

**HOUSING AUTHORITY OF THE
TOWN OF SPRINGFIELD
Springfield, Colorado**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

SEPTEMBER 30, 2017

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the Town of Springfield
Springfield, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the Town of Springfield (the "Housing Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing 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.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Springfield, as of September 30, 2017, and the respective changes in financial position and 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

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the Town of Springfield's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining financial statements and the schedule of expenditures of federal awards 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 combining financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Housing Authority of the Town of Springfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 29, 2017

**HOUSING AUTHORITY OF THE TOWN OF
SPRINGFIELD
Springfield, Colorado**

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 90,325
Cash - restricted	42,298
TOTAL CURRENT ASSETS	132,623

NONCURRENT ASSETS

Land	70,000
Buildings and improvements	1,419,261
Equipment	59,645
Less accumulated depreciation	(1,171,819)
TOTAL NONCURRENT ASSETS	377,087

TOTAL ASSETS **\$ 509,710**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 8,254
Accrued expenses	42,618
Accrued interest payable	974
Tenants' security deposits	7,278
Current portion of notes payable	7,509
TOTAL CURRENT LIABILITIES	66,633

NONCURRENT LIABILITIES

Notes payable	783,868
TOTAL LIABILITIES	850,501

NET POSITION

Net investment in capital assets	(414,290)
Unrestricted	73,499
TOTAL NET POSITION	(340,791)

TOTAL LIABILITIES AND NET POSITION **\$ 509,710**

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

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

OPERATING REVENUE	
Tenant rents	\$ 93,940
Operating grants	118,792
Other operating revenue	1,226
TOTAL OPERATING REVENUE	<u>213,958</u>
OPERATING EXPENSES	
Administration	42,107
Utilities	34,339
Maintenance and operations	80,697
General expenses	20,200
Depreciation	61,183
TOTAL OPERATING EXPENSES	<u>238,526</u>
OPERATING (LOSS)	<u>(24,568)</u>
NONOPERATING REVENUE (EXPENSE)	
Interest income	222
Interest expense	(18,805)
NET NONOPERATING (EXPENSE)	<u>(18,583)</u>
CHANGE IN NET POSITION	(43,151)
NET POSITION AT BEGINNING OF YEAR	<u>(297,640)</u>
NET POSITION AT END OF YEAR	<u>\$ (340,791)</u>

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

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	\$ 98,400
Cash received from operating grants	118,792
Other income received	1,226
Cash payments to vendors	(133,889)
Cash payments to employees	(45,794)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>38,735</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(34,265)
Principal payments	(36,041)
Interest paid	(18,843)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(89,149)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>222</u>
NET (DECREASE) IN CASH	(50,192)
CASH AT BEGINNING OF YEAR	<u>182,815</u>
CASH AT END OF YEAR	<u>\$ 132,623</u>
<u>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>	
Cash	\$ 90,325
Cash - restricted	<u>42,298</u>
CASH PER STATEMENT OF NET POSITION	<u>\$ 132,623</u>
<u>RECONCILIATION OF NET (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating (loss)	\$ (24,568)
Adjustments to reconcile operating (loss) to net cash provided by operating activities	
Depreciation	61,183
Changes in assets and liabilities	
Increase (decrease) in liabilities	
Accounts payable	(1,007)
Accrued expenses	(1,333)
Tenants' security deposits	4,460
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 38,735</u>

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

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies

Reporting Entity - The Housing Authority of the Town of Springfield (the "Housing Authority") is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to disabled and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements.

Based on the application of this criterion, the Housing Authority does not include additional organizations within its reporting entity.

Programs Administered by the Housing Authority - The programs of the Housing Authority are recorded in one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include General Fund and Section 8 New Construction.

Basis of Accounting and Measurement Focus - The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP, as codified by the Financial Accounting Standards Board.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for the proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash - Restricted - Restricted cash are segregated resources for tenants' security deposits and a replacement reserve account.

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Accounts Receivable - Accounts receivable are recorded at gross. Management considers accounts receivable to be fully collectible; therefore, no allowance for doubtful accounts have been recorded at September 30, 2017.

