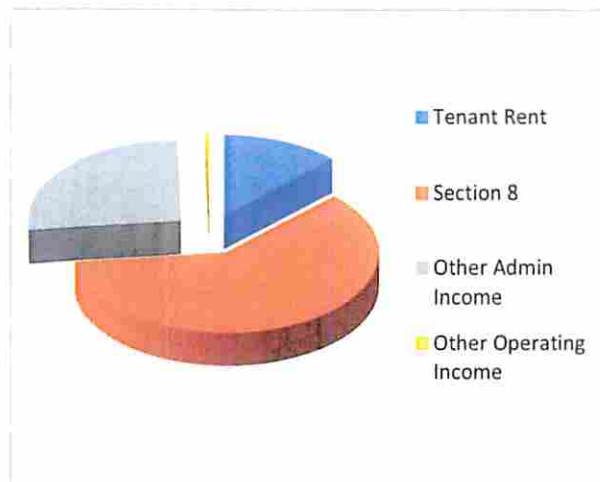
A large portion of MCHA's net position consists of its investment in capital assets net of outstanding related debt. Excluding related debt, MCHA's ownership interest in its capital assets is (95%) of over \$2.58 million total capital assets. MCHA utilizes the capital assets to fulfill its mission of providing low income housing for the residents of Montrose County.

Changes in net position are summarized in the table below:

|                                  | 2017                       | 2018                       |
|----------------------------------|----------------------------|----------------------------|
| Operating Revenues               | \$ 1,581,191               | \$ 2,244,982               |
| Operating Expenses               | <u>\$ 1,688,728</u>        | <u>\$ 1,762,877</u>        |
| Operating (loss) income          | \$ (107,537)               | \$ 482,105                 |
| Nonoperating revenues (expenses) | <u>\$ 7,510</u>            | <u>\$ 13,623</u>           |
| Change in net position           | \$ (100,027)               | \$ 495,728                 |
| Net Position, January 1          | <u>\$ 3,906,161</u>        | <u>\$ 3,806,134</u>        |
| Total Net Position December 31   | <u><u>\$ 3,806,134</u></u> | <u><u>\$ 4,301,862</u></u> |

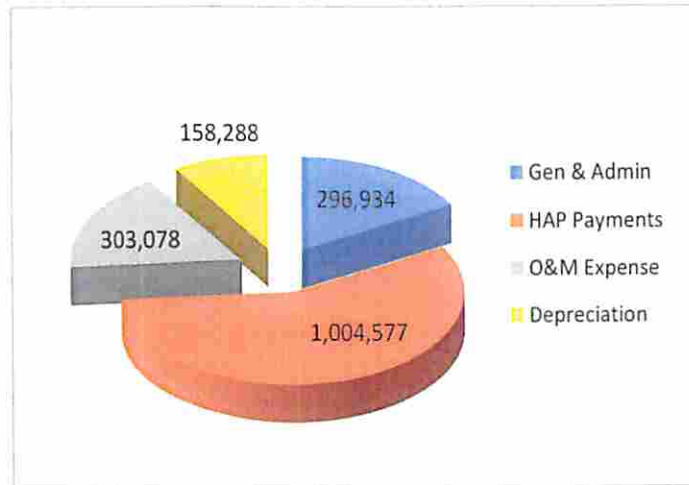
### Operating Revenues by Source

|                        |                  |
|------------------------|------------------|
| Tenant Rent            | 280,608          |
| Section 8              | 1,357,926        |
| Other Admin Income     | 598,895          |
| Other Operating Income | <u>7,553</u>     |
|                        | <u>2,244,982</u> |



## Operating Expenses by Source

|              |                  |
|--------------|------------------|
| Gen & Admin  | 296,934          |
| HAP Payments | 1,004,577        |
| O&M Expense  | 303,078          |
| Depreciation | 158,288          |
|              | <u>1,762,877</u> |



## Capital Assets

|  | 2017                | 2018                |
|--|---------------------|---------------------|
| Land                                     | \$ 354,001          | \$ 354,001          |
| Building                                 | \$ 4,608,931        | \$ 4,873,531        |
| Vehicle                                  | \$ 14,400           | \$ 14,400           |
| Furniture & Equipment                    | \$ 83,782           | \$ 84,056           |
| Total Capital Assets (being depreciated) | \$ 4,707,113        | \$ 4,971,987        |
| Less: Accumulated Depreciation           | \$ (2,479,311)      | \$ (2,624,048)      |
| Capital Assets being depreciated         | \$ 2,227,802        | \$ 2,347,939        |
| Net Capital Assets                       | <u>\$ 2,581,803</u> | <u>\$ 2,701,940</u> |

Additional Information on MCHA's capital assets can be found in **Note D** to the basic financial statements.

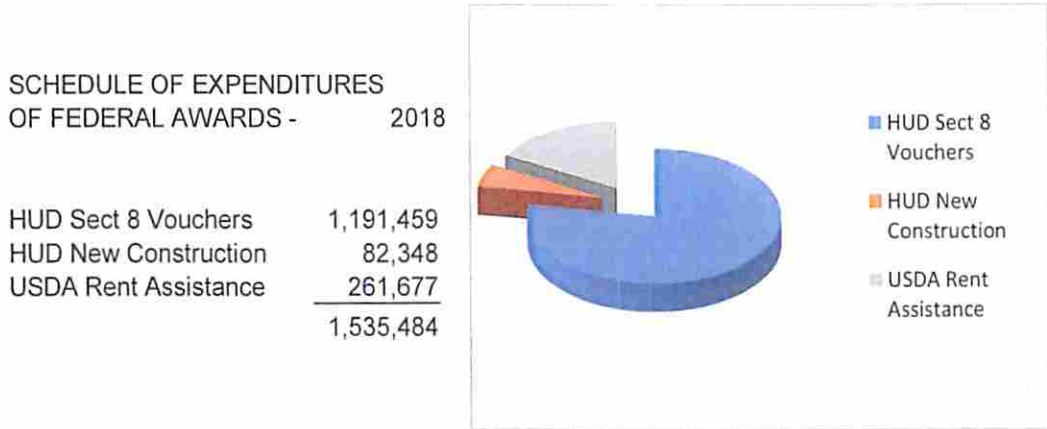
## Debt Administration

|                  | 2017              | 2018              |
|------------------|-------------------|-------------------|
| Mortgage Payable | <u>\$ 136,586</u> | <u>\$ 120,401</u> |

All debt service payments were made in 2018 as scheduled.

Additional information on MCHA’s long-term debt can be found in **Note E** to the basic financial statements.

### Federal Subsidy Utilization



### Management Analysis and Comment

#### Organizational Structure

The housing authority is a quasi-government business entity, organized around a 5-member board of commissioners, all individually appointed to serve 5-year terms by the 3-member Board of County Commissioners. The housing authority appoints an Executive Director, their sole employee, to carry out the mission of the housing authority. The board is ultimately responsible for providing oversight and governance of the housing authority. The board meets monthly on the last Wednesday of each month. Tony Morales replaced Tom Marschner and our new County Commissioner, Sue Hansen joined our board in 2018.

As a quasi-government business entity, MCHA is highly regulated and governed by the federal government through Housing and Urban Development (HUD), state government through the Colorado Division of Housing, as well as the local board of county commissioners. In addition, MCHA reports to each private or public funding agency with whom we maintain a financial relationship such as the Colorado Department of Local Affairs for community development block grants, the U.S.D.A. Rural Development for farm labor housing grants, the Colorado Division of Housing for HOME funds, and Colorado Housing Finance Authority (CHFA) for tax credit issues. MCHA is classified as a 501(c)(3) non-profit corporation.

