

# CONEJOS COUNTY HOUSING AUTHORITY

AUDITED FINANCIAL STATEMENTS

LaJara, Colorado

March 31, 2019

*Goldie Roberts*

Certified Public Accountant

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CONEJOS COUNTY  
HOUSING AUTHORITY

LaJara, Colorado  
March 31, 2019

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# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the Conejos County Housing Authority ("the Authority") which comprise the Statement of Net Position as of March 31, 2019, and the related Statements of Revenues, Expenses and Changes in Fund Net Position, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, which collectively comprise the Conejos County Housing Authority's financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conejos County Housing Authority as of March 31, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

### **Other Supplementary Information**

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

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

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

In accordance with *Government Auditing Standards*, I have also issued my report dated October 28, 2019 on my consideration of the Conejos County Housing Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conejos County Housing Authority's internal control over financial reporting and compliance.

Certified Public Accountant

Fredericksburg, Indiana  
October 28, 2019

**CONEJOS COUNTY HOUSING AUTHORITY**  
**La Jara, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2019**

This section of the HOUSING AUTHORITY OF CONEJOS COUNTY ("the Authority") annual financial report presents our management's discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the financial statements as a whole.

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

**FINANCIAL HIGHLIGHTS**

- The Housing Authority converted their Public Housing inventory on July 1, 2018, through the Rental Assistance Demonstration (RAD) Program, to a Project Based Rental Assistance (PBRA) Program.
- The term "net position" refers to the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The Authority's total net position as of March 31, 2019, was \$933,769. The net position increased by \$150,565, an increase of 19% over the prior year.
- Revenues for the Authority were \$458,229 for the year ended March 31, 2019. This represents an increase of \$134,982 or 42% from the prior year.
- Expenses for the Authority were \$307,664 for the year ended March 31, 2019. This represents an increase of \$3,129 or 1% from the prior year.
- Tenant revenue for the Authority was \$132,318 for the year ended March 31, 2019. This was an increase of \$21,957 or 20% from the prior year. Federal operating grants for the Authority were \$302,305 for the year ended March 31, 2019. This was an increase of \$179,457 or 146% from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. The Authority's financial statements are presented as fund level financial statements because the Authority only has proprietary funds.

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
MARCH 31, 2019  
(continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Required Financial Statements

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

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

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

Notes to the Financial Statements

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

HUD Reporting

HUD has established *Uniform Financial Reporting Standards* that require Housing Authority's to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2019 and is required to be included in the audit reporting package.

**CONEJOS COUNTY HOUSING AUTHORITY**  
**La Jara, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2019**

**FINANCIAL ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. As stated in the table below, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$933,769 at the close of the year ended March 31, 2019, up from \$783,204 in fiscal year 2018. The increase in net position of \$150,565 was due to the reasons noted below.

- Current assets include cash, receivables, prepaid expenses, and materials inventory. Of the \$164,762 increase in this category, cash increased \$138,127 and receivables increased by \$30,533. Current assets increased primarily to the recording of CFP revenue through operations (BLI 1406).
- Capital assets decreased \$11,231 due to current year depreciation expense exceeding the capital asset additions. Change in capital assets is explained in section titled "Capital Assets" of this analysis.
- Current liabilities increased by \$2,383 from FY 2018.
- Noncurrent liabilities increased \$583 from FY 2018.

**Condensed Statement of Net Position**

Category	FYE 2019	FYE 2018	Change \$	Change %
Current Assets	\$ 621,683	\$ 456,921	\$ 164,762	36%
Non-Current Assets	345,616	356,847	(11,231)	-3%
Total Assets	967,299	813,768	153,531	19%
Deferred Outflow of Resources	-	-	-	N/A
Current Liabilities	32,453	30,070	2,383	8%
Non-Current Liabilities	1,077	494	583	118%
Total Liabilities	33,530	30,564	2,966	10%
Deferred Inflow of Resources	-	-	-	N/A
Unrestricted Net Position	345,616	356,847	(11,231)	-3%
Restricted Net Position	84,100	-	84,100	N/A
Net Investment in Capital Assets	504,053	426,357	77,696	18%
Total Net Position	\$ 933,769	\$ 783,204	\$ 150,565	19%



**CONEJOS COUNTY HOUSING AUTHORITY**  
**La Jara, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2019**  
**(continued)**

**FINANCIAL ANALYSIS (CONTINUED)**

The unrestricted net position was \$345,616 as of March 31, 2019. This amount may be used to meet the Authority's ongoing obligations. The Authority has sufficient funds to meet requirements for cash outlays for next fiscal year. The Authority did not have any net position classified as restricted that is subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

As a requirement of the RAD transition, a replacement reserve was required to be established. The reserve is classified as a restricted asset along with the classification of the equity as restricted net position.