Capital Assets - The Housing Authority capitalizes assets with a cost of \$2,000 or greater and a useful life of one year or more. Purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Buildings and equipment are carried at cost or estimated fair value and depreciated using a straight-line method of depreciation over their estimated useful lives as follows:

Buildings and Improvements	30-40 years
Equipment	5-36 years

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended September 30, 2017.

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

Net Position Classifications - Net position represents the difference between the total assets and total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Federal Aids - Federal aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Interprogram Transactions - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 1 - Summary of Significant Accounting Policies - Continued

Rental Income - Rental income is recognized as rents become due.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events - The Housing Authority has evaluated subsequent events through December 29, 2017, the date which the financial statements were available to be issued.

NOTE 2 - Stewardship, Compliance and Accountability

Budgetary Information - Budgets are adopted for all funds as a management control device, but are not legally required. Therefore, budgetary information is not presented in the financial statements

Accountability - At September 30, 2017, the Springfield West Fund had net position of (\$423,390). Revenue of the property has not historically been sufficient to cover operating costs, including depreciation.

NOTE 3 - Cash

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

Cash reported in the financial statements at September 30, 2017, consisted of the following:

Unrestricted	\$ 90,325
Restricted - Tenant Security Deposits	7,278
Restricted - Replacement Reserves	<u>35,020</u>
TOTAL CASH	<u>\$ 132,623</u>

Fair Value of Deposits - Deposits are reported at fair value. At September 30, 2017, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

Determining Fair Value - Fair value of the Housing Authority's deposits are determined as follows: deposits with stated interest rates (operating and savings accounts) are stated at cost.

Income Allocation - Interest income is generally allocated to the program that owns the operating and savings accounts.

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 3 - Cash - Continued

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of the failure of a depository financial institution; a government will not be able to recover its deposits. The Housing Authority does not have a deposit policy for custodial credit risk. As of September 30, 2017, none of the Housing Authority's bank balance of \$136,337 was exposed to custodial credit risk.

Deposits - 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 statutes. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The PDPA allows the financial institution 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.

NOTE 4 - Capital Assets

A summary of the changes in capital assets are as follows:

	<u>BALANCE</u> <u>10/01/16</u>	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> <u>9/30/17</u>
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	1,384,996	34,265	-	1,419,261
Equipment	59,645	-	-	59,645
Total capital assets being depreciated	1,444,641	34,265	-	1,478,906
Less accumulated depreciation	<u>(1,110,636)</u>	<u>(61,183)</u>	<u>-</u>	<u>(1,171,819)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>334,005</u>	<u>(26,918)</u>	<u>-</u>	<u>307,087</u>
NET CAPITAL ASSETS	<u>\$ 404,005</u>	<u>\$ (26,918)</u>	<u>\$ -</u>	<u>\$ 377,087</u>

NOTE 5 - Long-Term Obligations

Details of the Housing Authority's long-term obligations are set forth below:

	<u>BALANCE</u> <u>10/01/16</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE</u> <u>9/30/17</u>	<u>AMOUNT</u> <u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes payable	<u>\$ 827,418</u>	<u>\$ -</u>	<u>\$ (36,041)</u>	<u>\$ 791,377</u>	<u>\$ 7,509</u>

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 5 - Long-Term Obligations - Continued

At September 30, 2017, long-term obligations consisted of:

Note payable to Colorado Housing and Finance Authority for the rehabilitation of the Springfield West Apartments, interest at 6.5 percent, monthly payments of \$1,580, including interest, matures July 1, 2032. Collateralized by a first deed of trust and security agreement on the land, improvements, and personal property comprising Springfield West Apartments.	\$ 179,736
Note payable to HUD for mortgage restructuring, interest at 1.0 percent per annum, annual principal and interest payments due January 1 if the property generates surplus cash, matures July 1, 2032. Collateralized by a deed of trust.	357,736
Note payable to HUD for mortgage restructuring, interest at 1.0 percent per annum, annual principal and interest payments due January 1 if the property generates surplus cash, matures July 1, 2032. Collateralized by a deed of trust.	<u>253,905</u>
TOTAL	<u>\$ 791,377</u>

The aggregate maturities of long-term obligations following September 30, 2017, are as follows:

