

HOUSING AUTHORITY OF THE CITY OF  
HOLYOKE, COLORADO

BASIC FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTAL INFORMATION

Year Ended December 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

**Independent Auditor's Report**

To the Board of Commissioners  
Housing Authority of the City of Holyoke, Colorado

**Report on the Basic Financial Statements**

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

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Holyoke, Colorado, as of December 31, 2018, 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, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Holyoke, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules and Financial Data Schedule are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Program Financial Schedules and Financial Data Schedule 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 June 5, 2019 on our consideration of the Housing Authority of the City of Holyoke, Colorado'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 solely 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 the effectiveness of the Housing Authority of the City of Holyoke, Colorado's 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 Housing Authority of the City of Holyoke, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPAs*

York, Nebraska  
June 5, 2019

**REQUIRED SUPPLEMENTAL INFORMATION –  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2018

This section of the Housing Authority of the City of Holyoke, Colorado's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on December 31, 2018. 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 basic financial statements as a whole.

**OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Basic Financial Statements. This report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information. The Authority's basic financial statements are presented as fund level financial statements because the Authority only has a single proprietary fund.

*Required Basic financial statements*

*Proprietary Fund 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 and obligations of the Authority creditors. 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.

The Authority reports a single enterprise fund.

*Notes to the Basic 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.

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information. HUD has established Uniform Financial Reporting Standards that requires the Housing Authority 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 December 31, 2018 and is required to be included in the audit reporting package.

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$987,733 at the close of the year ended December 31, 2018. This represents an increase of \$41,731, or 4.4% over the prior year. The unrestricted component of net position was

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 Year Ended December 31, 2018

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

\$344,996 as of December 31, 2018 which was an increase of \$39,596 which was due to net income of \$52,896 when not including depreciation expense which was offset by nongrant funded capital expenditures of \$10,140.

A portion of the Authority's net position reflects its investment in capital assets (e.g. land, buildings and equipment) less accumulated depreciation. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

**CONDENSED STATEMENTS OF NET POSITION**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 368,175	\$ 334,371	\$ 33,804	10.1%
Capital assets	642,737	640,602	2,135	0.3%
Total Assets	<u>1,010,912</u>	<u>974,973</u>	<u>35,940</u>	3.7%
Current liabilities	15,624	15,429	195	1.3%
Noncurrent liabilities	7,555	13,542	(5,987)	-44.2%
Total Liabilities	<u>23,179</u>	<u>28,971</u>	<u>(5,792)</u>	-20.0%
Net Position				
Net investment in capital assets	642,737	640,602	2,135	0.3%
Unrestricted	344,996	305,400	39,596	13.0%
Total Net Position	<u>\$ 987,733</u>	<u>\$ 946,002</u>	<u>\$ 41,731</u>	4.4%

Current and other assets increased \$33,804. Within this cash and investments increased \$34,040. Noncurrent liabilities decreased due to a decrease in accrued compensated absences.

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

As seen in the table on the next page, rental income increased by \$7,952. The Public Housing program had 356 unit months leased out of 360 unit months available which was an increase of 1 unit month.

In the Section 8 New Construction program, 2018 had 142 unit months leased while 2017 had 143 out of an available 144.

Operating subsidy increased \$6,515 to \$48,971. Operating subsidy is based on a HUD formula which relies heavily on historic rental income and utility figures. The Authority used \$1,809 of capital funds for noncapital items. Section 8 rental assistance increased \$4,510.

Operating expenses decreased by \$9,627. This was due to a \$13,897 decrease in maintenance expenses.

HUD capital contributions were \$60,380 for the year ended December 31, 2018. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent from year to year based on the Authority's number of units. The amount presented will vary from year to year depending on the timing of projects as outlined in the HUD approved capital grant budget.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2018

**FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)**

**CONDENSED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 145,955	\$ 138,003	\$ 7,952	5.8%
HUD operating grants	81,929	69,095	12,834	18.6%
Other	15,605	19,789	(4,184)	-21.1%
General revenues				
Interest	2,911	2,219	691	31.2%
Other	9,660	-	9,660	100.0%
Total Revenues	<u>256,060</u>	<u>229,106</u>	<u>26,954</u>	11.8%
<b>Expenses</b>				
Operating, less depreciation	203,164	212,791	(9,627)	-4.5%
Depreciation	71,544	75,406	(3,862)	-5.1%
Nonoperating	-	1,755	(1,755)	-100.0%
Total Expenses	<u>274,708</u>	<u>289,952</u>	<u>(15,244)</u>	-5.3%
Excess (Deficiency) Before Contributions	<u>(18,648)</u>	<u>(60,846)</u>	42,198	
Contributions	60,380	40,361	20,019	
Changes in Net Position	<u>41,731</u>	<u>(20,485)</u>	62,216	
Beginning net position	946,002	966,487	(20,485)	
Ending net position	<u>\$ 987,733</u>	<u>\$ 946,002</u>	<u>\$ 41,731</u>	

**CAPITAL ASSETS**

The Housing Authority of the City of Holyoke, Colorado's net investment in capital assets as of December 31, 2018 amounts to \$642,737 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment and construction in progress.

The total increase in the Authority's net investment in capital assets for the current fiscal year was 0.3% in terms of net book value. Actual expenditures to purchase or construct capital assets were \$79,720. The Housing Authority installed Dish Network satellite tv in all of the apartments since the local cable television company quit supplying this service. The Housing also traded in the lawn mower and maintenance UTV for new models and a new sprayer to go along with the UTV. A concrete parking lot for the laundry room was installed along with replacement of some sidewalks. New flooring was installed in the Community Center dining area along with a new ADA drinking fountain. Two furnaces and air conditioner units were also replaced in the Office and Community Rooms.

Depreciation charges for the year totaled \$71,544. Additional information on the Authority's capital assets can be found in Note C of the notes to the basic financial statements of this report.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2018

**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 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**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 the Executive Director, Housing Authority of the City of Holyoke, Colorado, 330 West Kellogg, Holyoke, Colorado, 80734.

## BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
December 31, 2018

ASSETS

		Housing
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$	192,608.52
Investments		162,928.30
Accrued interest receivable		517.95
<i>Restricted:</i>		
Cash and cash equivalents		12,120.46
<b>TOTAL CURRENT ASSETS</b>		<b>368,175.23</b>
 <b>NONCURRENT ASSETS</b>		
Capital Assets, non-depreciable		13,467.00
Capital Assets, depreciable, net		629,270.06
<b>TOTAL NONCURRENT ASSETS</b>		<b>642,737.06</b>
<b>TOTAL ASSETS</b>	\$	<b>1,010,912.29</b>

LIABILITIES

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$	894.99
Accrued wages and benefits payable		720.00
Compensated absences		1,888.78
Trust and deposit liabilities		12,120.46
<b>TOTAL CURRENT LIABILITIES</b>		<b>15,624.23</b>
 <b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences		7,555.07
<b>TOTAL NONCURRENT LIABILITIES</b>		<b>7,555.07</b>
<b>TOTAL LIABILITIES</b>		<b>23,179.30</b>

NET POSITION

Net investment in capital assets		642,737.06
Unrestricted		344,995.93
<b>TOTAL NET POSITION</b>	\$	<b>987,732.99</b>

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
Year Ended December 31, 2018

		Housing
<b>OPERATING REVENUES</b>		
Rental income	\$	145,954.56
HUD Section 8 contributions		31,149.00
Other income		15,605.20
<b>TOTAL OPERATING REVENUES</b>		<b>192,708.76</b>
 <b>OPERATING EXPENSES</b>		
Administrative		81,624.36
Tenant services		25.80
Utilities		36,250.15
Ordinary maintenance and operations		69,177.05
General expense		16,086.32
Depreciation		71,544.46
<b>TOTAL OPERATING EXPENSES</b>		<b>274,708.14</b>
		<b>OPERATING INCOME (LOSS)</b>
		<b>(81,999.38)</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
Operating subsidy		48,971.00
Capital fund grants		1,809.38
Loss on disposition of capital assets		9,660.10
Interest income		2,910.59
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		<b>63,351.07</b>
		<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>
		<b>(18,648.31)</b>
 <b>CAPITAL CONTRIBUTIONS</b>		
Capital fund grants		60,379.62
	<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>41,731.31</b>
 <b>NET POSITION:</b>		
Net position, beginning balance		946,001.68
<b>TOTAL NET POSITION - ENDING BALANCE</b>	<b>\$</b>	<b>987,732.99</b>

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
Year Ended December 31, 2018