#### 2018 Highlights

- The number of Housing Choice Vouchers leased up averaged 179 each month, this number includes the VASH (Veteran’s Administration Supportive Housing) vouchers.

- In keeping with goals set in 2015, when the Board of Directors voted to approve the acquisition of homes for rent to low-income families, 2 more rental units (a Duplex) have been purchased. One is now under lease to a VASH Voucher participant, the tenants in the other side are planning to move out in the Summer of 2019, at which time we will remodel and work on getting it rented to a Housing Choice Voucher holder.

Respectfully Submitted,

Susan Barrientos  
Executive Director  
Montrose County Housing Authority

#### **Request for Information**

The financial report is designed to provide the reader with a general overview of MCHA's finances. Questions concerning any of the information provided in this annual audit or requests for additional information should be addressed to:

**Montrose County Housing Authority  
Susan Barrientos, Executive Director  
222 Hap Court  
Olathe, Colorado 81425**

Housing Authority of the County of Montrose, Colorado

STATEMENT OF NET POSITION

December 31, 2018

| ASSETS  |                              |                     |
|---|------------------------------|---------------------|
| Current assets                                  |                              |                     |
| Cash and investments                            |                              | \$ 911,530          |
| Accounts receivable, less allowance of \$-0-    |                              | 1,172               |
|   | Total current assets         | <u>912,702</u>      |
| Noncurrent assets                               |                              |                     |
| Restricted cash and investments                 |                              |                     |
| Tenant security deposits                        |                              | 22,116              |
| Loan and replacement reserves                   |                              | 281,476             |
|   | Total restricted assets      | <u>303,592</u>      |
| Other investments                               |                              | 557,346             |
| Capital assets, net of accumulated depreciation |                              | 2,701,940           |
|   | Total noncurrent assets      | <u>3,562,878</u>    |
|   | Total assets                 | 4,475,580           |
| LIABILITIES                                     |                              |                     |
| Liabilities                                     |                              |                     |
| Current liabilities                             |                              |                     |
| Accounts payable                                |                              | 8,147               |
| Accrued payroll                                 |                              | 6,603               |
| Security deposits held                          |                              | 22,116              |
| Current maturity of long-term debt              |                              | 16,291              |
|   | Total current liabilities    | <u>53,157</u>       |
| Noncurrent liabilities                          |                              |                     |
| Compensated absences                            |                              | 16,451              |
| Long-term debt                                  |                              | 104,110             |
|   | Total noncurrent liabilities | <u>120,561</u>      |
|   | Total liabilities            | <u>173,718</u>      |
| NET POSITION                                    |                              |                     |
| Net investment in capital assets                |                              | 2,581,539           |
| Restricted for debt service and replacements    |                              | 281,476             |
| Restricted for vouchers                         |                              | 5,793               |
| Unrestricted                                    |                              | 1,433,054           |
|   | Total net position           | <u>\$ 4,301,862</u> |

The accompanying notes are an integral part of this statement.

Housing Authority of the County of Montrose, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2018

|                                   |                                       |                     |
|-----------------------------------|---------------------------------------|---------------------|
| <hr/>                             |                                       |                     |
| Operating revenue                 |                                       |                     |
| Tenant rent income                |                                       | \$ 280,608          |
| Rent income - HUD/USDA            |                                       | 1,357,926           |
| Other administrative income       |                                       | 598,895             |
| Other operating income            |                                       | 7,553               |
|                                   | Total operating revenue               | <u>2,244,982</u>    |
| Operating expenses                |                                       |                     |
| General and administrative        |                                       | 296,934             |
| Housing assistance payments       |                                       | 1,004,577           |
| Maintenance and operations        |                                       | 303,078             |
| Depreciation                      |                                       | 158,288             |
|                                   | Total operating expenses              | <u>1,762,877</u>    |
|                                   | Net operating income                  | 482,105             |
| Non-operating revenue (expense)   |                                       |                     |
| Interest income                   |                                       | 16,934              |
| Interest expense                  |                                       | (3,311)             |
|                                   | Total non-operating revenue (expense) | <u>13,623</u>       |
|                                   | Change in net position                | 495,728             |
| Net position at beginning of year |                                       | <u>3,806,134</u>    |
| Net position at end of year       |                                       | <u>\$ 4,301,862</u> |

The accompanying notes are an integral part of this statement.

Housing Authority of the County of Montrose, Colorado

STATEMENT OF CASH FLOWS

Year ended December 31, 2018

|   |                            |
|---|----------------------------|
| <b>Cash flows from operating activities</b>   |                            |
| Cash received from housing assistance and rent payments   | \$ 1,637,725               |
| Other operating receipts  | 606,448                    |
| Tenant security deposits received (refunded)  | 2,143                      |
| Cash paid to suppliers  | (1,273,798)                |
| Cash paid to employees  | (331,656)                  |
|   | <u>640,862</u>             |
| Net cash provided (used) by operating activities  |                            |
| <b>Cash flows from capital and related financing activities</b>   |                            |
| Purchase of capital asset improvements  | (278,425)                  |
| Principal payments on debt  | (16,185)                   |
| Interest paid   | (3,311)                    |
|   | <u>(297,921)</u>           |
| Net cash provided (used) by capital and related financing activities  |                            |
| <b>Cash flows from investing activities</b>   |                            |
| Purchase of investment in LLC   | (557,346)                  |
| Interest received   | 16,934                     |
|   | <u>(540,412)</u>           |
| Net cash provided (used) by investing activities  |                            |
| Increase (decrease) in cash and cash equivalents  |                            |
|   | <u>(197,471)</u>           |
| Cash and cash equivalents at beginning of year  | 1,412,593                  |
| Cash and cash equivalents at end of year  | <u><u>\$ 1,215,122</u></u> |
| <br><b><u>Reconciliation of net operating income to net cash provided (used) by operating activities:</u></b> |                            |
| Net operating income  | \$ 482,105                 |
| Adjustments to reconcile net operating income to net cash provided (used) by operating activities:            |                            |
| Depreciation  | 158,288                    |
| (Increase) decrease in accounts receivable  | (809)                      |
| Increase (decrease) in accounts payable   | (2,940)                    |
| Increase (decrease) in compensated absences   | (15,684)                   |
| Increase (decrease) in security deposits  | 2,143                      |
| Increase (decrease) in accrued liabilities  | 17,759                     |
|   | <u>158,757</u>             |
|   | Total adjustments          |
| Net cash provided (used) by operating activities  | <u><u>\$ 640,862</u></u>   |

The accompanying notes are an integral part of this statement.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Housing Authority of the County of Montrose, Olathe, Colorado (Authority) conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

1. Reporting Entity

The Authority was established in 1981 under State of Colorado statute and is governed by a five member Board of Commissioners. As required by US GAAP, these financial statements present the activities of the Authority.

Olathe Meadows consist of 24 rental units. The Authority has a housing assistance payment contract with U.S. Department of Housing and Urban Development (HUD) renewable annually in February of each year. Under the contract, HUD pays the Authority the difference between the established rental value of the units and the amount paid by the tenants. The tenants' share of the rent is based on their income.

Family Housing Duplexes consist of 24 rental units. The Authority receives rental subsidies from U. S. Department of Agriculture under the rural rental assistance payments program. The program provides rental assistance for farm and migrant workers.

Colorado Division of Housing consists of 90 units under contract. This program provides rental assistance to low-income families.

Section 8 Housing Choice Vouchers program administers 173 vouchers under the HUD Rental Assistance Program. This program provides rental assistance to low-income families.

Barbara Courts consist of 24 rental units. The Authority receives rental subsidies from the U. S. Department of Agriculture under the rural rental assistance payments program. Of the 24 units, 17 are set aside for low-income families.

