

HOUSING AUTHORITY OF THE CITY OF WALSENBURG, COLORADO

Financial Statements

With Independent Auditor's Report

March 31, 2019

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Walsenburg, Colorado, as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the City of Walsenburg, Colorado as of March 31, 2019, and the respective 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 listed 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Walsenburg, Colorado's basic financial statements. The financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *financial data schedules* are the responsibility of management and were 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 *financial data schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in cursive script that reads "G. & Associates LLC". The signature is written in black ink and is positioned above the typed name and address.

Brighton, Colorado
December 11, 2019

Management Discussion and Analysis

Management Discussion and Analysis

As management of the Housing Authority of the City of Walsenburg, Colorado (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2019.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority consists of one proprietary enterprise fund containing housing and grant programs which are described in Note 1 to Financial Statements.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement begin on page 9.

Financial Analysis

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by \$2,366,700 at the close of the most recent fiscal year.

The largest portion of the Authority's net position (80 percent) reflects its net investment in capital assets (e.g. land, building, machinery and equipment), less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide affordable low rent housing to its tenants, these assets are not available for future spending. Although the Authority's investment in its capital assets are reported net of related debt, it should be noted that resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position

	2019	2018	Increase (Decrease) CY vs. PY
ASSETS			
Cash and equivalents	\$ 709,476	\$ 685,933	\$ 23,543
Other current assets	189,620	198,394	(8,774)
Capital assets	1,582,048	1,618,904	(36,856)
Total Assets	<u>2,481,144</u>	<u>2,503,231</u>	<u>(22,087)</u>
LIABILITIES			
Current liabilities	114,444	123,683	(9,239)
Long term liabilities	-	-	-
Total liabilities	<u>114,444</u>	<u>123,683</u>	<u>(9,239)</u>
NET POSITION			
Net investment in capital assets	1,582,048	1,618,904	(36,856)
Restricted	-	-	-
Unrestricted	784,652	760,644	24,008
Total Net Position	<u>\$ 2,366,700</u>	<u>\$ 2,379,548</u>	<u>\$ (12,848)</u>

Condensed Statement of Activities is presented in the following table:

	2019	2018	Increase (Decrease) CY vs. PY
Revenue:			
Operating Revenue	\$ 412,634	\$ 349,801	\$ 62,833
HUD operating grants	341,212	352,259	(11,047)
Gain (Loss) on disposal of assets	-	(77)	77
Interest Income	1,473	1,422	51
Total Revenue	<u>755,319</u>	<u>703,405</u>	<u>51,914</u>
Expenses:			
Operating Expenses	851,819	772,442	79,377
Total Expenses	<u>851,819</u>	<u>772,442</u>	<u>79,377</u>
Capital Contributions	83,652	133,671	(50,019)
Change in Net Position	(12,848)	64,634	(77,482)
Net Position-Beginning	2,379,548	2,314,914	64,634
Net Position-Ending	<u>\$ 2,366,700</u>	<u>\$ 2,379,548</u>	<u>\$ (12,848)</u>

As of the current fiscal year, as well as in the previous fiscal year, the Authority is able to report a positive balance in the net position. Current and other assets are increased due to increase in cash. This is primarily a result of revenues exceeding expenditures, less depreciation, throughout the year. Operating revenue is increased by \$62,833 in 2019 due to a decrease in the vacancy rate. Operating expenses increased by \$79,377 due to an increase in various operating costs.

