



HOUSING AUTHORITY OF THE
CITY OF RIFLE

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

January 31, 2019

Board of Commissioners
Housing Authority of the City of Rifle
Rifle, Colorado

We have audited the accompanying financial statements of Housing Authority of the City of Rifle (the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Housing Authority of the City of Rifle
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January 31, 2019

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 City of Rifle 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 on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedules on pages 15 through 20 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.

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

Management's Discussion and Analysis (MD&A)

This discussion and analysis is designed to provide an analysis of the Authority's financial condition and operating results and to also inform the reader of Authority financial issues and activities. Please read it in conjunction with the Authority's financial statements that follow the MD&A.

HIGHLIGHTS

In 2018, cash and cash equivalents increased by \$168,719 to \$981,889 from \$813,170 in 2017. This increase is attributable to grants and other receipts as well as an increase in rent income.

Total operating revenues decreased to \$867,450 in 2018 from \$871,817 in 2017. This is a decrease of \$4,326, or less than 1%. Total operating expenses decreased to \$720,905 in 2018 from \$741,642 in 2017. This is a decrease of \$20,737 or less than 1%. The decrease in expenses is attributable to less need for capital outlays.

Net position increased by \$146,606 as opposed to an increase of \$130,207 in 2017. The Authority no longer has any non-current liabilities.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government entity engaged in a business-type activity. The following statements and schedules are included:

- Statement of net position – reports the Authority's current financial resources (short-term spendable resources) with capital assets and long-term obligations. (See page 7.)
- Statement of revenue, expenses and changes in net position – reports the Authority's operating and non-operating revenues by major source along with operating and non-operating expenses and contributions. (See page 8.)
- Statement of cash flows – reports the Authority's cash flows from operating, capital and related financing, and investing activities. (See page 9.)
- Schedules of revenues, expenses, and changes in net position - non-GAAP basis - budget and actual – reports the Authority's revenues and expenditures on the same basis as the budget. (See pages 17-19.)

STATEMENT OF NET POSITION

The following presentation shows the condensed statement of net position for the past two years.

HIGHLIGHTS

| At December 31, | <u>2018</u> | <u>2017</u> |
|------------------------------------|---------------------|---------------------|
| Current assets | \$ 933,729 | \$ 767,509 |
| Tenant Security Deposits | 48,160 | 45,661 |
| Capital assets | <u>1,919,811</u> | <u>1,942,036</u> |
| Total assets | <u>\$ 2,901,700</u> | <u>\$ 2,755,206</u> |
| Current liabilities | <u>\$ 51,418</u> | <u>\$ 51,530</u> |
| Total liabilities | <u>51,418</u> | <u>51,530</u> |
| Net investment in capital assets | 1,919,811 | 1,942,036 |
| Unrestricted | <u>930,471</u> | <u>761,640</u> |
| Total net position | <u>2,850,282</u> | <u>2,703,676</u> |
| Total liabilities and net position | <u>\$ 2,901,700</u> | <u>\$ 2,755,206</u> |

The net position of the Authority increased \$146,606 from \$2,703,676 in 2017, to \$2,850,282 in 2018 due to a decrease in capital spending.

REVIEW OF REVENUES

| Year ended December 31, | <u>2018</u> | <u>2017</u> |
|-------------------------|-------------------|-------------------|
| Operating revenues | \$ 867,450 | \$ 871,817 |
| Interest income | <u>61</u> | <u>32</u> |
| Total | <u>\$ 867,511</u> | <u>\$ 871,849</u> |

The Authority's revenue decrease of \$4,338 from 2017 to 2018 reflects a decrease of \$7,824 in 2017 grant income with other revenue sources remaining stable.