The Board of Commissioners is appointed by the Montrose County Board of Commissioners and has total control of financial resources, can buy or sell property, enter into contracts and acquire indebtedness on behalf of the Authority. The Authority is the primary government. The Authority has no component units.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

2. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of a proprietary fund. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Authority has implemented GASB No. 34 and related statements. Since the operations of the Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented. A description of the fund type used by the Authority follows:

Proprietary Fund – is used to account for those operations that are financed and operated in a manner similar to private business. Activities of the Authority are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statement of net position. Net position is categorized as net investment in capital assets, restricted for debt service and Voucher expenses, and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Authority uses the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues from grants are recognized in the year in which all eligibility requirements have been satisfied.

3. Budgetary Control and Authority

The Board of Commissioners of the Authority adopts, by resolution, an annual budget for each fund or project of the Authority. The budget adoption process is not authorized by constitution, charter, statute or ordinance. Fund budgets are adopted to provide internal financial management and oversight control.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Assets, Liabilities and Equity

*Cash and Cash Equivalents*

The Authority's cash and cash equivalents are considered to be unrestricted and restricted cash on hand and demand deposits.

*Fair Value of Financial Instruments*

The Authority's financial instruments include cash and cash equivalents, investments, prepaid expenses, accounts and notes receivable, accounts payable, and debt. The Authority estimates that the fair value of all financial instruments at December 31, 2018, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the nature of the debt.

*Restricted Assets – Cash and Cash Equivalents*

Certain cash accounts of the Authority are classified as restricted since their use requires the permission of the U.S. Department of Agriculture, Rural Development Administration (RDA) or the U.S. Department of Housing and Urban Development (HUD) or represents escrows.

*Tenant Security Deposits*

Tenant security deposits held by HUD and Rural Development Rental Housing projects are segregated in separate bank accounts.

*Accounts Receivable*

Management of the Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

*Capital Assets*

Capital assets of the Authority are recorded at cost if purchased or constructed. Capital assets have an initial cost of \$5,000 or more and a life greater than one year. Donated assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives of 7 to 40 years.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Assets, Liabilities and Equity- continued

*Compensated Absences*

The Authority's policy is to allow employees to accumulate a limited amount of earned but unused vacation leave which will be taken after the year end or paid upon termination.

*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; and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

*Estimates*

The preparation of financial statements in accordance with US GAAP involves the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

**NOTE B – CASH AND CASH EQUIVALENTS**

Cash

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. As of December 31, 2018, \$155,104 of the Authority's bank deposits were not covered by FDIC insurance but are covered by PDPA as explained above.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. The Authority is authorized to invest in obligations of the (1) U.S. Treasury, (2) obligations unconditionally guaranteed by U.S. agencies, (3) certain international agency securities, (4) types of bonds of U.S. local government entities, (5) bankers' acceptances of certain banks, (6) commercial paper, (7) written repurchase agreements collateralized by certain authorized securities, (8) certain money market funds, and (9) guaranteed investment contracts.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE B – CASH AND CASH EQUIVALENTS – CONTINUED**

The Authority has invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions of Colotrust. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust. Colotrust funds carry a Standard & Poor's AAAM rating. There is no custodial, interest rate or foreign currency risk exposure. COLOTRUST operates like a 2a-7 external investment pool and investments in the pool are valued at \$1 net asset value (NAV) per share. The underlying investments held by Colotrust are valued at fair value.

Cash and cash equivalents consist of the following at December 31, 2018:

|   |                   |
|---|-------------------|
| Cash in banks   | \$ 654,303        |
| Colotrust   | <u>560,819</u>    |
|   | 1,215,122         |
| Less amounts restricted for tenant security deposits,<br>specific expenditures, loan reserves | <u>303,592</u>    |
|   | <u>\$ 911,530</u> |

**NOTE C – RESTRICTED NET POSITION**

Debt service, replacements, and unused Housing Assistance Payments (HAP) – the amounts represent the current balance of reserves mandated by the U.S. Department of Agriculture (USDA) for debt service and replacements and U.S. Department of Housing and Urban Development (HUD) for the Vouchers program unused HAP and escrow balances.

**NOTE D – CAPITAL ASSETS**

At December 31, 2018, capital asset transactions and balances include the following:

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>  | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|------------------|---------------------------|
| Non-depreciable assets:                      |                              |                   |                  |                           |
| Land   | \$ 354,001                   | \$ –              | \$ –             | \$ 354,001                |
| Depreciable assets:                          |                              |                   |                  |                           |
| Buildings and improvements                   | 4,608,931                    | 264,600           | –                | 4,873,531                 |
| Vehicles                                     | 14,400                       | –                 | –                | 14,400                    |
| Furniture and equipment                      | <u>83,782</u>                | <u>13,825</u>     | <u>13,551</u>    | <u>84,056</u>             |
| Total capital assets, being depreciated      | 4,707,113                    | 278,425           | 13,551           | 4,971,987                 |
| Less accumulated depreciation:               | <u>(2,479,311)</u>           | <u>(158,288)</u>  | <u>(13,551)</u>  | <u>(2,624,048)</u>        |
| Total capital assets, being depreciated, net | <u>2,227,802</u>             | <u>120,137</u>    | –                | <u>2,347,939</u>          |
| Total capital assets, net                    | <u>\$2,581,803</u>           | <u>\$ 120,137</u> | <u>\$ –</u>      | <u>\$2,701,940</u>        |

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

**NOTE E – LONG-TERM DEBT AND OTHER LONG-TERM LIABILITIES**

The Authority has two mortgages payable to the U. S. Department of Agriculture, Office of Rural Development (formerly FMHA). The first mortgage has a monthly installment due of \$960, with an annual interest rate at 1.0%. This mortgage is collateralized by a lien on the apartments, on the real property and a security interest in rents, profits and reserve accounts. The second mortgage has a monthly installment due of \$464, with an annual interest rate at 1%. This mortgage is collateralized by a lien on the real property and a security interest in rents, profits and reserve accounts.

|                      | Balance<br>December 31,<br>2017 | Additions     | Reductions       | Balance<br>December 31,<br>2018 | Due in<br>one year |
|----------------------|---------------------------------|---------------|------------------|---------------------------------|--------------------|
| Compensated absences | \$ 16,268                       | \$ 183        | \$ –             | \$ 16,451                       | \$ –               |
| 83-20                | 95,612                          | –             | 10,612           | 85,000                          | 10,719             |
| 84-20                | 40,974                          | –             | 5,573            | 35,401                          | 5,572              |
| Totals               | <u>\$ 152,854</u>               | <u>\$ 183</u> | <u>\$ 16,185</u> | <u>\$ 136,852</u>               | <u>\$ 16,291</u>   |

Maturities of the mortgage notes are as follows:

Year ending December 31,

|             | Principal         | Interest        | Total             |
|-------------|-------------------|-----------------|-------------------|
| 2019        | \$ 16,292         | \$ 801          | \$ 17,093         |
| 2020        | 16,399            | 694             | 17,093            |
| 2021        | 16,508            | 585             | 17,093            |
| 2022        | 16,618            | 475             | 17,093            |
| 2023        | 16,729            | 364             | 17,093            |
| 2024 – 2026 | 37,855            | 419             | 38,274            |
| Total       | <u>\$ 120,401</u> | <u>\$ 3,338</u> | <u>\$ 123,739</u> |

**NOTE F – GRANTS**

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 expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE G – OPERATING SUBSIDY – HUD**

Existing Section 8 Voucher projects operate under annual contribution contracts with HUD whereby HUD reimburses the project for rent subsidy payments made for eligible participants and certain administrative expenses. Rent subsidy payments are determined under HUD guidelines, which require that an eligible participant pay rent only equal to a percentage of their income. The difference between the participant's actual cost of rent and the calculated maximum is paid by HUD through the project.