	Housing
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 158,866.16
HUD Section 8 receipts	31,149.00
Other receipts	2,693.60
Trust and deposit liabilities	(709.00)
Cash payments for goods and services	(94,935.15)
Cash payments to employees for services	(113,311.09)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(16,246.48)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Operating subsidy	48,971.00
Capital fund grants	1,809.36
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>50,780.36</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(64,019.81)
HUD - capital grants	60,379.64
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,640.17)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Net (deposits) withdrawals to investments	105,074.43
Interest received	3,146.45
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>108,220.88</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>139,114.59</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>65,614.39</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 204,728.98</b>

<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (81,999.38)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	71,544.46
Change in assets and liabilities:	
Increase (decrease) in accounts payable	519.99
Increase (decrease) in trust and deposit liabilities	(709.00)
Increase (decrease) in accrued compensated absences	(5,602.55)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (16,246.48)</b>

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2018

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

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Public Housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

The basic financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's basic financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the basic financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred out flows of resources, liabilities, deferred inflows of resources, fund net position, revenues and expenditures or expenses, as appropriate.

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 presents 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.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, HUD Section 8 funds earned and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations, housing assistance payments and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The reporting model as defined in Statement No. 34 and modified establishes criteria (percentage of the combined assets and deferred outflows of resources, combined liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds.

The Authority has the following programs reported within the sole enterprise fund:

**Public Housing Program.** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

**Section 8 New Construction.** This program accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The program receives rental assistance from the U.S. Department of Housing and Urban Development.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these basic financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2018

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value when received. Assets capitalized have an original cost of \$100.00 or more and over a one year of life.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted components of net position are available, the Authority's policy is to apply restricted first.

Compensated Absences

The Authority's policy allows employees to carry over up to 15 days of vacation days. Sick leave may be accumulated up with no maximum hours, however, payout upon termination is limited to 1 day for each 4 days accumulated up to 480 hours.

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

The Authority is a governmental subdivision of the State of Colorado and is exempt from Federal and State income taxes.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 December 31, 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% 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, all basic operational requirements of TABOR.

Leases

The majority of leases and subleases are short-term operating leases.

**NOTE B - DEPOSITS AND INVESTMENTS**

Deposits

At December 31, 2018, the Authority's carrying amount of deposits was \$248,192 and the bank balances were \$252,475.35. The Authority had cash on hand of \$50 as of December 31, 2018.

As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of \$250,000 (including accrued interest) shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S., as amended. The entire balance was covered FDIC insurance and the Public Deposit Protection Act.

Investments

At December 31, 2018, the Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>
Colostrust Prime	\$ 119,415.28	\$ 119,415.28

*Interest Rate Risk:* The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk:* The Authority has no investment policy that would limit its investment choices. At December 31, 2018, the Authority's investment in the Colostrust Fund was rated AAAM by Standard & Poor's.

The Colostrust Prime invests only in U.S. Treasury and government agencies.

*Concentration of Credit Risk:* The Authority places no limit on the amount the Authority may invest in any one issuer.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
NOTES TO BASIC FINANCIAL STATEMENTS  
December 31, 2018

**NOTE B - DEPOSITS AND INVESTMENTS (CONT'D)**

A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

Statement of Net Position	
Cash and cash equivalents	\$ 192,608.52
Investments	162,928.30
Restricted cash	12,120.46
	<u>\$ 367,657.28</u>
Bank deposits	\$ 248,192.00
Investments	119,415.28
Cash on hand	50.00
	<u>\$ 367,657.28</u>