REVIEW OF EXPENSES

| Year ended December 31, | <u>2018</u> | <u>2017</u> |
|-------------------------|---------------------|---------------------|
| Operating expenses | \$ 720,905 | \$ 741,642 |
| Total | <u>\$ 720,905</u> | <u>\$ 741,642</u> |
| Change in net position | \$ 146,606 | \$ 130,207 |
| Net position, beginning | <u>2,703,676</u> | <u>2,573,469</u> |
| Net position, ending | <u>\$ 2,850,282</u> | <u>\$ 2,703,676</u> |

The Authority's expenses decreased by \$20,737 from 2017.

CAPITAL ASSETS

Capital assets decreased (net of accumulated depreciation) \$22,225 from 2017 to 2018 due to depreciation costs of \$88,407, with additions of only \$66,182.

| At December 31, | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Non-depreciable assets: | | |
| Land | \$ 396,592 | \$ 396,592 |
| Development Costs | <u>7,865</u> | <u>—</u> |
| Total non-depreciable assets | 404,457 | 396,592 |
| Depreciable assets: | | |
| Buildings | 3,903,397 | 3,860,780 |
| Furnishings | <u>88,706</u> | <u>73,006</u> |
| Total capital assets, being depreciated | 3,992,103 | 3,933,786 |
| Less accumulated depreciation for: | | |
| Buildings | 2,407,304 | 2,325,544 |
| Furnishings | <u>69,445</u> | <u>62,798</u> |
| Less accumulated depreciation | <u>2,476,749</u> | <u>2,388,342</u> |
| Book value of depreciated assets | <u>1,515,354</u> | <u>1,545,444</u> |
| Total capital assets, net | <u>\$ 1,919,811</u> | <u>\$ 1,942,036</u> |

DEBT ADMINISTRATION

The Authority has no debt as of December 31, 2018.

ECONOMIC AND OTHER FACTORS

The economy of the Authority's area follows the same pattern as the rest of the country. The Authority has no idea what factors will affect the economy in 2019; however, the Authority will remain economically responsible. The Authority's revenues depend on the national budget to a great degree, and there is no reason to believe that rent subsidies will decrease at this time, but the Authority will maintain sound fiscal policies in any event.

FINANCIAL CONTACT

The Authority's financial statements are designed to present users (service users, taxpayers and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability. If you have any questions concerning this report or need additional financial information, please contact the Authority at 970-625-3974.

Housing Authority of the City of Rifle

STATEMENT OF NET POSITION

December 31, 2018

| ASSETS | | |
|------------------------------------|------------------------------------|---------------------|
| Current assets | | |
| Cash and investments | | \$ 933,729 |
| | Total current assets | <u>933,729</u> |
| Noncurrent assets | | |
| Restricted cash | | |
| Tenant security deposits | | 48,160 |
| | Total restricted assets | <u>48,160</u> |
| Capital assets | | 1,919,811 |
| | Total noncurrent assets | <u>1,967,971</u> |
| | Total assets | <u>\$ 2,901,700</u> |
| LIABILITIES AND NET POSITION | | |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | | \$ 328 |
| Accrued payroll expense | | 2,930 |
| Security deposits and escrows held | | 48,160 |
| | Total current liabilities | <u>51,418</u> |
| Net position | | |
| Net investment in capital assets | | 1,919,811 |
| Unrestricted | | 930,471 |
| | Total net position | <u>2,850,282</u> |
| | Total liabilities and net position | <u>\$ 2,901,700</u> |