**NOTE H – RENT INCOME**

The Olathe Meadows project receives a substantial portion of their rental income from HUD under a Section 8 Housing Assistance Payment Contract. The project is subject to HUD guidelines which state that tenants can only be charged a monthly rental equal to a percentage of their income. The balance of the tenants' rent is paid by HUD under this Housing Assistance Payment contract.

The Family Housing Duplexes and Barbara Courts projects receive a substantial portion of their rental income from the U.S. Department of Agriculture (USDA) - Rural Rental Housing program. The projects are subject to Rural Rental Housing guidelines which state that tenants can only be charged a monthly rental equal to a percentage of their income. The balance of the tenants' rent is paid by the USDA under the Rural Rental Housing program.

**NOTE I – DEFINED CONTRIBUTION PENSION PLAN**

The Authority contributes to the Colorado Officials and Employees Retirement Association through Montrose County, a multiple-employer defined contribution plan (Plan). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. An agreement between the Authority and the Plan requires the Authority to contribute 3.0% of a participant's basic monthly salary. Participation is on a voluntary basis.

The Authority made the required 3.0% matching contribution in the amount of \$6,271 for the year ended December 31, 2018. The Authority allocates employer contributions to the various programs based on participating employees directly attributable to that program.

The Plan had no investments in or loans to the Authority during the year ended December 31, 2018.

**NOTE J – TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

Housing Authority of the County of Montrose, Colorado

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

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**NOTE K – INVESTMENTS IN JOINT VENTURES**

The Authority is a special member in Sunshine Peak Apartments and Annex, a 91-unit multi-family housing low-income tax credit project. After completion of the 15 year low-income housing tax credit compliance period (August 31, 2022) and withdrawal of the non-managing member, Boston Capital, the project will be transferred to the Authority.

The Authority is a 49% member in Luckenbill San Juan Development LLC, whom is the managing member of the Sunshine Peak project and has a .01% interest in the Sunshine projects. A capital contribution was made during 2018 of \$557,346 to the LLC during 2018. There was no available cash flows in the projects per review of the projects audited financials. The fair value of the investment approximates the capital contribution at year end.

During 2018 the Authority entered into an agreement to become a special limited partner with a .005% interest in Woodgate Trails, LLLP, the owner of the Woodgate Trails Apartments, a 50 unit low-income tax credit project. Starting in 2019 the Authority will receive from the partnership \$3,000 a year to be paid out of available cash flows when available. Any unpaid fee will be accrued and payable when cash flows are available. Unpaid fees will accrue 5% interest compounding annually. The Authority has no obligation to contribute capital or to pay/guaranty any obligations of the partnership.

## SUPPLEMENTARY INFORMATION

Housing Authority of the

SCHEDULE OF NET

|  | December 31,              |                   |                      |                               |
|--|---------------------------|-------------------|----------------------|-------------------------------|
|  | General<br>Administration | Olathe<br>Meadows | Rental<br>Properties | Family<br>Housing<br>Duplexes |
| <b>ASSETS</b>                                |                           |                   |                      |                               |
| <b>Current assets</b>                        |                           |                   |                      |                               |
| Cash and cash equivalents                    | \$ 580,441                | \$ 119,338        | \$ 6,122             | \$ 48,486                     |
| Accounts receivable, less allowance of \$-0- | 34,918                    | 10                | 657                  | -                             |
| Total current assets                         | <u>615,359</u>            | <u>119,348</u>    | <u>6,779</u>         | <u>48,486</u>                 |
| <b>Restricted cash and investments</b>       |                           |                   |                      |                               |
| Tenant security deposits                     | -                         | 1,776             | 4,800                | 9,095                         |
| Loan and replacement reserves                | -                         | -                 | -                    | 213,312                       |
| Total restricted assets                      | <u>-</u>                  | <u>1,776</u>      | <u>4,800</u>         | <u>222,407</u>                |
| Other investments                            | 557,346                   | -                 | -                    | -                             |
| Capital assets                               | <u>115,158</u>            | <u>468,597</u>    | <u>1,111,398</u>     | <u>695,743</u>                |
| Total assets                                 | 1,287,863                 | 589,721           | 1,122,977            | 966,636                       |
| <b>LIABILITIES</b>                           |                           |                   |                      |                               |
| <b>Current liabilities</b>                   |                           |                   |                      |                               |
| Accounts payable                             | 695                       | 7,225             | 4,422                | 8,889                         |
| Accrued payroll                              | 6,603                     | -                 | -                    | -                             |
| Security deposits held                       | -                         | 1,776             | 4,800                | 9,095                         |
| Current portion of long-term debt            | -                         | -                 | -                    | 10,719                        |
| Total current liabilities                    | <u>7,298</u>              | <u>9,001</u>      | <u>9,222</u>         | <u>28,703</u>                 |
| Compensated absences                         | 16,451                    | -                 | -                    | -                             |
| Long-term debt, net of current portion       | -                         | -                 | -                    | 74,281                        |
| Total liabilities                            | <u>23,749</u>             | <u>9,001</u>      | <u>9,222</u>         | <u>102,984</u>                |
| <b>NET POSITION</b>                          |                           |                   |                      |                               |
| Net investment in capital assets             | 115,158                   | 468,597           | 1,111,398            | 610,743                       |
| Restricted for debt service and replacements | -                         | -                 | -                    | 213,312                       |
| Restricted for vouchers                      | -                         | -                 | -                    | -                             |
| Unrestricted                                 | 1,148,956                 | 112,123           | 2,357                | 39,597                        |
| Total net position                           | <u>\$ 1,264,114</u>       | <u>\$ 580,720</u> | <u>\$ 1,113,755</u>  | <u>\$ 863,652</u>             |

County of Montrose, Colorado

POSITION - ALL PROGRAMS

2018

| <u>Section 8<br/>Vouchers</u> | <u>Barbara<br/>Courts</u> | <u>Eliminating<br/>Entries</u> | <u>Total</u>        |
|-------------------------------|---------------------------|--------------------------------|---------------------|
| \$ 98,189                     | \$ 58,954                 | \$ -                           | \$ 911,530          |
| -                             | 5                         | (34,418)                       | 1,172               |
| <u>98,189</u>                 | <u>58,959</u>             | <u>(34,418)</u>                | <u>912,702</u>      |
| -                             | 6,445                     | -                              | 22,116              |
| -                             | 68,164                    | -                              | 281,476             |
| <u>-</u>                      | <u>74,609</u>             | <u>-</u>                       | <u>303,592</u>      |
| -                             | -                         | -                              | 557,346             |
| <u>3,695</u>                  | <u>307,349</u>            | <u>-</u>                       | <u>2,701,940</u>    |
| 101,884                       | 440,917                   | (34,418)                       | 4,475,580           |
| 16,287                        | 5,047                     | (34,418)                       | 8,147               |
| -                             | -                         | -                              | 6,603               |
| -                             | 6,445                     | -                              | 22,116              |
| -                             | 5,572                     | -                              | 16,291              |
| <u>16,287</u>                 | <u>17,064</u>             | <u>(34,418)</u>                | <u>53,157</u>       |
| -                             | -                         | -                              | 16,451              |
| -                             | 29,829                    | -                              | 104,110             |
| <u>16,287</u>                 | <u>46,893</u>             | <u>(34,418)</u>                | <u>173,718</u>      |
| 3,695                         | 271,948                   | -                              | 2,581,539           |
| -                             | 68,164                    | -                              | 281,476             |
| 5,793                         | -                         | -                              | 5,793               |
| 76,109                        | 53,912                    | -                              | 1,433,054           |
| <u>\$ 85,597</u>              | <u>\$ 394,024</u>         | <u>\$ -</u>                    | <u>\$ 4,301,862</u> |