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

**Condensed Statement of Revenue, Expenses, and Changes in Net Position**

Category	FYE 2019	FYE 2018	Change \$	Change %
Tenant Revenue	\$ 132,318	\$ 110,361	\$ 21,957	20%
Federal Grants & Subsidy	302,305	122,848	179,457	146%
Interest Income	9,093	3,998	5,095	127%
Other Revenue	14,513	86,040	(71,527)	-83%
Total Revenue	458,229	323,247	134,982	42%
Administration	119,933	107,016	12,917	12%
Utilities	35,177	36,081	(904)	-3%
Ordinary Maintenance	80,280	84,946	(4,666)	-5%
General Expense	29,086	32,423	(3,337)	-10%
Depreciation	43,188	44,069	(881)	-2%
Total Expenses	307,664	304,535	3,129	1%
Excess of Revenue over Expenses	150,565	18,712	131,853	705%
Net Position, Beginning of Year	783,204	764,492	18,712	2%
Net Position, End of Year	\$ 933,769	\$ 783,204	\$ 150,565	19%

**CONEJOS COUNTY HOUSING AUTHORITY**  
**La Jara, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2019**

**FINANCIAL ANALYSIS (CONTINUED)**

As can be seen in the table on the previous page, total revenues increased \$134,982 due to the reasons noted below.

- Tenant revenue increased \$21,957 or 20% from FY 2018.
- Federal operating grants increased \$179,457 due primarily to an increase in capital fund grants used for operations.
- Interest income increased \$5,095 from FY 2018 due to higher cash and investment balances.
- Other income decreased by \$71,527 from FY 2018 primarily due to funds received from lawsuit settlement of \$80,824 in the 2018 fiscal year.

Total expenses increased by \$3,129 from the previous fiscal year due to the reasons noted below.

- Administrative expense increased by \$12,917 or 12% from FY 2018. Significant increases include travel costs of \$7,382 and sundry costs of \$2,761.
- Ordinary maintenance and operation decreased by \$4,666 or 5% from 2018 primarily due to a decrease in maintenance labor costs of \$4,261.

The Public Housing occupancy rate for fiscal year March 31, 2019 was 99.1%, up from 97.01% in FY 2018. The Authority currently has 44 units.

**CAPITAL ASSETS**

**Capital Assets** - The Housing Authority of Conejos County, Colorado's net investment in capital assets, as of March 31, 2019, amounts to \$345,616. The investment in capital assets includes land, buildings, equipment and accumulated depreciation.

Depreciation charges for the year totaled \$43,188. Additional information on the Authority's capital assets can be found in the notes to the financial statements.

Category	FYE 2019	FYE 2018	Change \$	Change %
Land	\$ 28,653	\$ 28,653	-	0%
Buildings	3,814,339	3,785,358	28,981	1%
Equipment	91,448	88,472	2,976	3%
Accumulated Depreciation	(3,588,824)	(3,545,636)	(43,188)	1%
<b>Total Net Fixed Assets</b>	<b>\$ 345,616</b>	<b>\$ 356,847</b>	<b>\$ (11,231)</b>	<b>-3%</b>

**CONEJOS COUNTY HOUSING AUTHORITY**  
**La Jara, Colorado**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
**MARCH 31, 2019**  
**(continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2019 Public Housing budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable.

The 2020 fiscal year will be the first complete year in the new PBRA format. HAP funding provided is based on occupied units and limited vacancies. The amount of funding is based on the establishment of fair market rents for the project by bedroom size and then inflated by an OCAF adjustment (inflation). Most operating expenses are expected to increase by the economy's inflation rate. In addition, the project is required to make a monthly deposit into the replacement reserve that is restricted by HUD as to the use of the funds.

**REQUEST FOR INFORMATION**

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

FINANCIAL STATEMENTS

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

STATEMENT OF NET POSITION  
MARCH 31, 2019

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	202,118
Restricted cash and cash equivalents		378,488
Accounts receivable, net		39,860
Prepaid expenses		1,217
Inventory, net		0
<b>Total Current Assets</b>		<b>621,683</b>

**Capital Assets**

Land and other nondepreciable assets		28,653
Depreciable capital assets, net		316,963
<b>Total Capital Assets</b>		<b>345,616</b>

<b>TOTAL ASSETS</b>		<b>967,299</b>
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**LIABILITIES**

**Current liabilities**

Accounts payable		1,700
Accrued liabilities		19,639
Unearned revenue		88
Payable from restricted cash and and cash equivalents:		
Tenants security deposits		11,026
<b>Total Current Liabilities</b>		<b>32,453</b>

**Noncurrent Liabilities**

Accrued compensated absences		1,077
<b>Total Noncurrent Liabilities</b>		<b>1,077</b>

<b>Total Liabilities</b>		<b>33,530</b>
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**NET POSITION**

Investment in capital assets		345,616
Restricted		84,100
Unrestricted		504,053
<b>Total Net Position</b>	<b>\$</b>	<b>933,769</b>