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

Year ended December 31, 2018

| | | |
|---|---------------------------------------|-------------------------|
| Operating revenue | | |
| Rent income and housing assistance payments | \$ | 781,966 |
| Grant revenue | | 25,324 |
| Other revenues | | 60,160 |
| | Total operating revenue | <u>867,450</u> |
| Operating expenses | | |
| Operations and maintenance | | |
| Maintenance labor | | 157,085 |
| Maintenance repairs | | 101,716 |
| Utilities | | 181,551 |
| Capital outlay | | 20,767 |
| Depreciation | | 88,407 |
| | Total operations and maintenance | <u>549,526</u> |
| General and administrative | | |
| Manager salary | | 66,379 |
| Employee benefits | | 36,470 |
| Legal fees | | 987 |
| Accounting and auditing | | 16,757 |
| Insurance and bonding | | 29,425 |
| Other administrative | | 21,361 |
| | Total general and administrative | <u>171,379</u> |
| | Total operating expenses | <u>720,905</u> |
| | Net operating income (loss) | 146,545 |
| Non-operating revenue (expenses) | | |
| Interest income | | 61 |
| | Total non-operating revenue (expense) | <u>61</u> |
| | Change in net position | 146,606 |
| Net position at beginning of year | | <u>2,703,676</u> |
| Net position at end of year | \$ | <u><u>2,850,282</u></u> |

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle

STATEMENT OF CASH FLOWS

Year ended December 31, 2018

| | |
|---|--------------------------|
| Cash flows from operating activities | |
| Cash received from tenants and subsidies | \$ 781,966 |
| Other operating receipts and grants | 85,484 |
| Cash paid to suppliers | (407,689) |
| Cash paid to employees | (224,921) |
| | <u>234,840</u> |
| Net cash provided (used) by operating activities | |
| Cash flows from capital and related financing activities | |
| Purchase of capital assets | (66,182) |
| | <u>(66,182)</u> |
| Net cash provided (used) by capital and related financing activities | |
| Cash flows from investing activities | |
| Interest received | 61 |
| | <u>61</u> |
| Net cash provided (used) by investing activities | |
| Increase (decrease) in cash and cash equivalents | |
| | 168,719 |
| Cash and cash equivalents at beginning of year | <u>813,170</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 981,889</u></u> |
| <u>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities:</u> | |
| Net operating income (loss) | \$ 146,545 |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities: | |
| Depreciation | 88,407 |
| Increase (decrease) in accounts payable | (55) |
| Increase (decrease) in accrued payroll expense | (2,556) |
| Increase (decrease) in security deposits | 2,499 |
| | <u>88,295</u> |
| Total adjustments | |
| Net cash provided (used) by operating activities | |
| | <u><u>\$ 234,840</u></u> |

The accompanying notes are an integral part of this statement.

Housing Authority of the City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of the City of Rifle, Rifle, Colorado (the Housing 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 Housing Authority of the City of Rifle, Colorado, was established April 27, 1977, 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 Housing Authority.

The Housing Authority consists of 106 low-income apartment units for the elderly and disabled, rented on a monthly basis to tenants. Some rental payments are subsidized by the Office of Rural Rental Housing, and 60 units are eligible for rental assistance under Housing and Urban Development (HUD) Section 8 Existing Housing guidelines.

The Board of Commissioners is appointed by the City Council of the City of Rifle for specified terms, normally five years. Once appointed, the Board of Commissioners has total control of financial resources, can buy or sell property, enter into contracts and acquire indebtedness on behalf of the Housing Authority. The Housing Authority has no component units, nor is it a component unit of the City of Rifle.

2. Basis of Presentation – Fund Accounting and Basis of Accounting

The accounts of the Housing Authority are organized and operated on a fund basis. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position and cash flows. The generally accepted accounting principles applicable are those similar to those applicable to businesses in the private sector.

GASB Statement No. 34 sets forth minimum criteria for the determination of major funds to be presented in the financial statements. Since the operations of the Housing Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented.

Enterprise funds may be used to account for operations (a) that are financed and operated in a manner similar to business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Housing Authority of the City of Rifle
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 (enterprise) funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows 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 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 unrestricted resources first. Use of restricted resources is a last resort.

Operating revenues and expenses for enterprise 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. Assets, Liabilities and Equity

Cash and cash equivalents

The Housing Authority's cash and cash equivalents are considered to be unrestricted and restricted cash on hand, demand deposits and certificates of deposit. As of December 31, 2018, the Authority had \$743,716 of bank balances exceeding Federal Depository Insurance Limits. However, this amount is collateralized as described at Note C, under PDPA.