Housing Authority of the

SCHEDULE OF  
REVENUES, EXPENSES,

|                                       | Year ended                |                   |                      |                               |
|---------------------------------------|---------------------------|-------------------|----------------------|-------------------------------|
|                                       | General<br>Administration | Olathe<br>Meadows | Rental<br>Properties | Family<br>Housing<br>Duplexes |
| Operating revenue                     |                           |                   |                      |                               |
| Tenant rent income                    | \$ -                      | \$ 44,639         | \$ 68,961            | \$ 98,637                     |
| Rent income - HUD/USDA                | -                         | 82,348            | -                    | 70,647                        |
| Other administrative income           | 686,029                   | 1,616             | -                    | 10                            |
| Other operating income                | -                         | 30                | -                    | -                             |
| Total operating revenue               | <u>686,029</u>            | <u>128,633</u>    | <u>68,961</u>        | <u>169,294</u>                |
| Operating expenses                    |                           |                   |                      |                               |
| General and administrative            | 71,940                    | 24,513            | 46,716               | 30,303                        |
| Housing assistance payments           | -                         | -                 | -                    | -                             |
| Maintenance and operations            | -                         | 98,635            | 19,195               | 104,296                       |
| Depreciation                          | 6,722                     | 34,350            | 36,889               | 44,011                        |
| Total operating expenses              | <u>78,662</u>             | <u>157,498</u>    | <u>102,800</u>       | <u>178,610</u>                |
| Net operating income (loss)           | <u>607,367</u>            | <u>(28,865)</u>   | <u>(33,839)</u>      | <u>(9,316)</u>                |
| Non-operating revenue (expense)       |                           |                   |                      |                               |
| Interest income                       | 12,083                    | 2,160             | 4                    | 126                           |
| Interest expense                      | -                         | -                 | -                    | (910)                         |
| Transfers                             | (235,386)                 | -                 | 235,386              | -                             |
| Total non-operating revenue (expense) | <u>(223,303)</u>          | <u>2,160</u>      | <u>235,390</u>       | <u>(784)</u>                  |
| Change in net position                | 384,064                   | (26,705)          | 201,551              | (10,100)                      |
| Net position at beginning of year     | <u>880,050</u>            | <u>607,425</u>    | <u>912,204</u>       | <u>873,752</u>                |
| Net position at end of year           | <u>\$ 1,264,114</u>       | <u>\$ 580,720</u> | <u>\$ 1,113,755</u>  | <u>\$ 863,652</u>             |

County of Montrose, Colorado

INDIVIDUAL PROGRAM  
AND CHANGES IN NET POSITION

December 31, 2018

| Section 8<br>Vouchers | Barbara<br>Courts | Eliminating<br>Entries | Total               |
|-----------------------|-------------------|------------------------|---------------------|
| \$ -                  | \$ 68,371         | \$ -                   | \$ 280,608          |
| 1,151,884             | 53,047            | -                      | 1,357,926           |
| -                     | -                 | (88,760)               | 598,895             |
| 7,513                 | 10                | -                      | 7,553               |
| <u>1,159,397</u>      | <u>121,428</u>    | <u>(88,760)</u>        | <u>2,244,982</u>    |
| 186,882               | 25,340            | (88,760)               | 296,934             |
| 1,004,577             | -                 | -                      | 1,004,577           |
| -                     | 80,952            | -                      | 303,078             |
| 739                   | 35,577            | -                      | 158,288             |
| <u>1,192,198</u>      | <u>141,869</u>    | <u>(88,760)</u>        | <u>1,762,877</u>    |
| (32,801)              | (20,441)          | -                      | 482,105             |
| 92                    | 2,469             | -                      | 16,934              |
| -                     | (2,401)           | -                      | (3,311)             |
| -                     | -                 | -                      | -                   |
| <u>92</u>             | <u>68</u>         | <u>-</u>               | <u>13,623</u>       |
| (32,709)              | (20,373)          | -                      | 495,728             |
| 118,306               | 414,397           | -                      | 3,806,134           |
| <u>\$ 85,597</u>      | <u>\$ 394,024</u> | <u>\$ -</u>            | <u>\$ 4,301,862</u> |

Housing Authority of the County of Montrose, Colorado  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2018

| <u>C.F.D.A.<br/>PROGRAM TITLE</u>   | <u>C.F.D.A.<br/>PROGRAM<br/>NUMBER</u> | <u>AMOUNT<br/>OF<br/>EXPENDITURES</u> |
|---|--|---------------------------------------|
| U.S. DEPARTMENT OF HOUSING AND<br>URBAN DEVELOPMENT   |  |                                       |
| Housing Voucher Cluster<br>Section 8 Housing Choice Vouchers                                    | 14.871                                 | \$ 1,191,459                          |
| Section 8 Project-Based Cluster<br>Section 8 New Construction and Substantial<br>Rehabilitation | 14.182                                 | <u>82,348</u>                         |
| Total U.S. Department of Housing and Urban Development  |  | 1,273,807                             |
| U.S. DEPARTMENT OF AGRICULTURE  |  |                                       |
| Rural Rental Housing Loans  | 10.415                                 | 138,987                               |
| Rural Rental Assistance Payments  | 10.427                                 | <u>122,690</u>                        |
| Total U.S. Department of Agriculture  |  | <u>261,677</u>                        |
| Total Expenditures of Federal Awards  |  | <u>\$ 1,535,484</u>                   |

The accompanying notes are an integral part of this schedule.

Housing Authority of the County of Montrose, Colorado

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2018

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**NOTE A – GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the Housing Authority of the County of Montrose, Colorado. The Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE B – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**NOTE C – FEDERAL LOAN AND INSURANCE PROGRAMS**

The Authority also participates in the following Rural Housing Service loan program, a direct program, through the U.S. Department of Agriculture-Rural Development Division:

|                            | <u>CFDA<br/>Program<br/>Number</u> | <u>Ending<br/>Balance of<br/>Direct Loans</u> |
|----------------------------|------------------------------------|---|
| Rural Rental Housing Loans | 10.415                             | \$ 104,110                                    |

**NOTE D – INDIRECT COST RATE**

The Organization did not elect to use the 10 percent de minimis indirect cost rate.



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

March 4, 2019

Board of Commissioners  
Housing Authority of the County of Montrose, Colorado  
Olathe, 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 financial statements of Housing Authority of the County of Montrose, Colorado (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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.