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

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED MARCH 31, 2019

OPERATING REVENUES

Rental income	\$ 138,552
Other income	14,513
	<hr/>

<b>TOTAL OPERATING REVENUE</b>	<b>153,065</b>
	<hr/>

OPERATING EXPENSES

Administrative	119,933
Utilities	35,177
Ordinary maintenance and operation	80,280
Protective services	240
General expense	35,080
Depreciation expense	43,188
	<hr/>

<b>TOTAL OPERATING EXPENSES</b>	<b>313,898</b>
	<hr/>

OPERATING INCOME (LOSS)	(160,833)
	<hr/>

NONOPERATING REVENUES

Federal operating grants	302,305
Interest income	9,093
	<hr/>

<b>TOTAL NONOPERATING REVENUES</b>	<b>311,398</b>
	<hr/>

CAPITAL CONTRIBUTIONS	0
	<hr/>

<b>CHANGE IN NET POSITION</b>	<b>150,565</b>
	<hr/>

TOTAL NET POSITION - BEGINNING OF YEAR	783,204
	<hr/>

<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 933,769</b>
	<hr/> <hr/>

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

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from residents and other deposits	\$ 122,532
Payments to suppliers	(134,172)
Payments to/for employees	<u>(134,281)</u>
 Net Cash Flows (Used) by Operating Activities	  <u>(145,921)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Federal operating grants received	<u>302,305</u>
Net Cash From Noncapital Financing Activities	<u>302,305</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	<u>9,093</u>
Net Cash From Investing Activities	<u>9,093</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants received	0
Capital assets purchased	<u>(31,957)</u>
Net Cash Flows Provided (Used) by Capital and Related Financing Activities	 <u>(31,957)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	133,520
Cash and Cash Equivalents - Beginning of year	<u>447,086</u>
Cash and Cash Equivalents - End of year	\$ <u><u>580,606</u></u>
 Reconciliation to Statement of Net Assets	
Cash and Cash Equivalents	\$ 202,118
Restricted cash and cash equivalents	<u>378,488</u>
Total Cash and Cash Equivalents	\$ <u><u>580,606</u></u>

Continued

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019  
(CONTINUED)

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

Operating income (loss)	\$	(160,833)
Adjustments to reconcile net operating income (loss) to net cash Provided by operating activities:		
Depreciation		43,188
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Accounts receivable		(30,533)
Prepaid expenses		(709)
Inventory		0
Increase (Decrease) in:		
Accounts payable		(860)
Accrued liabilities		4,024
Unearned revenue		(198)
<b>Net Cash Flows Provided (Used)   by Operating Activities</b>	\$	<u><u>(145,921)</u></u>

The accompanying notes are an integral part of these financial statements



CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

NOTE A - Summary of Significant Accounting Policies:

Reporting Entity

The CONEJOS COUNTY HOUSING AUTHORITY is a political subdivision both corporate and politic which was established under the provision of Colorado Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority entered into an annual contribution contract with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a public housing program (Contract No. A-CO038). This contract has since been cancelled through the Rental Assistance Demonstration (RAD) Program during the current fiscal year. The project, including the assets, liabilities and equity, were transferred from the Public Housing Program to the Conejos County Housing Authority as of July 1, 2018. The project's mission remains to provide low income housing. The project is now funded by a Project Based Rental Assistance (PBRA)HAP contract.

The operating fund and CFP funding is based on a calendar year basis. The funding assigned to the 2018 calendar year was reported to the Low Rent Housing Program and transferred to the new project in accordance with the RAD conversion requirements per HUD.

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

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

<u>Management:</u>	<u>Units</u>
Low-Income Public Housing (discontinued as of June 30, 2018)	<u>44</u>
Project units funded by a HAP Contract (started on July 1, 2018)	<u>44</u>
<u>Capital Fund Grant:</u>	
CFP 501-17, 501-18	

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

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

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

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

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

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

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

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

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

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

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

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

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

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

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

Tenant Receivables - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts. The Housing Authority Board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Prepaid - Prepaid represent payments made to vendors for services that will benefit beyond March 31, 2019.

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

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

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

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

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

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

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

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

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

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

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regulated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

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

NOTE B - Deposits, Cash and Cash Equivalents:

1. HUD Deposit Restrictions

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

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

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

2. Risk Disclosures

A. Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At March 31, 2019, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

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

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

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

The carrying amounts of the Authority's cash deposits were \$580,606 at March 31, 2019. Bank balances before reconciling items were \$581,948 on that date, the total amount of which was collateralized or insured with securities held by an unaffiliated banking institution in the Authority's name. Restricted deposits consists of tenant security deposits and the replacement for reserve.

Deposits consist of the following:

Checking accounts	\$ 198,548
Cash on hand	200
Money market accounts	98,496
Investment - ColoTrust	<u>283,362</u>
Total	<u>\$ 580,606</u>

**NOTE C - Custodial Credit Risk:**

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are position of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, their deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for bank and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At March 31, 2019, the Authority's deposits amounting to \$581,948 were insured by federal depository insurance, collateralized with securities held by the pledging institution's trust department or agent in the Authority's name and consequently were not exposed to custodial credit risk. The Colotrust is permitted to only invest in investments legally permitted under Colorado State Law.