Fair Value of Financial Instruments

The Housing Authority's financial instruments include cash and cash equivalents, prepaids, and accounts payable. The Housing 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.

Restricted Assets – Cash and Cash Equivalents

Certain cash accounts of the Housing Authority are classified as restricted since they are set aside for tenant security (damage) deposits. Tenant damage deposits for Kendall Heights and Jackson Heights are segregated in separate bank accounts.

Housing Authority of the City of Rifle
NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets of the Housing Authority are recorded at cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of donation. The Housing Authority's capitalization policy is \$5,000.

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 5 to 50 years.

Risk Management

The Housing 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 Housing Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past four 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 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted for each project on a non-GAAP basis. All annual appropriations lapse at fiscal year end.

Prior to October 1, the Housing Authority's Executive Director (not an elected official) submits proposed operating budgets for the year commencing the following January 1 to the Board of Commissioners (appointed officials). The operating budgets include proposed expenditures and the means of financing them.

Housing Authority of the City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE C – DEPOSITS AND INVESTMENTS

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.

NOTE D – CAPITAL ASSETS

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------|------------------|---------------------------|
| Non-depreciable assets: | | | | |
| Land | \$ 396,592 | \$ – | \$ – | \$ 396,592 |
| Development costs | – | 7,865 | – | 7,865 |
| Total capital assets, not being depreciated | <u>396,592</u> | <u>7,865</u> | <u>–</u> | <u>404,457</u> |
| Depreciable assets: | | | | |
| Buildings | 3,860,780 | 42,617 | – | 3,903,397 |
| Furnishings | 73,006 | 15,700 | – | 88,706 |
| Total capital assets, being depreciated | <u>3,933,786</u> | <u>58,317</u> | <u>–</u> | <u>3,992,103</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 2,325,544 | 81,760 | – | 2,407,304 |
| Furnishings | 62,798 | 6,647 | – | 69,445 |
| Total accumulated depreciation | <u>2,388,342</u> | <u>88,407</u> | <u>–</u> | <u>2,476,749</u> |
| Total capital assets, being depreciated | <u>1,545,444</u> | <u>(30,090)</u> | <u>–</u> | <u>1,515,354</u> |
| Total capital assets, net | <u>\$1,942,036</u> | <u>\$ (22,225)</u> | <u>\$ –</u> | <u>\$1,919,811</u> |

NOTE E – 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 Housing Authority expects such amounts, if any, to be immaterial.

NOTE F – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including raising revenue, 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 City of Rifle

NOTES TO FINANCIAL STATEMENTS

December 31, 2018

NOTE G – PENSION PLAN

The Authority offers a voluntary defined contribution plan under the provisions of Section 457 of the Internal Revenue Code. The plan allows salaried employees to contribute up to 5% of their yearly salary, and the Authority contributes a matching amount up to 5%. Under the plan, the Housing Authority can contribute 2% of the employee's pay whether or not the employee contributes. The plan is administered by State Farm. Contributions to the plan for the year ended December 31, 2018 were \$7,858 from the employees and \$7,858 from the Housing Authority.