Board of Commissioners  
Housing Authority of the  
County of Montrose, Colorado  
Olathe, Colorado

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's 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 a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Chadwick, Steinkirchner, Davis & Co., P.C.*



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 4, 2019

Board of Commissioners  
Housing Authority of the County of Montrose, Colorado  
Olathe, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited Housing Authority of the County of Montrose, Colorado's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2018. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



Board of Commissioners  
Housing Authority of the  
County of Montrose, Colorado  
Olathe, Colorado

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Housing Authority of the County of Montrose, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

### **Report on Internal Control Over Compliance**

Management of Housing Authority of the County of Montrose, Colorado (the Authority) is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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



Board of Commissioners  
Housing Authority of the  
County of Montrose, Colorado  
Olathe, Colorado

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Housing Authority of the County of Montrose, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

|   |                           |     |   |
|---|---------------------------|-----|---|
| Type of auditor's report issued:  | <u>Unmodified Opinion</u> |     |   |
| Internal control over financial reporting:  |                           |     |   |
| Material weakness(es) identified?   | _____                     | yes | _____ <input checked="" type="checkbox"/> _____ no            |
| Significant deficiency(ies) identified<br>not considered to be material weaknesses? | _____                     | yes | _____ <input checked="" type="checkbox"/> _____ none reported |
| Noncompliance material to financial statements<br>noted?                            | _____                     | yes | _____ <input checked="" type="checkbox"/> _____ no            |

Federal Awards

|   |       |     |   |
|---|-------|-----|---|
| Internal Control over major programs:   |       |     |   |
| Material weakness(es) identified?   | _____ | yes | _____ <input checked="" type="checkbox"/> _____ no            |
| Significant deficiency(ies) identified<br>not considered to be material weaknesses? | _____ | yes | _____ <input checked="" type="checkbox"/> _____ none reported |

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

|  |       |     |  |
|--|-------|-----|--|
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | _____ | yes | _____ <input checked="" type="checkbox"/> _____ no |
|--|-------|-----|--|

Identification of major programs:

|                       |   |
|-----------------------|---|
| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
| 14.871                | Housing Voucher Cluster                   |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_  \_\_\_\_\_ yes \_\_\_\_\_ no

SECTION II – FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

There are no findings required to be reported under generally accepted government auditing standards.

SECTION III – FINDINGS AND QUESTIONED COST UNDER THE UNIFORM GUIDANCE

There are no findings or questioned costs under the Uniform Guidance.

Montrose County Housing Authority

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Year ended December 31, 2018

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There were no findings in the prior year.



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION

March 26, 2019

Board of Commissioners  
Housing Authority of the  
County of Montrose, Colorado  
Olathe, Colorado

We have audited the accompanying financial statements of the Housing Authority of the County of Montrose, Colorado (Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents. Our audit of such financial statements was made in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying HUD REAC Electronic Submission Hard Copy Schedules are presented for purposes of additional analysis and are 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. 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 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.

*Chadwick, Steinkirchner, Davis & Co., P.C.*



|   |             |     |           |           |             |             |           |             |
|---|-------------|-----|-----------|-----------|-------------|-------------|-----------|-------------|
| 166 Accumulated Depreciation  | -1,344,440  |     | -1,478    | -760,413  | -517,714    | -2,624,045  |           | -2,624,045  |
| 167 Construction in Progress  |             |     |           |           |             |             |           |             |
| 168 Infrastructure  |             |     |           |           |             |             |           |             |
| 160 Total Capital Assets, Net of Accumulated Depreciation                 | \$1,003,092 | \$0 | \$3,695   | \$468,597 | \$1,226,556 | \$2,701,940 | \$0       | \$2,701,940 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current                   |             |     |           |           |             |             |           |             |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due         |             |     |           |           |             |             |           |             |
| 173 Grants Receivable - Non Current                                       |             |     |           |           |             |             |           |             |
| 174 Other Assets  |             |     |           |           |             |             |           |             |
| 176 Investments in Joint Ventures   |             |     |           |           |             |             |           |             |
| 180 Total Non-Current Assets  | \$1,003,092 | \$0 | \$3,695   | \$468,597 | \$1,226,556 | \$2,701,940 | \$0       | \$2,701,940 |
| 200 Deferred Outflow of Resources   |             |     |           |           |             |             |           |             |
| 290 Total Assets and Deferred Outflow of Resources                        | \$1,407,553 | \$0 | \$101,884 | \$569,721 | \$2,410,840 | \$4,509,998 | -\$34,418 | \$4,475,580 |
| 311 Bank Overdraft  |             |     |           |           |             |             |           |             |
| 312 Accounts Payable <= 90 Days   | \$13,936    |     | \$16,287  | \$7,225   | \$5,117     | \$42,565    | -\$34,418 | \$8,147     |
| 313 Accounts Payable >90 Days Past Due                                    |             |     |           |           |             |             |           |             |
| 321 Accrued Wage/Payroll Taxes Payable                                    |             |     |           |           | \$6,603     | \$6,603     |           | \$6,603     |
| 322 Accrued Compensated Absences - Current Portion                        |             |     |           |           |             |             |           |             |
| 324 Accrued Contingency Liability   |             |     |           |           |             |             |           |             |
| 325 Accrued Interest Payable  |             |     |           |           |             |             |           |             |
| 331 Accounts Payable - HUD PHA Programs                                   |             |     |           |           |             |             |           |             |
| 332 Account Payable - PHA Projects  |             |     |           |           |             |             |           |             |
| 333 Accounts Payable - Other Government                                   |             |     |           |           |             |             |           |             |
| 341 Tenant Security Deposits  | \$15,540    |     |           | \$1,776   | \$4,800     | \$22,116    |           | \$22,116    |
| 342 Unearned Revenue  |             |     |           |           |             |             |           |             |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | \$16,291    |     |           |           |             | \$16,291    |           | \$16,291    |
| 344 Current Portion of Long-term Debt - Operating Borrowings              |             |     |           |           |             |             |           |             |
| 345 Other Current Liabilities   |             |     |           |           |             |             |           |             |
| 346 Accrued Liabilities - Other   |             |     |           |           |             |             |           |             |
| 347 Inter Program - Due To  |             |     |           |           |             |             |           |             |
| 348 Loan Liability - Current  |             |     |           |           |             |             |           |             |
| 310 Total Current Liabilities   | \$45,767    | \$0 | \$16,287  | \$9,001   | \$16,520    | \$87,575    | -\$34,418 | \$53,157    |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue    | \$104,110   |     |           |           |             | \$104,110   |           | \$104,110   |
| 352 Long-term Debt, Net of Current - Operating Borrowings                 |             |     |           |           |             |             |           |             |
| 353 Non-current Liabilities - Other                                       |             |     |           |           |             |             |           |             |
| 354 Accrued Compensated Absences - Non Current                            |             |     |           |           | \$16,451    | \$16,451    |           | \$16,451    |
| 355 Loan Liability - Non Current  |             |     |           |           |             |             |           |             |
| 356 FASB 5 Liabilities  |             |     |           |           |             |             |           |             |
| 357 Accrued Pension and OPEB Liabilities                                  |             |     |           |           |             |             |           |             |
| 350 Total Non-Current Liabilities   | \$104,110   | \$0 | \$0       | \$0       | \$16,451    | \$120,561   | \$0       | \$120,561   |

|   |             |     |           |           |             |             |           |             |
|---|-------------|-----|-----------|-----------|-------------|-------------|-----------|-------------|
| 300 Total Liabilities   | \$149,877   | \$0 | \$16,287  | \$9,001   | \$32,971    | \$208,136   | -\$34,418 | \$173,718   |
| 400 Deferred Inflow of Resources                                      |             |     |           |           |             |             |           |             |
| 508.4 Net Investment in Capital Assets                                | \$882,691   |     | \$3,695   | \$468,597 | \$1,226,556 | \$2,581,539 |           | \$2,581,539 |
| 511.4 Restricted Net Position   | \$281,478   |     | \$5,793   |           |             | \$287,269   |           | \$287,269   |
| 512.4 Unrestricted Net Position                                       | \$93,509    | \$0 | \$76,109  | \$112,123 | \$1,151,313 | \$1,433,054 | \$0       | \$1,433,054 |
| 513 Total Equity - Net Assets / Position                              | \$1,257,676 | \$0 | \$85,597  | \$580,720 | \$2,377,869 | \$4,301,862 | \$0       | \$4,301,862 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | \$1,407,553 | \$0 | \$101,884 | \$589,721 | \$2,410,840 | \$4,509,998 | -\$34,418 | \$4,475,580 |