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

**NOTE D - Accounts Receivable:**

Accounts receivable at March 31, 2019, consist of the following:

Accounts Receivable - HUD (Rental Assistance)	\$ 37,513
Tenants accounts receivable, net of allowance of \$1,000	<u>2,347</u>
Total accounts receivable	<u>\$ 39,863</u>

**NOTE E - Prepaid Expenses:**

Prepaid expenses at March 31, 2019, consist of the following:

Prepaid insurance	\$ 1,191
Misc. prepaid items	<u>26</u>
Total prepaid expenses	<u>\$ 1,217</u>

**NOTE F - Capital Assets:**

A summary in changes in capital assets is as follows:

	Beginning Balance 03/31/18	Increases	Decreases	Transfers	Ending Balance 03/31/19
Capital assets, not being depreciated:					
Land	\$ 28,653	\$ 0	\$ 0	\$ 0	\$ 28,653
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Capital Assets, Not being depreciated	<u>28,653</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>28,653</u>
Capital Assets, being depreciated:					
Buildings & Improvements	3,785,358	28,981	0	0	3,814,339
Furniture, Equipment & Machinery	<u>88,472</u>	<u>2,976</u>	<u>0</u>	<u>0</u>	<u>91,448</u>
Total Capital Assets, being depreciated	<u>3,873,830</u>	<u>31,957</u>	<u>0</u>	<u>0</u>	<u>3,905,787</u>
Less Accumulated Depreciation for:					
Buildings & Improvements	(3,473,778)	(39,896)	0	0	( 3,513,674)
Furniture, Equipment and Machinery	<u>( 71,858)</u>	<u>(3,292)</u>	<u>0</u>	<u>0</u>	<u>( 75,150)</u>
Total Accumulated Depreciation:	<u>(3,545,636)</u>	<u>(43,188)</u>	<u>0</u>	<u>0</u>	<u>( 3,588,824)</u>
Total Capital Assets, being depreciated, net	<u>328,194</u>	<u>(11,231)</u>	<u>0</u>	<u>0</u>	<u>316,963</u>
Capital Assets, Net	<u>\$ 356,847</u>	<u>\$ (11,231)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 345,616</u>

Depreciation expense of \$43,188 was recorded for the year.

Depreciation expense of \$43,188 was recorded for the year.

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

NOTE G - Accounts Payable:

Accounts payable at March 31, 2019, consist of the following:

Vendors' accounts payable \$ 1,700

NOTE H - Accrued Liabilities:

Accrued liabilities at March 31, 2019, consist of the following:

Payments in lieu of taxes	\$ 9,401
Accrued wages/payroll taxes	7,199
Accrued compensated absences - current portion	1,305
Accrued liabilities - other	<u>1,734</u>
Total	<u>\$ 19,639</u>

NOTE I - Unearned Revenue:

Unearned revenue at March 31, 2019, consists of the following:

Prepaid rent \$ 88

NOTE J - Noncurrent liabilities:

Accrued compensated absences:

<u>03/31/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>03/31/19</u>	<u>Current Portion</u>	<u>Total</u>
<u>\$ 494</u>	<u>\$ 583</u>	<u>\$ 0</u>	<u>\$ 1,077</u>	<u>\$ 1,305</u>	<u>\$ 2,382</u>

NOTE K - Pension Plan:

In fiscal year 2016, Conejos County Housing Authority began offering its employees a SEP-IRA plan created in accordance with Internal Revenue Code Section 408(k). The plan is administered by Vanguard and is available to all employees with 3 months of service aged 18 or older who receive compensation of at least \$450 per year.

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

During the year ended March 31, 2019, the Authority's required and actual contributions amounted to \$7,979, which was set by the Board at differing amounts for individual employees. Employees' required and actual contributions amounted to \$0.

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

**NOTE L - Commitments and Contingencies:**

**Litigation:** At March 31, 2019, the Authority was not involved in any threatened litigation.

**Examinations:** The Authority is subject to possible examinations made by federal and state authorities who determine compliance with terms, conditions, laws, and regulations governing other grants given to the Authority in the current and prior years. There were no such examinations during the year ended March 31, 2019.

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

**Construction Projects:** There are no construction projects in progress as of March 31, 2019.

**NOTE M - Affiliated Organizations:**

Valley Housing Corporation

The Conejos County Housing Authority formed a 501(c)3 organization, the Valley Housing Corporation, in January 2017. Although a directly controlled affiliate of Conejos County Housing Authority, consolidated financial statements are not presented as there were no financial transactions for the Valley Housing Corporation during fiscal year 2019.