SUPPLEMENTAL INFORMATION

Housing Authority of the City of Rifle

SCHEDULE OF NET POSITION - ALL PROJECTS

December 31, 2018

| | Kendall Heights | Jackson Heights | Total |
|-------------------------------------|--------------------|---------------------|---------------------|
| ASSETS | | | |
| Cash and investments | \$ 205,878 | \$ 727,851 | \$ 933,729 |
| Tenant security deposits | 26,191 | 21,969 | 48,160 |
| Capital assets, net | 665,481 | 1,254,330 | 1,919,811 |
| Total assets | <u>\$ 897,550</u> | <u>\$ 2,004,150</u> | <u>\$ 2,901,700</u> |
| LIABILITIES AND NET POSITION | | | |
| Liabilities | | | |
| Accounts payable | \$ - | \$ 328 | \$ 328 |
| Accrued payroll expense | 1,260 | 1,670 | 2,930 |
| Security deposits held | 26,191 | 21,969 | 48,160 |
| Total liabilities | 27,451 | 23,967 | 51,418 |
| Net position | | | |
| Net investment in capital assets | 665,481 | 1,254,330 | 1,919,811 |
| Unrestricted | 204,618 | 725,853 | 930,471 |
| Total net position | <u>870,099</u> | <u>1,980,183</u> | <u>2,850,282</u> |
| Total liabilities and net position | <u>\$ 897,550</u> | <u>\$ 2,004,150</u> | <u>\$ 2,901,700</u> |

Housing Authority of the City of Rifle

SCHEDULE OF INDIVIDUAL PROJECT REVENUES,
EXPENSES, AND CHANGES IN NET POSITION

Year ended December 31, 2018

| | Kendall Heights | Jackson Heights | Total |
|--|--------------------|--------------------|--------------|
| Operating revenue | | | |
| Rent income and housing assistance payments | \$ 506,483 | \$ 275,483 | \$ 781,966 |
| Grant revenue | - | 25,324 | 25,324 |
| Other revenues | 35,205 | 24,955 | 60,160 |
| Total operating revenue | 541,688 | 325,762 | 867,450 |
| Operating expenses | | | |
| Operations and maintenance | | | |
| Maintenance labor | 89,545 | 67,540 | 157,085 |
| Maintenance and repairs | 54,543 | 47,173 | 101,716 |
| Utilities | 103,288 | 78,263 | 181,551 |
| Capital outlay | 7,672 | 13,095 | 20,767 |
| Depreciation | 43,627 | 44,780 | 88,407 |
| Total operations and maintenance | 298,675 | 250,851 | 549,526 |
| General and administrative | | | |
| Manager salary | 37,836 | 28,543 | 66,379 |
| Employee benefits | 20,788 | 15,682 | 36,470 |
| Legal fees | 623 | 364 | 987 |
| Accounting and auditing | 9,577 | 7,180 | 16,757 |
| Insurance and bonding | 16,772 | 12,653 | 29,425 |
| Other administrative | 12,990 | 8,371 | 21,361 |
| Total general and administrative | 98,586 | 72,793 | 171,379 |
| Total operating expenses | 397,261 | 323,644 | 720,905 |
| Net operating income (loss) | 144,427 | 2,118 | 146,545 |
| Non-operating revenue (expense) | | | |
| Interest income | - | 61 | 61 |
| Total non-operating revenue (expense) | - | 61 | 61 |
| Change in net position | 144,427 | 2,179 | 146,606 |
| Net position at beginning of year | 793,172 | 1,910,504 | 2,703,676 |
| Transfers | (67,500) | 67,500 | - |
| Net position at end of year | \$ 870,099 | \$ 1,980,183 | \$ 2,850,282 |