**NOTE C – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 1/1/2018	Increases	Decreases	Balance 12/31/2018
<b>Non-depreciable assets:</b>				
Land	\$ 13,467.00	\$ -	\$ -	\$ 13,467.00
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>13,467.00</u>	<u>-</u>	<u>-</u>	<u>13,467.00</u>
<b>Depreciable assets</b>				
Buildings	2,181,123.26	72,670.18	(8,555.43)	2,245,238.01
Equipment - Dwelling	57,565.00	-	-	57,565.00
Equipment - Administration	147,476.09	7,049.63	(11,557.52)	142,968.20
<b>Total depreciable assets</b>	<u>2,386,164.35</u>	<u>79,719.81</u>	<u>(20,112.95)</u>	<u>2,445,771.21</u>
<b>Total Capital Assets</b>	<u>2,399,631.35</u>	<u>79,719.81</u>	<u>(20,112.95)</u>	<u>2,459,238.21</u>
<b>Accumulated depreciation</b>				
Buildings	1,637,920.18	55,860.11	-	1,693,780.29
Equipment - Dwelling	12,337.09	6,601.70	-	18,938.79
Equipment - Administration	108,772.47	9,082.65	(14,073.05)	103,782.07
Total accumulated depreciation	<u>1,759,029.74</u>	<u>71,544.46</u>	<u>(14,073.05)</u>	<u>1,816,501.15</u>
<b>Depreciable assets, net</b>	<u>627,134.61</u>	<u>8,175.35</u>	<u>(6,039.90)</u>	<u>629,270.06</u>
<b>Capital assets, net</b>	<u>\$ 640,601.61</u>	<u>\$ 8,175.35</u>	<u>\$ (6,039.90)</u>	<u>\$ 642,737.06</u>

**NOTE D – RESTRICTED ASSETS**

Cash and cash equivalents of \$12,120.46 at December 31, 2018 is restricted for Tenant Security Deposits.

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 December 31, 2018

**NOTE E – ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2018 is as follows:

	Beginning Balance	Net Decrease	Ending Balance	Due within One Year
Compensated absences	\$ <u>15,046.40</u>	\$ <u>(5,602.55)</u>	\$ <u>9,443.85</u>	\$ <u>1,888.78</u>

**NOTE F – NET POSITION**

The fund financial statements utilize a net position presentation. The components of net position are net investment in capital assets and unrestricted.

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- **Unrestricted** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**NOTE G – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended December 31, 2018, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**NOTE H – CONTINGENT LIABILITIES**

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, 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.

**NOTE I – RETIREMENT PROGRAM**

All eligible employees participate in the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan) authorized by state statute. The Plan is a defined contribution plan. The Authority and the employee each contributed 6 percent of the employee’s salary into the Plan for 2016. The Authority’s and employees each contributed \$5,940 in 2018. The total compensation of employees was \$100,078.30 in 2018. Compensation of employees covered by the Plan was \$99,000 in 2018. The Plan has no unfunded liability since it is a defined contribution plan.

## SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
PROGRAM SCHEDULE OF NET POSITION  
December 31, 2018

ASSETS	Public Housing	Section 8 New Construction	Totals
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 160,553.14	\$ 32,055.38	\$ 192,608.52
Investments	147,441.87	15,486.43	162,928.30
Accrued interest receivable	476.26	41.69	517.95
<i>Restricted:</i>			
Cash and cash equivalents	<u>8,332.46</u>	<u>3,788.00</u>	<u>12,120.46</u>
<b>TOTAL CURRENT ASSETS</b>	<u>316,803.73</u>	<u>51,371.50</u>	<u>368,175.23</u>
<b>NONCURRENT ASSETS</b>			
Capital Assets, non-depreciable	11,267.00	2,200.00	13,467.00
Capital Assets, depreciable, net	<u>545,049.01</u>	<u>84,221.05</u>	<u>629,270.06</u>
<b>TOTAL NONCURRENT ASSETS</b>	<u>556,316.01</u>	<u>86,421.05</u>	<u>642,737.06</u>
<b>TOTAL ASSETS</b>	<u>\$ 873,119.74</u>	<u>\$ 137,792.55</u>	<u>\$ 1,010,912.29</u>
 <b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 519.99	\$ 375.00	\$ 894.99
Accrued wages and benefits payable	720.00	-	720.00
Compensated absences	1,351.84	536.94	1,888.78
Trust and deposit liabilities	<u>8,332.46</u>	<u>3,788.00</u>	<u>12,120.46</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>10,924.29</u>	<u>4,699.94</u>	<u>15,624.23</u>
<b>NONCURRENT LIABILITIES</b>			
Accrued compensated absences	<u>5,407.36</u>	<u>2,147.71</u>	<u>7,555.07</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>5,407.36</u>	<u>2,147.71</u>	<u>7,555.07</u>
<b>TOTAL LIABILITIES</b>	<u>16,331.65</u>	<u>6,847.65</u>	<u>23,179.30</u>
 <b>NET POSITION</b>			
Net investment in capital assets	556,316.01	86,421.05	642,737.06
Unrestricted	<u>300,472.08</u>	<u>44,523.85</u>	<u>344,995.93</u>
<b>TOTAL NET POSITION</b>	<u>\$ 856,788.09</u>	<u>\$ 130,944.90</u>	<u>\$ 987,732.99</u>