Montrose County Housing Authority (CO087)  
Olathe, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

|   | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 14.871 Housing Choice Vouchers | 14.182 N/C S/R Section 8 Programs | 1 Business Activities | Subtotal    | ELIM      | Total       |
|---|-----------------------------------|---|--------------------------------|-----------------------------------|-----------------------|-------------|-----------|-------------|
| 70300 Net Tenant Rental Revenue                         | \$166,901                         |   |                                | \$44,668                          | \$108,761             | \$320,330   | -\$39,800 | \$280,530   |
| 70400 Tenant Revenue - Other                            | \$127                             |   |                                | \$1,616                           |                       | \$1,743     |           | \$1,743     |
| 70500 Total Tenant Revenue                              | \$167,028                         | \$0                                     | \$0                            | \$46,284                          | \$108,761             | \$322,073   | -\$39,800 | \$282,273   |
| 70600 HUD PHA Operating Grants                          |                                   | \$122,690                               | \$1,151,884                    | \$82,348                          |                       | \$1,356,922 |           | \$1,356,922 |
| 70610 Capital Grants                                    |                                   |   |                                |                                   |                       |             |           |             |
| 70710 Management Fee                                    |                                   |   |                                |                                   |                       |             |           |             |
| 70720 Asset Management Fee                              |                                   |   |                                |                                   |                       |             |           |             |
| 70730 Book Keeping Fee                                  |                                   |   |                                |                                   |                       |             |           |             |
| 70740 Front Line Service Fee                            |                                   |   |                                |                                   |                       |             |           |             |
| 70750 Other Fees  |                                   |   |                                |                                   | \$48,960              | \$48,960    | -\$48,960 | \$0         |
| 70700 Total Fee Revenue                                 |                                   |   |                                |                                   |                       | \$0         | -\$48,960 | -\$48,960   |
| 70800 Other Government Grants                           | \$1,004                           |   |                                |                                   |                       | \$1,004     |           | \$1,004     |
| 71100 Investment Income - Unrestricted                  | \$2,595                           |   | \$92                           | \$2,160                           | \$12,087              | \$16,934    |           | \$16,934    |
| 71200 Mortgage Interest Income                          |                                   |   |                                |                                   |                       |             |           |             |
| 71300 Proceeds from Disposition of Assets Held for Sale |                                   |   |                                |                                   |                       |             |           |             |
| 71310 Cost of Sale of Assets                            |                                   |   |                                |                                   |                       |             |           |             |
| 71400 Fraud Recovery                                    |                                   |   | \$7,514                        |                                   |                       | \$7,514     |           | \$7,514     |
| 71500 Other Revenue                                     |                                   |   |                                |                                   | \$597,269             | \$597,269   |           | \$597,269   |
| 71600 Gain or Loss on Sale of Capital Assets            |                                   |   |                                |                                   |                       |             |           |             |
| 72000 Investment Income - Restricted                    |                                   |   |                                |                                   |                       |             |           |             |
| 70000 Total Revenue                                     | \$170,627                         | \$122,690                               | \$1,159,490                    | \$130,792                         | \$767,077             | \$2,350,676 | -\$88,760 | \$2,261,916 |
| 91100 Administrative Salaries                           |                                   | \$44,009                                | \$122,476                      | \$34,109                          | \$1,253               | \$201,847   |           | \$201,847   |
| 91200 Auditing Fees                                     |                                   |   | \$2,126                        |                                   | \$1,806               | \$3,932     |           | \$3,932     |
| 91300 Management Fee                                    |                                   |   |                                |                                   |                       |             |           |             |
| 91310 Book-keeping Fee                                  |                                   |   |                                |                                   |                       |             |           |             |
| 91400 Advertising and Marketing                         | \$249                             |   |                                | \$124                             |                       | \$373       |           | \$373       |
| 91500 Employee Benefit contributions - Administrative   |                                   | \$14,251                                | \$12,011                       | \$7,575                           |                       | \$33,837    |           | \$33,837    |
| 91600 Office Expenses                                   | \$87                              |   |                                | \$42                              | \$1,932               | \$2,061     |           | \$2,061     |
| 91700 Legal Expense                                     |                                   |   | \$1,330                        | \$1,421                           |                       | \$2,751     |           | \$2,751     |
| 91800 Travel  |                                   |   | \$2,323                        | \$1,895                           |                       | \$4,318     |           | \$4,318     |
| 91810 Allocated Overhead                                |                                   |   |                                |                                   |                       |             |           |             |
| 91900 Other   | \$5,080                           | \$37,444                                | \$43,353                       | \$14,894                          | \$39,519              | \$140,290   | -\$48,960 | \$91,330    |

|   |          |          |           |          |          |           |           |           |
|---|----------|----------|-----------|----------|----------|-----------|-----------|-----------|
| 91000 Total Operating - Administrative                          | \$5,416  | \$95,704 | \$183,619 | \$60,160 | \$44,510 | \$389,409 | -\$48,960 | \$340,449 |
| 92000 Asset Management Fee                                      |          |          |           |          |          |           |           |           |
| 92100 Tenant Services - Salaries                                |          |          |           |          | \$5,685  | \$5,685   |           | \$5,685   |
| 92200 Relocation Costs  |          |          |           |          |          |           |           |           |
| 92300 Employee Benefit Contributions - Tenant Services          |          |          |           |          | \$674    | \$674     |           | \$674     |
| 92400 Tenant Services - Other                                   |          |          |           |          |          |           |           |           |
| 92500 Total Tenant Services                                     | \$0      | \$0      | \$0       | \$0      | \$6,359  | \$6,359   | \$0       | \$6,359   |
| 93100 Water   | \$21,267 |          |           | \$24,145 | \$5,200  | \$50,612  |           | \$50,612  |
| 93200 Electricity   | \$618    |          |           | \$2,790  | \$793    | \$4,201   |           | \$4,201   |
| 93300 Gas   | \$376    |          |           | \$373    | \$421    | \$1,170   |           | \$1,170   |
| 93400 Fuel  |          |          |           |          |          |           |           |           |
| 93500 Labor   |          |          |           |          |          |           |           |           |
| 93600 Sewer   | \$15,879 |          |           |          |          | \$15,879  |           | \$15,879  |
| 93700 Employee Benefit Contributions - Utilities                |          |          |           |          |          |           |           |           |
| 93800 Other Utilities Expense                                   |          |          |           | \$1,273  | \$3,630  | \$4,903   |           | \$4,903   |
| 93000 Total Utilities   | \$38,140 | \$0      | \$0       | \$28,581 | \$10,044 | \$76,765  | \$0       | \$76,765  |
| 94100 Ordinary Maintenance and Operations - Labor               |          | \$26,986 |           | \$10,019 | \$40,817 | \$77,822  |           | \$77,822  |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$31,201 |          |           | \$6,356  | \$7,104  | \$44,661  |           | \$44,661  |
| 94300 Ordinary Maintenance and Operations Contracts             | \$29,869 |          |           | \$11,715 | \$3,865  | \$45,449  |           | \$45,449  |
| 94500 Employee Benefit Contributions - Ordinary Maintenance     |          |          |           |          | \$8,914  | \$8,914   |           | \$8,914   |
| 94000 Total Maintenance   | \$61,070 | \$26,986 | \$0       | \$28,090 | \$60,700 | \$176,846 | \$0       | \$176,846 |
| 95100 Protective Services - Labor                               |          |          |           |          |          |           |           |           |
| 95200 Protective Services - Other Contract Costs                |          |          |           |          |          |           |           |           |
| 95300 Protective Services - Other                               |          |          |           |          |          |           |           |           |
| 95500 Employee Benefit Contributions - Protective Services      |          |          |           |          |          |           |           |           |
| 95000 Total Protective Services                                 | \$0      | \$0      | \$0       | \$0      | \$0      | \$0       | \$0       | \$0       |
| 96110 Property Insurance  | \$12,528 |          |           | \$5,361  | \$7,567  | \$25,456  |           | \$25,456  |
| 96120 Liability Insurance                                       | \$36     |          |           |          | \$7,769  | \$7,805   |           | \$7,805   |
| 96130 Workmen's Compensation                                    | \$1,013  |          |           | \$661    | \$13     | \$1,687   |           | \$1,687   |
| 96140 All Other Insurance                                       |          |          | \$3,264   | \$15     | \$45     | \$3,324   |           | \$3,324   |
| 96100 Total Insurance Premiums                                  | \$13,577 | \$0      | \$3,264   | \$6,037  | \$15,394 | \$38,272  | \$0       | \$38,272  |
| 96200 Other General Expenses                                    |          |          |           | \$279    | \$844    | \$1,123   |           | \$1,123   |
| 96210 Compensated Absences                                      |          |          |           |          |          |           |           |           |
| 96300 Payments in Lieu of Taxes                                 |          |          |           |          |          |           |           |           |
| 96400 Bad debt - Tenant Rents                                   |          |          |           |          |          |           |           |           |
| 96500 Bad debt - Mortgages                                      |          |          |           |          |          |           |           |           |
| 96600 Bad debt - Other  |          |          |           |          |          |           |           |           |
| 96800 Severance Expense   |          |          |           |          |          |           |           |           |