Housing Authority of the City of Rifle

Schedule of Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2018

| | Original and Final Budget | Total Actual | Variance Favorable (Unfavorable) |
|---|---------------------------------|---------------------|--|
| Revenue | | | |
| Rent income and housing assistance payments | \$ 766,861 | \$ 781,966 | \$ 15,105 |
| Interest income | 25 | 61 | 36 |
| Grant revenue | - | 25,324 | 25,324 |
| Other revenues | 59,378 | 60,160 | 782 |
| Total revenue | <u>826,264</u> | <u>867,511</u> | <u>41,247</u> |
| Expenses | | | |
| Operations and maintenance | | | |
| Maintenance labor | 150,561 | 157,085 | (6,524) |
| Maintenance and repairs | 104,286 | 101,716 | 2,570 |
| Utilities | 188,200 | 181,551 | 6,649 |
| Capital outlay | 54,612 | 20,767 | 33,845 |
| Total operations and maintenance | <u>497,659</u> | <u>461,119</u> | <u>36,540</u> |
| General and administrative | | | |
| Manager salary | 66,360 | 66,379 | (19) |
| Employee benefits | 26,640 | 36,470 | (9,830) |
| Accounting and auditing | 16,750 | 16,757 | (7) |
| Legal fees | 12,000 | 987 | 11,013 |
| Insurance and bonding | 35,000 | 29,425 | 5,575 |
| Other administrative | 26,514 | 21,361 | 5,153 |
| Total general and administrative | <u>183,264</u> | <u>171,379</u> | <u>11,885</u> |
| Total expenses | <u>680,923</u> | <u>632,498</u> | <u>48,425</u> |
| Excess of revenue over (under) expenses | <u>\$ 145,341</u> | <u>235,013</u> | <u>\$ 89,672</u> |
| Adjustments to non-GAAP basis | | | |
| Depreciation | | (88,407) | |
| Total adjustments | | <u>(88,407)</u> | |
| Change in net position | | 146,606 | |
| Net position at beginning of year | | <u>2,703,676</u> | |
| Net position at end of year | | <u>\$ 2,850,282</u> | |

Housing Authority of the City of Rifle

Schedule of Kendall Heights Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2018

| | Original and Final Budget | Kendall Heights Actual | Variance Favorable (Unfavorable) |
|---|---------------------------------|------------------------------|--|
| Revenue | | | |
| Rent income and housing assistance payments | \$ 495,165 | \$ 506,483 | \$ 11,318 |
| Other revenues | 33,684 | 35,205 | 1,521 |
| Total revenue | <u>528,849</u> | <u>541,688</u> | <u>12,839</u> |
| Expenses | | | |
| Operations and maintenance | | | |
| Maintenance labor | 85,820 | 89,545 | (3,725) |
| Maintenance and repairs | 53,117 | 52,460 | 657 |
| Painting and decorating | - | 2,083 | (2,083) |
| Utilities | 106,642 | 103,288 | 3,354 |
| Capital outlay | 32,612 | 7,672 | 24,940 |
| Total operations and maintenance | <u>278,191</u> | <u>255,048</u> | <u>23,143</u> |
| General and administrative | | | |
| Manager salary | 37,825 | 37,836 | (11) |
| Employee benefits | 10,622 | 20,788 | (10,166) |
| Legal fees | 6,840 | 623 | 6,217 |
| Accounting and auditing | 9,548 | 9,577 | (29) |
| Insurance and bonding | 19,950 | 16,772 | 3,178 |
| Other administrative | 17,613 | 12,990 | 4,623 |
| Total general and administrative | <u>102,398</u> | <u>98,586</u> | <u>3,812</u> |
| Total expenses | <u>380,589</u> | <u>353,634</u> | <u>26,955</u> |
| Excess of revenue over (under) expenses | <u>\$ 148,260</u> | <u>188,054</u> | <u>\$ 39,794</u> |
| Adjustments to non-GAAP basis | | | |
| Depreciation | | (43,627) | |
| Total adjustments | | <u>(43,627)</u> | |
| Change in net position | | 144,427 | |
| Net position at beginning of year | | 793,172 | |
| Transfer | | (67,500) | |
| Net position at end of year | | <u>\$ 870,099</u> | |

Housing Authority of the City of Rifle

Schedule of Jackson Heights Revenues, Expenses and Changes in Net Position
Non-GAAP Basis - Budget and Actual