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
PROGRAM SCHEDULE OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
Year Ended December 31, 2018

	Public Housing	Section 8 New Construction	Totals
<b>OPERATING REVENUES</b>			
Rental income	\$ 106,415.56	\$ 39,539.00	\$ 145,954.56
HUD Section 8 contributions	-	31,149.00	31,149.00
Other income	10,496.10	5,109.10	15,605.20
TOTAL OPERATING REVENUES	116,911.66	75,797.10	192,708.76
<b>OPERATING EXPENSES</b>			
Administrative	56,803.80	24,820.56	81,624.36
Tenant services	25.80	-	25.80
Utilities	25,791.45	10,458.70	36,250.15
Ordinary maintenance and operations	47,369.88	21,807.17	69,177.05
General expense	11,551.98	4,534.34	16,086.32
Depreciation	56,175.61	15,368.85	71,544.46
TOTAL OPERATING EXPENSES	197,718.52	76,989.62	274,708.14
OPERATING INCOME (LOSS)	(80,806.86)	(1,192.52)	(81,999.38)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Operating subsidy	48,971.00	-	48,971.00
Capital fund grants	1,809.38	-	1,809.38
Gain on disposition of capital assets	7,342.11	2,317.99	9,660.10
Interest income	2,759.38	151.21	2,910.59
TOTAL NONOPERATING REVENUES (EXPENSES)	60,881.87	2,469.20	63,351.07
INCOME (LOSS) BEFORE CONTRIBUTIONS	(19,924.99)	1,276.68	(18,648.31)
<b>CONTRIBUTIONS</b>			
Capital fund grants	60,379.62	-	60,379.62
INCREASE (DECREASE) IN NET POSITION	40,454.63	1,276.68	41,731.31
<b>NET POSITION:</b>			
Net position, beginning balance	816,333.46	129,668.22	946,001.68
TOTAL NET POSITION - ENDING BALANCE	\$ 856,788.09	\$ 130,944.90	\$ 987,732.99

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
PROGRAM SCHEDULE OF CASH FLOWS  
Year Ended December 31, 2018

	Public Housing	Section 8 New Construction	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Tenant receipts	\$ 114,895.16	\$ 43,971.00	\$ 158,866.16
HUD Section 8 receipts	-	31,149.00	31,149.00
Other receipts	2,016.50	677.10	2,693.60
Trust and deposit liabilities	(18.00)	(691.00)	(709.00)
Cash payments for goods and services	(65,373.54)	(29,561.61)	(94,935.15)
Cash payments to employees for services	(79,422.66)	(33,888.43)	(113,311.09)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(27,902.54)	11,656.06	(16,246.48)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
HUD operating subsidy	48,971.00	-	48,971.00
HUD - capital grants	1,809.36	-	1,809.36
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	50,780.36	-	50,780.36
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchases and construction of capital assets	(62,699.68)	(1,320.13)	(64,019.81)
HUD - capital grants	60,379.64	-	60,379.64
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,320.04)	(1,320.13)	(3,640.17)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net (deposits) withdrawals to investments	105,190.14	(115.71)	105,074.43
Interest received	2,995.56	150.89	3,146.45
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	108,185.70	35.18	108,220.88
NET INCREASE (DECREASE) IN CASH	128,743.48	10,371.11	139,114.59
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	40,142.12	25,472.27	65,614.39
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 168,885.60	\$ 35,843.38	\$ 204,728.98

<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (80,806.86)	\$ (1,192.52)	\$ (81,999.38)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	56,175.61	15,368.85	71,544.46
Change in assets and liabilities:			
Increase (decrease) in accounts payable	519.99	-	519.99
Increase (decrease) in trust and deposit liabilities	(18.00)	(691.00)	(709.00)
Increase (decrease) in accrued compensated absences	(3,773.28)	(1,829.27)	(5,602.55)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (27,902.54)	\$ 11,656.06	\$ (16,246.48)

Holyoke Housing Authority (CO023)