Year Ended September 30,	Principal	Interest	Total
2018	\$ 7,509	\$ 11,453	\$ 18,962
2019	8,012	10,950	18,962
2020	8,549	10,413	18,962
2021	9,122	9,841	18,963
2022	9,732	9,230	18,962
2023 - 2027	59,357	35,453	94,810
Thereafter	<u>689,096</u>	<u>142,611</u>	<u>831,707</u>
Total	<u>\$ 791,377</u>	<u>\$ 229,951</u>	<u>\$ 1,021,328</u>

Total Interest Expense

For the fiscal year ending September 30, 2017, interest expense was \$18,805 and interest paid on long-term debt totaled \$21,150.

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2017

NOTE 6 - Commitments and Contingencies

Taxpayer's Bill of Rights

In November 1992, the voters of the State of Colorado approved an amendment to the state's constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Housing Authority believes it is exempt from the provisions of the Taxpayer's Bill of Rights (TABOR) because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10 percent of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes 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 7 - Risk Management

Insured Risk - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year, or the three prior years.

NOTE 8 - Economic Dependency

The Housing Authority received approximately 55 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

**HOUSING AUTHORITY OF THE TOWN OF
SPRINGFIELD**

Springfield, Colorado

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
CURRENT ASSETS				
Cash	\$ 82,240	\$ 8,085	\$ -	\$ 90,325
Cash - restricted	-	42,298	-	42,298
TOTAL CURRENT ASSETS	82,240	50,383	-	132,623
NONCURRENT ASSETS				
Land	-	70,000	-	70,000
Buildings and improvements	-	1,419,261	-	1,419,261
Equipment	19,482	40,163	-	59,645
Less accumulated depreciation	(19,123)	(1,152,696)	-	(1,171,819)
TOTAL NONCURRENT ASSETS	359	376,728	-	377,087
TOTAL ASSETS	\$ 82,599	\$ 427,111	\$ -	\$ 509,710
 <u>LIABILITIES AND NET POSITION</u>				
CURRENT LIABILITIES				
Accounts payable	\$ -	\$ 8,254	\$ -	\$ 8,254
Accrued interest payable	-	974	-	974
Accrued expenses	-	42,618	-	42,618
Tenants' security deposits	-	7,278	-	7,278
Current portion of notes payable	-	7,509	-	7,509
TOTAL CURRENT LIABILITIES	-	66,633	-	66,633
NONCURRENT LIABILITIES				
Notes payable	-	783,868	-	783,868
TOTAL LIABILITIES	-	850,501	-	850,501
NET POSITION				
Net investment in capital assets	359	(414,649)	-	(414,290)
Unrestricted	82,240	(8,741)	-	73,499
TOTAL NET POSITION	82,599	(423,390)	-	(340,791)
TOTAL LIABILITIES AND NET POSITION	\$ 82,599	\$ 427,111	\$ -	\$ 509,710

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017

	GENERAL FUND	SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE				
Tenant rents	\$ -	\$ 93,940	\$ -	\$ 93,940
Management fee	13,720	-	(13,720)	-
Operating grants	-	118,792	-	118,792
Other operating revenue	-	1,226	-	1,226
TOTAL OPERATING REVENUE	<u>13,720</u>	<u>213,958</u>	<u>(13,720)</u>	<u>213,958</u>
OPERATING EXPENSES				
Administration	318	55,509	(13,720)	42,107
Utilities	-	34,339	-	34,339
Maintenance and operations	-	80,697	-	80,697
General expenses	-	20,200	-	20,200
Depreciation	359	60,824	-	61,183
TOTAL OPERATING EXPENSES	<u>677</u>	<u>251,569</u>	<u>(13,720)</u>	<u>238,526</u>
OPERATING INCOME (LOSS)	<u>13,043</u>	<u>(37,611)</u>	<u>-</u>	<u>(24,568)</u>
NONOPERATING REVENUE (EXPENSE)				
Interest income	110	112	-	222
Interest expense	-	(18,805)	-	(18,805)
NET NONOPERATING REVENUE (EXPENSE)	<u>110</u>	<u>(18,693)</u>	<u>-</u>	<u>(18,583)</u>
CHANGE IN NET POSITION	<u>13,153</u>	<u>(56,304)</u>	<u>-</u>	<u>(43,151)</u>
NET POSITION AT BEGINNING OF YEAR	<u>69,446</u>	<u>(367,086)</u>	<u>-</u>	<u>(297,640)</u>
NET POSITION AT END OF YEAR	<u>\$ 82,599</u>	<u>\$ (423,390)</u>	<u>\$ -</u>	<u>\$ (340,791)</u>