|   |             |           |             |           |             |             |           |             |
|---|-------------|-----------|-------------|-----------|-------------|-------------|-----------|-------------|
| 96000 Total Other General Expenses  | \$0         | \$0       | \$0         | \$279     | \$844       | \$1,123     | \$0       | \$1,123     |
| 96710 Interest of Mortgage (or Bonds) Payable                             | \$3,311     |           |             |           |             | \$3,311     |           | \$3,311     |
| 96720 Interest on Notes Payable (Short and Long Term)                     |             |           |             |           |             |             |           |             |
| 96730 Amortization of Bond Issue Costs                                    |             |           |             |           |             |             |           |             |
| 96700 Total Interest Expense and Amortization Cost                        | \$3,311     | \$0       | \$0         | \$0       | \$0         | \$3,311     | \$0       | \$3,311     |
| 96900 Total Operating Expenses  | \$121,514   | \$122,690 | \$186,883   | \$123,147 | \$137,851   | \$692,085   | -\$48,960 | \$643,125   |
| 97000 Excess of Operating Revenue over Operating Expenses                 | \$48,113    | \$0       | \$972,607   | \$7,645   | \$629,226   | \$1,658,591 | -\$39,800 | \$1,618,791 |
| 97100 Extraordinary Maintenance   |             |           |             |           |             |             |           |             |
| 97200 Casualty Losses - Non-capitalized                                   |             |           |             |           |             |             |           |             |
| 97300 Housing Assistance Payments   |             |           | \$1,004,577 |           |             | \$1,004,577 | -\$39,800 | \$964,777   |
| 97350 HAP Portability-In  |             |           |             |           |             |             |           |             |
| 97400 Depreciation Expense  | \$79,588    |           | \$739       | \$34,350  | \$43,611    | \$158,288   |           | \$158,288   |
| 97500 Fraud Losses  |             |           |             |           |             |             |           |             |
| 97600 Capital Outlays - Governmental Funds                                |             |           |             |           |             |             |           |             |
| 97700 Debt Principal Payment - Governmental Funds                         |             |           |             |           |             |             |           |             |
| 97800 Dwelling Units Rent Expense   |             |           |             |           |             |             |           |             |
| 90000 Total Expenses  | \$201,102   | \$122,690 | \$1,192,199 | \$157,497 | \$181,462   | \$1,854,950 | -\$88,780 | \$1,766,190 |
| 10010 Operating Transfer In   |             |           |             |           |             |             |           |             |
| 10020 Operating transfer Out  |             |           |             |           |             |             |           |             |
| 10030 Operating Transfers from/to Primary Government                      |             |           |             |           |             |             |           |             |
| 10040 Operating Transfers from/to Component Unit                          |             |           |             |           |             |             |           |             |
| 10050 Proceeds from Notes, Loans and Bonds                                |             |           |             |           |             |             |           |             |
| 10060 Proceeds from Property Sales  |             |           |             |           |             |             |           |             |
| 10070 Extraordinary Items, Net Gain/Loss                                  |             |           |             |           |             |             |           |             |
| 10080 Special Items (Net Gain/Loss)                                       |             |           |             |           |             |             |           |             |
| 10091 Inter Project Excess Cash Transfer In                               |             |           |             |           |             |             |           |             |
| 10092 Inter Project Excess Cash Transfer Out                              |             |           |             |           |             |             |           |             |
| 10093 Transfers between Program and Project - In                          |             |           |             |           |             |             |           |             |
| 10094 Transfers between Project and Program - Out                         |             |           |             |           |             |             |           |             |
| 10100 Total Other financing Sources (Uses)                                | \$0         | \$0       | \$0         | \$0       | \$0         | \$0         | \$0       | \$0         |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses    | -\$30,475   | \$0       | -\$32,709   | -\$26,705 | \$585,615   | \$495,726   | \$0       | \$495,726   |
| 11020 Required Annual Debt Principal Payments                             | \$16,185    | \$0       | \$0         | \$0       | \$0         | \$16,185    |           | \$16,185    |
| 11030 Beginning Equity  | \$1,288,151 | \$0       | \$118,306   | \$607,425 | \$1,792,254 | \$3,806,136 |           | \$3,806,136 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors |             |           |             |           |             |             |           |             |
| 11050 Changes in Compensated Absence Balance                              |             |           |             |           |             |             |           |             |
| 11060 Changes in Contingent Liability Balance                             |             |           |             |           |             |             |           |             |
| 11070 Changes in Unrecognized Pension Transition Liability                |             |           |             |           |             |             |           |             |

|       |   |  |          |  |          |  |          |
|-------|---|--|----------|--|----------|--|----------|
| 11080 | Changes in Special Term/Severance Benefits Liability        |  |          |  |          |  |          |
| 11090 | Changes in Allowance for Doubtful Accounts - Dwelling Rents |  |          |  |          |  |          |
| 11100 | Changes in Allowance for Doubtful Accounts - Other          |  |          |  |          |  |          |
| 11170 | Administrative Fee Equity                                   |  | \$79,804 |  | \$79,804 |  | \$79,804 |
| 11180 | Housing Assistance Payments Equity                          |  | \$5,793  |  | \$5,793  |  | \$5,793  |
| 11190 | Unit Months Available                                       |  | 2155     |  | 2155     |  | 2155     |
| 11210 | Number of Unit Months Leased                                |  | 2143     |  | 2143     |  | 2143     |
| 11270 | Excess Cash   |  |          |  |          |  |          |
| 11810 | Land Purchases  |  |          |  |          |  |          |
| 11620 | Building Purchases  |  |          |  |          |  |          |
| 11630 | Furniture & Equipment - Dwelling Purchases                  |  |          |  |          |  |          |
| 11640 | Furniture & Equipment - Administrative Purchases            |  |          |  |          |  |          |
| 11650 | Leasehold Improvements Purchases                            |  |          |  |          |  |          |
| 11660 | Infrastructure Purchases                                    |  |          |  |          |  |          |
| 13510 | CFFP Debt Service Payments                                  |  |          |  |          |  |          |
| 13901 | Replacement Housing Factor Funds                            |  |          |  |          |  |          |