HOLYOKE, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$160,553	\$32,056	\$192,609		\$192,609
114 Cash - Tenant Security Deposits	\$8,332	\$3,788	\$12,120		\$12,120
100 Total Cash	\$168,885	\$35,844	\$204,729		\$204,729
129 Accrued Interest Receivable	\$476	\$42	\$518		\$518
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$476	\$42	\$518		\$518
131 Investments - Unrestricted	\$147,442	\$15,486	\$162,928		\$162,928
150 Total Current Assets	\$316,803	\$51,372	\$368,175		\$368,175
161 Land	\$11,267	\$2,200	\$13,467		\$13,467
162 Buildings	\$1,580,542	\$664,696	\$2,245,238		\$2,245,238
163 Furniture, Equipment & Machinery - Dwellings	\$41,400	\$16,165	\$57,565		\$57,565
164 Furniture, Equipment & Machinery - Administration	\$129,338	\$13,630	\$142,968		\$142,968
166 Accumulated Depreciation	-\$1,206,231	-\$610,270	-\$1,816,501		-\$1,816,501
180 Total Capital Assets, Net of Accumulated Depreciation	\$556,316	\$86,421	\$642,737		\$642,737
180 Total Non-Current Assets	\$556,316	\$86,421	\$642,737		\$642,737
290 Total Assets and Deferred Outflow of Resources	\$873,119	\$137,793	\$1,010,912		\$1,010,912
312 Accounts Payable <= 90 Days	\$520		\$520		\$520
321 Accrued Wage/Payroll Taxes Payable	\$720	\$375	\$1,095		\$1,095
322 Accrued Compensated Absences - Current Portion	\$1,352	\$537	\$1,889		\$1,889
341 Tenant Security Deposits	\$8,332	\$3,788	\$12,120		\$12,120
310 Total Current Liabilities	\$10,924	\$4,700	\$15,624		\$15,624
354 Accrued Compensated Absences - Non Current	\$5,407	\$2,148	\$7,555		\$7,555
350 Total Non-Current Liabilities	\$5,407	\$2,148	\$7,555		\$7,555
300 Total Liabilities	\$16,331	\$6,848	\$23,179		\$23,179
508.4 Net Investment in Capital Assets	\$556,316	\$86,421	\$642,737		\$642,737
512.4 Unrestricted Net Position	\$300,472	\$44,524	\$344,996		\$344,996
513 Total Equity - Net Assets / Position	\$856,788	\$130,945	\$987,733		\$987,733
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$873,119	\$137,793	\$1,010,912		\$1,010,912