Condensed Statement of Cash Flows is presented in the following table:

	<u>2019</u>	<u>2018</u>
Cash from (for) Operating Activities	\$ (316,715)	\$ (291,329)
Cash from Non Capital Financing Activities	341,212	500,300
Cash from (for) Capital and Related Financing Activities	(1,646)	(39,197)
Cash from (for) Investing Activities	692	(183,437)
Increase (Decrease)	<u>23,543</u>	<u>(13,663)</u>
Cash and Cash Equivalents, Beginning of Year	685,933	699,596
Cash and Cash Equivalents, End of Year	<u>\$ 709,476</u>	<u>\$ 685,933</u>

Capital Asset and Debt Administration

Capital Assets. The Authority's investment in capital assets as of March 31, 2019, amounts to \$1,582,048 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditures during fiscal year 2019 were \$85,298 relating to the upgrades to the facilities. The capital purchases were partially funded by \$83,652 of HUD capital grants. The Authority disposed of \$11,918 of fully depreciated capital assets during the year. The remaining activity related to capital assets were the normal depreciation. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

Long Term Debt

At the end of the year, the Authority had no long term debt

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. The Authority's rental rates have not changed in fiscal year 2019. The Authority expects that subsidy will not increase in 2020.

Request for Information

This financial report is designed to provide an overview of the Walsenburg Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to The Housing Authority of the City of Walsenburg, Colorado, 220 Russell Avenue, Walsenburg, CO 81089.

Basic Financial Statements

Housing Authority of the City of Walsenburg, Colorado
Statement of Net Position
March 31, 2019

ASSETS

Current Assets	
Cash and cash equivalents	\$ 654,872
Prepaid expenses	2,683
Accounts receivable- tenants, net	1,113
Accrued interest	210
Investments	185,614
Restricted cash	54,604
Total Current Assets	899,096
Noncurrent Assets	
Capital assets	
Nondepreciable	810,246
Depreciable	8,121,736
Less: accumulated depreciation	(7,349,934)
Net Capital Assets	1,582,048
Total Noncurrent Assets	1,582,048
Total Assets	2,481,144

LIABILITIES

Current Liabilities	
Accounts payable	15,151
Other accrued liabilities	26,292
Tenant security deposits	54,604
Unearned revenue	4,217
Accrued compensated absences	14,180
Total Current Liabilities	114,444

Net Position

Net investment in capital assets	1,582,048
Unrestricted	784,652
Total Net Position	\$ 2,366,700

Housing Authority of the City of Walsenburg, Colorado
Statement of Revenues, Expenses and Changes in Net Position
March 31, 2019

Operating Revenues	
Dwelling rental - net	\$ 383,408
Management fee	4,449
Other	24,777
Total Operating Revenues	412,634
 Operating Expenses	
General and administrative	343,408
Utilities	142,356
Maintenance and operation	243,901
Depreciation	122,154
Total Operating Expenses	851,819
Operating Income (Loss)	(439,185)
 Non-Operating Revenues (Expenses)	
HUD contributions and grants	341,212
Interest income	1,473
Total Non-Operating Revenues (Expenses)	342,685
Income Before Capital Contributions	(96,500)
Capital contributions	83,652
Change in Net Position	(12,848)
Net Position, Beginning of Year	2,379,548
Net Position, End of Year	\$ 2,366,700

Housing Authority of the City of Walsenburg, Colorado
Statement of Cash Flows
For the Year Ended March 31, 2019

Cash Flows From Operating Activities:	
Cash received from tenants	\$ 420,655
Cash payments to tenants and suppliers	(457,323)
Cash payments to employees	(280,047)
Net Cash (Used) For Operating Activities	(316,715)
 Cash Flows From Noncapital Financing Activities:	
HUD contributions and grants	341,212
Net Cash Provided by Non-Capital Financing Activities	341,212
 Cash Flows From Capital and Related Financing Activities:	
Purchase of property, plant and equipment	(85,298)
Capital contributions	83,652
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,646)
 Cash Flows from Investing Activities:	
Purchases of investments	(778)
Interest income	1,470
Net Cash Provided by Investing Activities	692
Net increase in Cash and Cash Equivalents	23,543
Cash and Cash Equivalents, Beginning	685,933
Cash and Cash Equivalents, Ending	\$ 709,476
 Detail of cash and cash equivalents:	
Cash - Unrestricted	654,872
Cash-Restricted	54,604
Total	\$ 709,476
 Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating (Loss)	(439,185)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation and Amortization	122,154
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(409)
Accounts receivable - other	10,920
Prepaid expenses	(956)
Accounts payable	1,726
Accrued liabilities	7,799
Accrued wages, taxes, and benefits	(13,436)
Accrued compensated absences	(2,838)
Deferred revenue	4,217
Tenant security deposits	(6,707)
Net Cash Used for Operating Activities	(316,715)