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017

	GENERAL FUND	SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from tenants/participants	\$ -	\$ 98,400	\$ -	\$ 98,400
Cash received from interprogram services provided	8,086	-	(8,086)	-
Cash received from operating grants	-	118,792	-	118,792
Other income received	13,720	1,226	(13,720)	1,226
Cash payments to vendors	(318)	(147,291)	13,720	(133,889)
Cash payments to employees	-	(45,794)	-	(45,794)
Cash payments for interprogram services used	-	(8,086)	8,086	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,488	17,247	-	38,735
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(34,265)	-	(34,265)
Principal payments	-	(36,041)	-	(36,041)
Interest paid	-	(18,843)	-	(18,843)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(89,149)	-	(89,149)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	110	112	-	222
NET INCREASE (DECREASE) IN CASH	21,598	(71,790)	-	(50,192)
CASH AT BEGINNING OF YEAR	60,642	122,173	-	182,815
CASH AT END OF YEAR	\$ 82,240	\$ 50,383	\$ -	\$ 132,623
<u>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u>				
Cash	\$ 82,240	\$ 8,085	\$ -	\$ 90,325
Cash - restricted	-	42,298	-	42,298
CASH PER STATEMENT OF NET POSITION	\$ 82,240	\$ 50,383	\$ -	\$ 132,623
<u>RECONCILIATION OF NET INCOME (LOSS) FROM OPERATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ 13,043	\$ (37,611)	\$ -	\$ (24,568)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	359	60,824	-	61,183
Changes in assets and liabilities				
(Increase) decrease in assets				
Due from other programs	8,086	-	(8,086)	-
Increase (decrease) in liabilities				
Accounts payable	-	(1,007)	-	(1,007)
Accrued expenses	-	(1,333)	-	(1,333)
Due to other programs	-	(8,086)	8,086	-
Tenants' security deposits	-	4,460	-	4,460
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 21,488	\$ 17,247	\$ -	\$ 38,735

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2017

<u>GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER</u>	<u>FEDERAL CATALOG NUMBER</u>	<u>AWARD AMOUNT</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Section 8			
New Construction & Substantial Rehabilitation	14.182	\$ 118,792	\$ 118,792
Mortgage Restructuring Loans	14.000	640,653	<u>640,653</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 759,445</u>

NOTE 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the Town of Springfield and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

NOTE 2 - Summary of Significant Accounting Policies

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - Subrecipients

The Housing Authority of the Town of Springfield provided no federal awards to subrecipients during the fiscal year ended September 30, 2017.

NOTE 4 - Disclosure of Other Forms of Assistance

The Housing Authority of the Town of Springfield received no federal awards of non-monetary assistance that are required to be disclosed for the fiscal year ended September 30, 2017.

Included in the amounts shown on the accompanying schedule of expenditures of federal awards is a loan with an outstanding balance of \$611,641 as of September 30, 2017.

**HOUSING AUTHORITY OF THE TOWN OF
SPRINGFIELD
Springfield, Colorado
OTHER REPORTS**

**INDEPENDENT AUDITORS' 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**

To the Board of Commissioners
Housing Authority of the Town of Springfield
Springfield, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Springfield (the "Housing Authority"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Housing Authority's basic financial statements and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 29, 2017

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

To the Board of Commissioners
Housing Authority of the Town of Springfield
Springfield, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the Town of Springfield's (the "Housing Authority") compliance with the types of compliance requirements described in the Uniform Grant Guidance that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended September 30, 2017. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the Town of Springfield, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
December 29, 2017

HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD
Springfield, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
14.000	Mortgage Restructuring Loans

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

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings - None

Section III - Federal Award Findings and Questioned Costs - None

Section IV - Status of Prior Year Findings

2016-001 - Segregation of Duties - Cleared in 2017