Year ended December 31, 2018

| | Original and Final Budget | Jackson Heights Actual | Variance Favorable (Unfavorable) |
|---|---------------------------------|------------------------------|--|
| Revenue | | | |
| Rent income and housing assistance payments | \$ 271,696 | \$ 275,483 | \$ 3,787 |
| Interest income | 25 | 61 | 36 |
| Grant revenue | - | 25,324 | 25,324 |
| Other revenues | 25,694 | 24,955 | (739) |
| Total revenue | <u>297,415</u> | <u>325,823</u> | <u>28,408</u> |
| Expenses | | | |
| Operations and maintenance | | | |
| Maintenance labor | 64,741 | 67,540 | (2,799) |
| Maintenance and repairs | 51,169 | 47,173 | 3,996 |
| Utilities | 81,558 | 78,263 | 3,295 |
| Capital outlay | 22,000 | 13,095 | 8,905 |
| Total operations and maintenance | <u>219,468</u> | <u>206,071</u> | <u>13,397</u> |
| General and administrative | | | |
| Manager salary | 28,535 | 28,543 | (8) |
| Employee benefits | 16,018 | 15,682 | 336 |
| Legal fees | 5,160 | 364 | 4,796 |
| Accounting and auditing | 7,202 | 7,180 | 22 |
| Insurance and bonding | 15,050 | 12,653 | 2,397 |
| Other administrative | 8,901 | 8,371 | 530 |
| Total general and administrative | <u>80,866</u> | <u>72,793</u> | <u>8,073</u> |
| Total expenses | <u>300,334</u> | <u>278,864</u> | <u>21,470</u> |
| Excess of revenue over (under) expenses | <u>\$ (2,919)</u> | 46,959 | <u>\$ 49,878</u> |
| Adjustments to non-GAAP basis | | | |
| Depreciation | | <u>(44,780)</u> | |
| Total adjustments | | <u>(44,780)</u> | |
| Change in net position | | 2,179 | |
| Net position at beginning of year | | 1,910,504 | |
| Transfer | | 67,500 | |
| Net position at end of year | | <u>\$ 1,980,183</u> | |

Housing Authority of the City of Rifle

SCHEDULE OF INDIVIDUAL PROJECT CASH FLOWS

Year ended December 31, 2018

| | Kendall Heights | Jackson Heights | Total |
|---|--------------------|--------------------|-------------------|
| Cash flows from operating activities | | | |
| Cash received from tenants and subsidies | \$ 506,483 | \$ 275,483 | \$ 781,966 |
| Other operating receipts and grants | 35,205 | 50,279 | 85,484 |
| Cash paid to suppliers | (226,353) | (181,336) | (407,689) |
| Cash paid to employees | (127,381) | (97,540) | (224,921) |
| Net cash provided (used) by operating activities | 187,954 | 46,886 | 234,840 |
| Cash flows from capital and related financing activities | | | |
| Purchase of capital assets | (17,470) | (48,712) | (66,182) |
| Net cash provided (used) by capital and related financing activities | (17,470) | (48,712) | (66,182) |
| Cash flows from investing activities | | | |
| Interest received | - | 61 | 61 |
| Transfers | (342,500) | 342,500 | - |
| Net cash provided (used) by investing activities | (342,500) | 342,561 | 61 |
| Increase (decrease) in cash and cash equivalents | (172,016) | 340,735 | 168,719 |
| Beginning cash and cash equivalents | 404,085 | 409,085 | 813,170 |
| Ending cash and cash equivalents | <u>\$ 232,069</u> | <u>\$ 749,820</u> | <u>\$ 981,889</u> |
| <u>Reconciliation of net operating income (loss) to net cash provided (used) by operating activities</u> | | | |
| Net operating income (loss) | \$ 144,427 | \$ 2,118 | \$ 146,545 |
| Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities | | | |
| Depreciation | 43,627 | 44,780 | 88,407 |
| Increase (decrease) in accounts payable | - | (55) | (55) |
| Increase (decrease) in accrued payroll expense | (1,099) | (1,457) | (2,556) |
| Increase (decrease) in security deposits | 999 | 1,500 | 2,499 |
| Total adjustments | 43,527 | 44,768 | 88,295 |
| Net cash provided (used) by operating activities | \$ 187,954 | \$ 46,886 | \$ 234,840 |