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements
March 31, 2019

Note 1 Summary of Significant Accounting Policies

The Housing Authority of the City of Walsenburg, Colorado (the Authority) was established by the City of Walsenburg, Colorado in order to administer the public housing programs subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD). The Authority provides 129 units of housing under the program. The Authority is operated by a Board of Commissioners. The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority follows all pronouncements issued by GASB. The more significant of the Authority's policies are described below.

Financial Reporting Entity

The Authority follows GASB Statement No. 14 which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the Authority's reporting entity. The Housing Authority of the City of Walsenburg, Colorado is not a component unit of any other entities.

Basis of Accounting

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business, or where the Board has decided the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. All assets, deferred inflows, liabilities, deferred outflows associated with the operation of the Authority are included in the statement of net position.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the Authority's enterprises fund is charges for providing low income housing. Operating expenses for the enterprise fund include the cost of providing low income housing, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Authority presents its activities as a single enterprise proprietary fund.

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements (Continued)
March 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

Assets, Liabilities and Net Position

Investments - Investments are recorded at fair value, which approximates cost.

Receivables - All receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid expenses – Prepaid balances are for payments made by the Authority in the current year for items to be consumed in subsequent years.

Capital assets - These consist of all property, plant and equipment. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	15 - 40 years
Admin equipment	7 - 10 years
Operational equipment	7 - 10 years

Compensated Absences - Pursuant to its personnel policies, the Authority will compensate individual employment for unused vacation and sick leave accumulated upon their separation of employment. The Authority reports these potential payments as a liability for compensated absences.

Net Position – Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements (Continued)
March 31, 2019

Note 1 Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net position are available for future operations or distributions. The Authority utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Estimates

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

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to March 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Authority Board or revised by the Authority Board.

Note 2 Cash and Investments

Cash Deposits

As of March 31, 2019, the District’s cash deposits had a carrying balance of \$709,476 and a corresponding bank balance of \$708,674, of which \$250,000 was insured by the Federal Deposit Insurance Corporation, respectively.

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements (Continued)
March 31, 2019

Note 2 Cash and Investments (Continued)

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

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Authority had \$458,674 collateralized under PDPA.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of March 31, 2019, none of the Authority’s bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers’ acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The Authority does not have a formal investment policy.

As of March 31, 2019, the Authority had \$185,614 invested in certificates of deposit (CD’s) with a maturity ranging from 182 days to 12 months from date of purchase. All CD’s were insured under the FDIC and are valued under amortized cost.

Note 3 Accounts Receivable

Accounts receivable balance at March 31, 2019, was comprised of the following:

<u>Program</u>	<u>Tenants Receivable</u>	<u>Allowance for Bad Debt</u>	<u>Receivable Net of Allowance</u>
Tenant receivables	\$ 1,113	\$ -	\$ 1,113
Total	<u>\$ 1,113</u>	<u>\$ -</u>	<u>\$ 1,113</u>

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements (Continued)
March 31, 2019