Holyoke Housing Authority (CO023)  
HOLYOKE, CO  
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14195 Security's Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$106,416	\$39,539	\$145,955		\$145,955
70400 Tenant Revenue - Other	\$9,303	\$4,432	\$13,735		\$13,735
70500 Total Tenant Revenue	\$115,719	\$43,971	\$159,690	\$0	\$159,690
70600 HUD PHA Operating Grants	\$50,780	\$31,149	\$81,929		\$81,929
70610 Capital Grants	\$60,380		\$60,380		\$60,380
71100 Investment Income - Unrestricted	\$2,759	\$151	\$2,910		\$2,910
71500 Other Revenue	\$1,194	\$677	\$1,871		\$1,871
71600 Gain or Loss on Sale of Capital Assets	\$7,342	\$2,318	\$9,660		\$9,660
70000 Total Revenue	\$238,174	\$78,266	\$316,440	\$0	\$316,440
91100 Administrative Salaries	\$40,484	\$17,278	\$57,762		\$57,762
91200 Auditing Fees	\$2,722	\$928	\$3,650		\$3,650
91400 Advertising and Marketing	\$58		\$58		\$58
91500 Employee Benefit contributions - Administrative	\$6,639	\$2,845	\$9,484		\$9,484
91600 Office Expenses	\$2,511	\$1,376	\$3,887		\$3,887
91900 Other	\$4,390	\$2,392	\$6,782		\$6,782
91000 Total Operating - Administrative	\$56,804	\$24,819	\$81,623	\$0	\$81,623
92400 Tenant Services - Other	\$26		\$26		\$26
92500 Total Tenant Services	\$26	\$0	\$26	\$0	\$26
93100 Water	\$2,295	\$715	\$3,010		\$3,010
93200 Electricity	\$12,708	\$5,274	\$17,982		\$17,982
93300 Gas	\$9,028	\$2,952	\$11,980		\$11,980
93600 Sewer	\$1,760	\$1,518	\$3,278		\$3,278
93000 Total Utilities	\$25,791	\$10,459	\$36,250	\$0	\$36,250
94100 Ordinary Maintenance and Operations - Labor	\$22,917	\$9,651	\$32,568		\$32,568
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,285	\$6,486	\$14,771		\$14,771
94300 Ordinary Maintenance and Operations Contracts	\$13,301	\$4,452	\$17,753		\$17,753
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,868	\$1,219	\$4,087		\$4,087
94000 Total Maintenance	\$47,371	\$21,808	\$69,179	\$0	\$69,179
96110 Property Insurance	\$4,781	\$1,912	\$6,693		\$6,693
96120 Liability Insurance	\$1,782	\$719	\$2,501		\$2,501
96130 Workmen's Compensation	\$2,247	\$837	\$3,084		\$3,084
96100 Total insurance Premiums	\$8,810	\$3,468	\$12,278	\$0	\$12,278
96210 Compensated Absences	\$2,742	\$1,066	\$3,808		\$3,808
96000 Total Other General Expenses	\$2,742	\$1,066	\$3,808	\$0	\$3,808
96900 Total Operating Expenses	\$141,544	\$81,620	\$203,164	\$0	\$203,164
97000 Excess of Operating Revenue over Operating Expenses	\$96,630	\$16,646	\$113,276	\$0	\$113,276
97400 Depreciation Expense	\$56,176	\$15,369	\$71,545		\$71,545
90000 Total Expenses	\$197,720	\$76,989	\$274,709	\$0	\$274,709
10010 Operating Transfer In	\$1,809		\$1,809	-\$1,809	\$0
10020 Operating transfer Out	-\$1,809		-\$1,809	\$1,809	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$40,454	\$1,277	\$41,731	\$0	\$41,731
11030 Beginning Equity	\$816,334	\$129,668	\$946,002		\$946,002
11190 Unit Months Available	360	144	504		504
11210 Number of Unit Months Leased	356	142	498		498
11270 Excess Cash	\$294,084		\$294,084		\$294,084
11620 Building Purchases	\$38,385		\$38,385		\$38,385
11640 Furniture & Equipment - Administrative Purchases	\$24,315		\$24,315		\$24,315

Holyoke Housing Authority (CO023)

HOLYOKE, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2018

Project: CO023000001 SUNSET VIEW HOMES

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$106,416		\$106,416
70400 Tenant Revenue - Other	\$9,303		\$9,303
70500 Total Tenant Revenue	\$115,719	\$0	\$115,719
70600 HUD PHA Operating Grants	\$48,971	\$1,809	\$50,780
70610 Capital Grants		\$60,380	\$60,380
71100 Investment Income - Unrestricted	\$2,759		\$2,759
71500 Other Revenue	\$1,194		\$1,194
71600 Gain or Loss on Sale of Capital Assets	\$7,342		\$7,342
70000 Total Revenue	\$175,985	\$62,189	\$238,174
91100 Administrative Salaries	\$40,484		\$40,484
91200 Auditing Fees	\$2,722		\$2,722
91400 Advertising and Marketing	\$58		\$58
91500 Employee Benefit contributions - Administrative	\$6,639		\$6,639
91600 Office Expenses	\$2,511		\$2,511
91900 Other	\$4,390		\$4,390
91000 Total Operating - Administrative	\$56,804	\$0	\$56,804
92400 Tenant Services - Other	\$26		\$26
92500 Total Tenant Services	\$26	\$0	\$26
93100 Water	\$2,295		\$2,295
93200 Electricity	\$12,708		\$12,708
93300 Gas	\$9,028		\$9,028
93600 Sewer	\$1,760		\$1,760
93000 Total Utilities	\$25,791	\$0	\$25,791
94100 Ordinary Maintenance and Operations - Labor	\$22,917		\$22,917
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,285		\$8,285
94300 Ordinary Maintenance and Operations Contracts	\$13,301		\$13,301
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,868		\$2,868
94000 Total Maintenance	\$47,371	\$0	\$47,371
96110 Property Insurance	\$4,781		\$4,781
96120 Liability Insurance	\$1,782		\$1,782
96130 Workmen's Compensation	\$2,247		\$2,247
96100 Total insurance Premiums	\$8,810	\$0	\$8,810
96210 Compensated Absences	\$2,742		\$2,742
96000 Total Other General Expenses	\$2,742	\$0	\$2,742
96900 Total Operating Expenses	\$141,544	\$0	\$141,544
97000 Excess of Operating Revenue over Operating Expenses	\$34,441	\$62,189	\$96,630
97400 Depreciation Expense	\$54,102	\$2,074	\$56,176
90000 Total Expenses	\$195,646	\$2,074	\$197,720
10010 Operating Transfer In	\$1,809		\$1,809
10020 Operating transfer Out		-\$1,809	-\$1,809
10100 Total Other financing Sources (Uses)	\$1,809	-\$1,809	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$17,852	\$58,306	\$40,454
11030 Beginning Equity	\$816,334	\$0	\$816,334
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$58,306	-\$58,306	\$0
11190 Unit Months Available	380		360
11210 Number of Unit Months Leased	356		356
11270 Excess Cash	\$294,084		\$294,084
11620 Building Purchases	\$2,320	\$36,065	\$38,385
11640 Furniture & Equipment - Administrative Purchases	\$0	\$24,315	\$24,315