**NOTE N - Risk Management:**

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

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

**NOTE O - Federal Operating Grants:**

HUD contributed operating subsidies approved in the operating budgets under the Annual Contributions Contracts and PBRA HAP Contract. The following Federal funding sources provided for the operating year ended March 31, 2019, were as follows:

Low Rent Public Housing (Operating Fund)	\$ 104,411
Capital Fund Program (CFP)	160,381
Project Based Rental Assistance HAP Contract (PBRA)	<u>37,513</u>
Total Federal Operating Grants	<u>\$ 302,305</u>



CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

(Continued)

**NOTE P - Conduit Type Debt:**

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

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

**NOTE Q - Economic Dependency:**

The Authority receives approximately 65% of its revenues from HUD. If the amount of revenues received from HUD falls below critical levels, the Authority's operations could be adversely affected.

**NOTE R - Taxpayer's Bill of Rights:**

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

**NOTE S - Subsequent Events:**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through October 28, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTAL FINANCIAL INFORMATION

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

COMBINING SCHEDULE OF PROGRAM NET POSITION  
MARCH 31, 2019

	Annual Contributions Contracts				Total
	CO038	CO038	CO038	CO038	
	Low			Section 8	
	Income			Housing	
	Public	Capital	Business	Assistance	
	Housing	Fund	Activities	Payments	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 0	\$ 0	\$ 0	202,118	\$ 202,118
Restricted cash and cash equivalents	0	0	0	378,488	378,488
Accounts receivable, net	0	0	0	39,860	39,860
Prepaid expenses	0	0	0	1,217	1,217
Inventory, net	0	0	0	0	0
<b>Total Current Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>621,683</b>	<b>621,683</b>
<b>Capital Assets:</b>					
Land and other nondepreciable assets	0	0	0	28,653	28,653
Depreciable capital assets, net	0	0	0	316,963	316,963
<b>Total Capital Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>345,616</b>	<b>345,616</b>
<b>TOTAL ASSETS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>967,299</b>	<b>967,299</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	0	0	0	1,700	1,700
Accrued liabilities	0	0	0	19,639	19,639
Unearned revenue	0	0	0	88	88
Payable from restricted cash and and cash equivalents:					
Tenants security deposits	0	0	0	11,026	11,026
<b>Total Current Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>32,453</b>	<b>32,453</b>
<b>Noncurrent Liabilities</b>					
Accrued compensated absences	0	0	0	1,077	1,077
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,077</b>	<b>1,077</b>
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,530</b>	<b>33,530</b>
<b>NET POSITION</b>					
Investment in capital assets	0	0	0	345,616	345,616
Restricted	0	0	0	84,100	84,100
Unrestricted	0	0	0	504,053	504,053
<b>Total Net Position</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>933,769</b>	<b>\$ 933,769</b>

CONEJOS COUNTY HOUSING AUTHORITY  
La Jara, Colorado

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITIONS  
FOR THE YEAR ENDED MARCH 31, 2019

	Annual Contributions Contracts				Total
	CO038 Low Income Public Housing	CO038 Capital Fund	CO038 Business Activities	CO038 Section 8 Housing Assistance Payments	
<b><u>OPERATING REVENUES</u></b>					
Rental income	\$ 32,181	\$ 0	\$ 0	\$ 106,371	\$ 138,552
Other income	739	0	7,075	6,699	14,513
<b>TOTAL OPERATING REVENUE</b>	<b>32,920</b>	<b>0</b>	<b>7,075</b>	<b>113,070</b>	<b>153,065</b>
<b><u>OPERATING EXPENSES</u></b>					
Administrative	33,223	0	6,114	80,596	119,933
Utilities	8,812	0	0	26,365	35,177
Ordinary maintenance and operation	17,623	0	0	62,657	80,280
Protective services	0	0	0	240	240
General expense	7,170	0	0	27,910	35,080
Depreciation expense	0	0	0	43,188	43,188
<b>TOTAL OPERATING EXPENSES</b>	<b>66,828</b>	<b>0</b>	<b>6,114</b>	<b>240,956</b>	<b>313,898</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(33,908)</b>	<b>0</b>	<b>961</b>	<b>(127,886)</b>	<b>(160,833)</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>					
Federal operating grants	99,628	165,164	0	37,513	302,305
Interest income	1,785	0	0	7,308	9,093
<b>NET NONOPERATING REVENUES</b>	<b>101,413</b>	<b>165,164</b>	<b>0</b>	<b>44,821</b>	<b>311,398</b>
<b>Net income before capital contributions</b>	<b>67,505</b>	<b>165,164</b>	<b>961</b>	<b>(83,065)</b>	<b>150,565</b>
<b>CAPITAL CONTRIBUTIONS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CHANGE IN NET POSITION</b>	<b>67,505</b>	<b>165,164</b>	<b>961</b>	<b>(83,065)</b>	<b>150,565</b>
<b>TOTAL NET POSITION - BEGINNING</b>					
OF YEAR, as originally stated	783,204	0	0	0	783,204
Equity transfers	(850,709)	(165,164)	(961)	1,016,834	0
<b>TOTAL NET POSITION - BEGINNING</b>					
OF YEAR, as restated	(67,505)	(165,164)	(961)	1,016,834	783,204
<b>TOTAL NET POSITION - END OF YEAR</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 933,769</b>	<b>\$ 933,769</b>