Note 4 Fixed Assets

The following is a summary of fixed assets at March 31, 2019

	Balance 3/31/2018	Additions	Deletions	Balance 3/31/2019
Nondepreciable				
Land	\$ 810,246	\$ -	\$ -	\$ 810,246
Total Nondepreciable	<u>810,246</u>	<u>-</u>	<u>-</u>	<u>810,246</u>
Depreciable				
Buildings and improvements	7,608,725	85,298	-	7,694,023
Dwelling equipment	99,183	-	(11,918)	87,265
Maintenance equipment	340,448	-	-	340,448
Total Depreciable	<u>8,048,356</u>	<u>85,298</u>	<u>(11,918)</u>	<u>8,121,736</u>
TOTAL	<u>8,858,602</u>	<u>85,298</u>	<u>(11,918)</u>	<u>8,931,982</u>
Less Accumulated Depreciation	<u>(7,239,698)</u>	<u>(122,154)</u>	<u>11,918</u>	<u>(7,349,934)</u>
Total Accumulated Depreciation	<u>(7,239,698)</u>	<u>(122,154)</u>	<u>11,918</u>	<u>(7,349,934)</u>
Net Capital Assets	<u>\$ 1,618,904</u>	<u>\$ (36,856)</u>	<u>\$ -</u>	<u>\$ 1,582,048</u>

Note 5 Retirement Plan

The Authority participates in the Edward Jones 457 variable annuity plan. The Executive Director is authorized to establish and amend the plan benefits. The Authority provides retirement benefits for all of its full time employees through a defined contribution plan. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 8% of the employee's base salary each month. The Authority's contributions for each employee are fully vested after five years of continuous service. The Authority's contributions for the year ending March 31, 2019, 2018 and 2017 were \$15,828, \$11,962, and \$13,464.

Note 6 Contingencies and Commitments

The Authority is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims have not exceeded commercial coverage in any of the past three years.

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of March 31, 2019, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

Housing Authority of the City of Walsenburg, Colorado
Notes to the Financial Statements (Continued)
March 31, 2019

Note 6 Contingencies and Commitments (Continued)

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations, however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Note 7 Economic Dependency

The Authority is economically dependent on annual contributions and grants from HUD. The extent of this funding from HUD depends upon appropriations from the Federal government and is subject to annual renewals.

Other Supplemental Information

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
111 Cash - Unrestricted	\$413,969	\$240,903	\$654,872	\$654,872
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted				
114 Cash - Tenant Security Deposits	\$54,604		\$54,604	\$54,604
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$468,573	\$240,903	\$709,476	\$709,476
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants	\$1,113		\$1,113	\$1,113
126.1 Allowance for Doubtful Accounts - Tenants	\$0		\$0	\$0
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable	\$210		\$210	\$210
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,323	\$0	\$1,323	\$1,323
131 Investments - Unrestricted	\$185,614		\$185,614	\$185,614
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets	\$2,683		\$2,683	\$2,683
143 Inventories				
143.1 Allowance for Obsolete Inventories				
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$658,193	\$240,903	\$899,096	\$899,096
161 Land	\$810,246		\$810,246	\$810,246
162 Buildings	\$7,179,276		\$7,179,276	\$7,179,276
163 Furniture, Equipment & Machinery - Dwellings	\$87,266		\$87,266	\$87,266
164 Furniture, Equipment & Machinery - Administration	\$340,448		\$340,448	\$340,448
165 Leasehold Improvements	\$514,746		\$514,746	\$514,746
166 Accumulated Depreciation	-\$7,349,934		-\$7,349,934	-\$7,349,934
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,582,048	\$0	\$1,582,048	\$1,582,048
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$1,582,048	\$0	\$1,582,048	\$1,582,048
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$2,240,241	\$240,903	\$2,481,144	\$2,481,144
311 Bank Overdraft				
312 Accounts Payable <= 90 Days	\$3,250	\$3,963	\$7,213	\$7,213
313 Accounts Payable >90 Days Past Due				