GOVERNMENT AUDITING STANDARDS SECTION

**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**

To the Board of Commissioners  
Housing Authority of the City of Holyoke, 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 basic financial statements of the Housing Authority of the City of Holyoke, Colorado, as of and for the year ended December 31, 2018, and the related notes to the basic financial statements, which collectively comprise Housing Authority of the City of Holyoke, Colorado's basic financial statements, and have issued our report thereon dated June 5, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

*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 basic 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. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2018-1 to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Housing Authority of the City of Holyoke, Colorado's basic financial statements are free from 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*.

### **Housing Authority of the City of Holyoke, Colorado's Response to Finding**

Housing Authority of the City of Holyoke, Colorado's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Housing Authority of the City of Holyoke, Colorado's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

### **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 result 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.

*Niewedde & Wiens, CPAs*

York, Nebraska  
June 5, 2019

HOUSING AUTHORITY OF THE CITY OF HOLYOKE, COLORADO  
SCHEDULE OF FINDINGS AND RESPONSES  
December 31, 2018

**Finding 2018-1: Internal Control Structure  
Material Weakness**

**Criteria:** A properly designed internal control structure relies greatly on a proper segregation of duties between several individuals. In the ideal situation, duties related to initiating, authorizing, recording, processing and reporting financial data would be segregated so that there is a reasonable possibility that a material misstatement of the entity's basis financial statements would be prevented or detected. In addition, the Authority should have effective controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. The application of such principles is necessary to ensure that the entity's basis financial statements and notes to the statements are prepared in accordance with generally accepted accounting principles.

**Condition:** The Authority consists of limited administrative employees and as a result does not have personnel to assign responsibilities in such a way that different employees handle different parts of the same transaction. The limited number of employees results in an inadequate overall internal control structure design.

As a result of the lack of segregation of duties, the Authority did not adequately review the depreciation schedule for capital assets disposed of and a mower traded in during the current year was not removed from the schedule.

**Cause:** The Authority has limited staff and does not have the resources to properly segregate duties.

**Effect or Potential Effect:** The lack of segregation of duties related to the controls over the categories are deficiencies that result in more than a reasonable possibility that a material misstatement of the basis financial statements will not be prevented or detected. Further, the financial statements were misstated prior to adjustments made during the audit process.

**Recommendation:** As noted above, the Authority has limited resources and additional controls are not financially feasible through the hiring of additional staff. In addition the Board of Commissioners is considered a governing Board and the Board performing management or day-to-day activities is not recommended based on our previous experience and is not intended to be a solution to this situation. The Authority is a small entity and the lack of segregation of duties is common among entities with minimal employees and should be recognized as such. However, it is not our intent to establish internal controls as the Authority's Board should make the final determination in the cost versus benefit.

# Holyoke Housing Authority



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Corey L. Zeller  
Executive Director

April 23, 2019

*Finding 2018-1: The Authority is relatively small with limited administrative staff. Further, the Board of Commissions is a volunteer oversight board and not a managing board and does not have the time or expertise to provide the necessary services to correct the internal control deficiencies noted. The Board has reviewed this issue and determined there are no additional procedures which can reasonably be done to eliminate these deficiencies and accepts them.*