Conejos County Housing Authority  
La Jara, Colorado

STATEMENT AND CERTIFICATION OF ACTUAL CAPITAL FUND GRANT COSTS - COMPLETED  
MARCH 31, 2019

Annual Contributions Contract C0038

	<u>CFP</u> <u>501-17</u>	<u>CFP</u> <u>501-18</u>
1. The Capital Fund Grant Costs are as follows:		
Funds Approved	\$ 62,533	\$ 97,848
Funds Expended	<u>62,533</u>	<u>97,848</u>
<b>Excess / (Deficiency) of Funds Approved</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>
Funds Advanced	\$ 62,533	\$ 97,848
Funds Expended	<u>62,533</u>	<u>97,848</u>
<b>Excess / (Deficiency) of Funds Advanced</b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>

2. Cost additions totaling \$ 160,381 were made during the current audit period, and accordingly, were audited by Goldie Roberts, CPA.
3. The distribution of costs by project as shown on the Final Statement of Capital Fund Grant costs on the above phases and the Actual Capital Fund Grant Costs Certificate submitted to HUD are in agreement with the Authority records.
4. All Capital Fund Grant work in connection with the Project has been completed.
5. All liabilities have been paid and there are no undischarged liens against the Project on file in any public office where the same should be filed in order to be valid and the time in which to file such liens has expired.
6. There were no budget overruns.

Conejos County Housing Authority (CO038)  
La Jara, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	14.185 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted			\$202,118	\$202,118		\$202,118
112 Cash - Restricted - Modernization and Development						
113 Cash - Other Restricted			\$84,100	\$84,100		\$84,100
114 Cash - Tenant Security Deposits			\$11,026	\$11,026		\$11,026
115 Cash - Restricted for Payment of Current Liabilities						
100 Total Cash	\$0	\$0	\$297,244	\$297,244		\$297,244
121 Accounts Receivable - PHA Projects						
122 Accounts Receivable - HUD Other Projects	\$0		\$37,513	\$37,513		\$37,513
124 Accounts Receivable - Other Government						
125 Accounts Receivable - Miscellaneous						
126 Accounts Receivable - Tenants			\$3,347	\$3,347		\$3,347
126.1 Allowance for Doubtful Accounts -Tenants			-\$1,000	-\$1,000		-\$1,000
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0	\$0		\$0
127 Notes, Loans, & Mortgages Receivable - Current						
128 Fraud Recovery						
128.1 Allowance for Doubtful Accounts - Fraud						
129 Accrued Interest Receivable						
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$0	\$39,860	\$39,860		\$39,860
131 Investments - Unrestricted			\$283,362	\$283,362		\$283,362
132 Investments - Restricted						
135 Investments - Restricted for Payment of Current Liability						
142 Prepaid Expenses and Other Assets			\$1,217	\$1,217		\$1,217
143 Inventories						
143.1 Allowance for Obsolete Inventories						
144 Inter Program Due From						
145 Assets Held for Sale						
150 Total Current Assets	\$0	\$0	\$621,683	\$621,683		\$621,683
161 Land			\$28,653	\$28,653		\$28,653
162 Buildings			\$2,974,590	\$2,974,590		\$2,974,590
163 Furniture, Equipment & Machinery - Dwellings			\$6,079	\$6,079		\$6,079
164 Furniture, Equipment & Machinery - Administration			\$85,369	\$85,369		\$85,369
165 Leasehold Improvements			\$839,749	\$839,749		\$839,749
166 Accumulated Depreciation			-\$3,588,824	-\$3,588,824		-\$3,588,824
167 Construction in Progress						
168 Infrastructure						
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$345,616	\$345,616		\$345,616
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	\$0	\$0	\$345,616	\$345,616		\$345,616
200 Deferred Outflow of Resources						
290 Total Assets and Deferred Outflow of Resources	\$0	\$0	\$967,299	\$967,299		\$967,299
311 Bank Overdraft						
312 Accounts Payable <= 90 Days			\$1,700	\$1,700		\$1,700
313 Accounts Payable >90 Days Past Due						
321 Accrued Wage/Payroll Taxes Payable			\$7,199	\$7,199		\$7,199
322 Accrued Compensated Absences - Current Portion			\$1,305	\$1,305		\$1,305
324 Accrued Contingency Liability						
325 Accrued Interest Payable						
331 Accounts Payable - HUD PHA Programs						
332 Account Payable - PHA Projects						
333 Accounts Payable - Other Government			\$9,401	\$9,401		\$9,401
341 Tenant Security Deposits			\$11,026	\$11,026		\$11,026

342 Unearned Revenue	\$0		\$88	\$88	\$88
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other			\$1,734	\$1,734	\$1,734
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$0	\$0	\$32,453	\$32,453	\$32,453
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current			\$1,077	\$1,077	\$1,077
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$0	\$1,077	\$1,077	\$1,077
300 Total Liabilities	\$0	\$0	\$33,530	\$33,530	\$33,530
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets	\$0		\$345,616	\$345,616	\$345,616
511.4 Restricted Net Position	\$0		\$84,100	\$84,100	\$84,100
512.4 Unrestricted Net Position	\$0	\$0	\$504,053	\$504,053	\$504,053
513 Total Equity - Net Assets / Position	\$0	\$0	\$933,769	\$933,769	\$933,769
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$0	\$0	\$967,299	\$967,299	\$967,299

Conejos County Housing Authority (CO038)  
La Jara, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$32,091		\$101,148	\$133,239		\$133,239
70400 Tenant Revenue - Other	\$90		\$5,223	\$5,313		\$5,313
70500 Total Tenant Revenue	\$32,181	\$0	\$106,371	\$138,552	\$0	\$138,552
70600 HUD PHA Operating Grants	\$264,792		\$37,513	\$302,305		\$302,305
70610 Capital Grants						
70710 Management Fee						
70720 Asset Management Fee						
70730 Book Keeping Fee						
70740 Front Line Service Fee						
70750 Other Fees						
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants						
71100 Investment Income - Unrestricted	\$1,785		\$5,864	\$7,649		\$7,649
71200 Mortgage Interest Income						
71300 Proceeds from Disposition of Assets Held for Sale						
71310 Cost of Sale of Assets						
71400 Fraud Recovery						
71500 Other Revenue	\$739	\$7,075	\$6,699	\$14,513		\$14,513
71600 Gain or Loss on Sale of Capital Assets						
72000 Investment Income - Restricted			\$1,444	\$1,444		\$1,444
70000 Total Revenue	\$299,497	\$7,075	\$157,891	\$464,463	\$0	\$464,463
91100 Administrative Salaries	\$18,236	\$6,114	\$40,451	\$64,801		\$64,801
91200 Auditing Fees			\$4,920	\$4,920		\$4,920
91300 Management Fee						
91310 Book-keeping Fee						
91400 Advertising and Marketing	\$230		\$174	\$404		\$404
91500 Employee Benefit contributions - Administrative	\$4,245		\$13,376	\$17,621		\$17,621
91600 Office Expenses	\$3,189		\$5,485	\$8,674		\$8,674
91700 Legal Expense						
91800 Travel	\$5,195		\$6,746	\$11,941		\$11,941
91810 Allocated Overhead						
91900 Other	\$2,128		\$9,444	\$11,572		\$11,572
91000 Total Operating - Administrative	\$33,223	\$6,114	\$80,596	\$119,933	\$0	\$119,933
92000 Asset Management Fee						
92100 Tenant Services - Salaries						
92200 Relocation Costs						
92300 Employee Benefit Contributions - Tenant Services						
92400 Tenant Services - Other						
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$2,823		\$8,614	\$11,437		\$11,437
93200 Electricity	\$1,059		\$3,786	\$4,845		\$4,845
93300 Gas	\$1,771		\$5,397	\$7,168		\$7,168
93400 Fuel						
93500 Labor						
93600 Sewer	\$3,158		\$8,568	\$11,727		\$11,727
93700 Employee Benefit Contributions - Utilities						
93800 Other Utilities Expense						
93000 Total Utilities	\$8,812	\$0	\$26,365	\$35,177	\$0	\$35,177
94100 Ordinary Maintenance and Operations - Labor	\$8,651		\$31,121	\$39,772		\$39,772
94200 Ordinary Maintenance and Operations - Materials and Other	\$2,392		\$12,264	\$14,656		\$14,656
94300 Ordinary Maintenance and Operations Contracts	\$4,583		\$9,182	\$13,765		\$13,765
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,997		\$10,090	\$12,087		\$12,087
94000 Total Maintenance	\$17,623	\$0	\$62,657	\$80,280	\$0	\$80,280
95100 Protective Services - Labor						
95200 Protective Services - Other Contract Costs						



95300 Protective Services - Other			\$240	\$240		\$240
95500 Employee Benefit Contributions - Protective Services						
95000 Total Protective Services	\$0	\$0	\$240	\$240	\$0	\$240
96110 Property Insurance	\$2,997		\$11,702	\$14,699		\$14,699
96120 Liability Insurance						
96130 Workmen's Compensation	\$1,247		\$578	\$1,825		\$1,825
96140 All Other Insurance	\$635		\$2,286	\$2,921		\$2,921
96100 Total Insurance Premiums	\$4,879	\$0	\$14,566	\$19,445	\$0	\$19,445
96200 Other General Expenses						
96210 Compensated Absences						
96300 Payments in Lieu of Taxes	\$2,291		\$7,110	\$9,401		\$9,401
96400 Bad debt - Tenant Rents			\$6,234	\$6,234		\$6,234
96500 Bad debt - Mortgages						
96600 Bad debt - Other						
96800 Severance Expense						
96000 Total Other General Expenses	\$2,291	\$0	\$13,344	\$15,635	\$0	\$15,635
96710 Interest of Mortgage (or Bonds) Payable						
96720 Interest on Notes Payable (Short and Long Term)						
96730 Amortization of Bond Issue Costs						
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$66,828	\$6,114	\$197,768	\$270,710	\$0	\$270,710
97000 Excess of Operating Revenue over Operating Expenses	\$232,669	\$961	-\$39,877	\$193,753	\$0	\$193,753
97100 Extraordinary Maintenance						
97200 Casualty Losses - Non-capitalized						
97300 Housing Assistance Payments						
97350 HAP Portability-In						
97400 Depreciation Expense			\$43,188	\$43,188		\$43,188
97500 Fraud Losses						
97600 Capital Outlays - Governmental Funds						
97700 Debt Principal Payment - Governmental Funds						
97800 Dwelling Units Rent Expense						
90000 Total Expenses	\$66,828	\$6,114	\$240,956	\$313,898	\$0	\$313,898
10010 Operating Transfer In	\$62,533		\$961	\$63,494	-\$63,494	\$0
10020 Operating transfer Out	-\$62,533	-\$961		-\$63,494	\$63,494	\$0
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			\$165,164	\$165,164	-\$165,164	\$0
10094 Transfers between Project and Program - Out	-\$165,164			-\$165,164	\$165,164	\$0
10100 Total Other financing Sources (Uses)	-\$165,164	-\$961	\$166,125	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$67,505	\$0	\$83,060	\$150,565	\$0	\$150,565
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$783,204	\$0	\$0	\$783,204		\$783,204
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$850,709		\$850,709	\$0		\$0
11050 Changes in Compensated Absence Balance						
11060 Changes in Contingent Liability Balance						
11070 Changes in Unrecognized Pension Transition Liability						
11080 Changes in Special Term/Severance Benefits Liability						
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents						
11100 Changes in Allowance for Doubtful Accounts - Other						
11170 Administrative Fee Equity						
11180 Housing Assistance Payments Equity						
11190 Unit Months Available	132		396	528		528
11210 Number of Unit Months Leased	132		391	523		523
11270 Excess Cash	-\$5,569			-\$5,569		-\$5,569

11610 Land Purchases	\$0			\$0	\$0
11620 Building Purchases	\$0			\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0			\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0			\$0	\$0
11650 Leasehold Improvements Purchases	\$0			\$0	\$0
11660 Infrastructure Purchases	\$0			\$0	\$0
13510 CFFP Debt Service Payments	\$0			\$0	\$0
13901 Replacement Housing Factor Funds	\$0			\$0	\$0

Conejos County Housing Authority  
LaJara, Colorado

NOTES TO SUPPLEMENTAL FINANCIAL INFORMATION  
FOR THE YEAR ENDED MARCH 31, 2019

NOTE A - Financial Data Schedule:

As required by HUD, the Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes depreciation expense and extraordinary maintenance expense from operating activities, includes investment revenue, HUD capital grants, revenue and gains and losses on the disposal of capital assets in operating activities, and reflects tenant revenue and bad debt expense separately, which differs from the presentation of the financial statements.

OTHER REPORTS

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd.

Fredericksburg, IN 47120

Report On Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based On An Audit Of Financial Statements Performed In  
Accordance With Government Auditing Standards

## Independent Auditor's Report

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Conejos County Housing Authority, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Conejos County Housing Authority's basic financial statements and have issued my report thereon dated October 28, 2019.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Conejos County Housing Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly,

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

I noted certain matters that I reported to management of Conejos County Housing Authority in a separate letter dated October 28, 2019.

**Purpose Of This Report**

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

Fredericksburg, Indiana  
October 28, 2019

Certified Public Accountant

CONEJOS COUNTY HOUSING AUTHORITY  
LaJara, Colorado

MARCH 31, 2019

SCHEDULE OF FINDINGS AND RESPONSES

STATUS OF PRIOR AUDIT FINDINGS

There were no prior year findings.

CURRENT AUDIT FINDINGS

No matters were reported.

# Goldie Roberts

Certified Public Accountant

8518 S Kays Chapel Rd  
Fredericksburg, IN 47120

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October 28, 2019

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

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

However, during my audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect my report dated July 11, 2018 on the financial statements of the Authority.

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

1. CONDITION: INVENTORY

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

RECOMMENDATION:

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

2. CONDITION: CAPITAL ASSETS INVENTORY

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

RECOMMENDATION:

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



3. CONDITION: LATE FINANCIAL SUBMISSIONS

The Authority did not submit the financial data schedule or the RAD multifamily submission to REAC in a timely fashion.

RECOMMENDATION:

The Authority should put internal controls into place to ensure that all required reporting requirements are met.

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

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

Sincerely,

Goldie Roberts  
Certified Public Accountant