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

321	Accrued Wage/Payroll Taxes Payable				
322	Accrued Compensated Absences - Current Portion	\$14,180		\$14,180	\$14,180
324	Accrued Contingency Liability				
325	Accrued Interest Payable				
331	Accounts Payable - HUD PHA Programs				
332	Account Payable - PHA Projects				
333	Accounts Payable - Other Government	\$26,292		\$26,292	\$26,292
341	Tenant Security Deposits	\$54,604		\$54,604	\$54,604
342	Unearned Revenue	\$4,217		\$4,217	\$4,217
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				
344	Current Portion of Long-term Debt - Operating Borrowings				
345	Other Current Liabilities				
346	Accrued Liabilities - Other	\$7,938		\$7,938	\$7,938
347	Inter Program - Due To				
348	Loan Liability - Current				
310	Total Current Liabilities	\$110,481	\$3,963	\$114,444	\$114,444
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				
352	Long-term Debt, Net of Current - Operating Borrowings				
353	Non-current Liabilities - Other				
354	Accrued Compensated Absences - Non Current				
355	Loan Liability - Non Current				
356	FASB 5 Liabilities				
357	Accrued Pension and OPEB Liabilities				
350	Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300	Total Liabilities	\$110,481	\$3,963	\$114,444	\$114,444
400	Deferred Inflow of Resources				
508.4	Net Investment in Capital Assets	\$1,582,048	\$0	\$1,582,048	\$1,582,048
511.4	Restricted Net Position	\$0	\$0	\$0	\$0
512.4	Unrestricted Net Position	\$547,712	\$236,940	\$784,652	\$784,652
513	Total Equity - Net Assets / Position	\$2,129,760	\$236,940	\$2,366,700	\$2,366,700
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,240,241	\$240,903	\$2,481,144	\$2,481,144

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

	Project Total	1 Business Activities	Subtotal	Total
70300 Net Tenant Rental Revenue	\$383,408		\$383,408	\$383,408
70400 Tenant Revenue - Other	\$22,755		\$22,755	\$22,755
70500 Total Tenant Revenue	\$406,163	\$0	\$406,163	\$406,163
70600 HUD PHA Operating Grants	\$341,212		\$341,212	\$341,212
70610 Capital Grants	\$83,652		\$83,652	\$83,652
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$1,473		\$1,473	\$1,473
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery		\$8,265	\$8,265	\$8,265
71500 Other Revenue	\$4,419		\$4,419	\$4,419
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$836,919	\$8,265	\$845,184	\$845,184
91100 Administrative Salaries	\$134,303		\$134,303	\$134,303
91200 Auditing Fees	\$7,100		\$7,100	\$7,100
91300 Management Fee				
91310 Book-keeping Fee				
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$64,442		\$64,442	\$64,442
91600 Office Expenses	\$12,920		\$12,920	\$12,920
91700 Legal Expense	\$2,900		\$2,900	\$2,900
91800 Travel	\$9,696		\$9,696	\$9,696
91810 Allocated Overhead				
91900 Other	\$17,751		\$17,751	\$17,751
91000 Total Operating - Administrative	\$249,112	\$0	\$249,112	\$249,112
92000 Asset Management Fee				
92100 Tenant Services - Salaries				
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services				
92400 Tenant Services - Other	\$295		\$295	\$295
92500 Total Tenant Services	\$295	\$0	\$295	\$295
93100 Water	\$59,930		\$59,930	\$59,930
93200 Electricity	\$12,953		\$12,953	\$12,953
93300 Gas	\$3,477		\$3,477	\$3,477
93400 Fuel				
93500 Labor				
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense	\$44,126		\$44,126	\$44,126
93000 Total Utilities	\$120,486	\$0	\$120,486	\$120,486

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

94100 Ordinary Maintenance and Operations - Labor	\$129,257		\$129,257	\$129,257
94200 Ordinary Maintenance and Operations - Materials and Other	\$32,339		\$32,339	\$32,339
94300 Ordinary Maintenance and Operations Contracts	\$40,018	\$6,213	\$46,231	\$46,231
94500 Employee Benefit Contributions - Ordinary Maintenance	\$63,943		\$63,943	\$63,943
94000 Total Maintenance	\$265,557	\$6,213	\$271,770	\$271,770
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance	\$39,622		\$39,622	\$39,622
96120 Liability Insurance	\$9,234		\$9,234	\$9,234
96130 Workmen's Compensation	\$5,364		\$5,364	\$5,364
96140 All Other Insurance	\$3,720		\$3,720	\$3,720
96100 Total insurance Premiums	\$57,940	\$0	\$57,940	\$57,940
96200 Other General Expenses				
96210 Compensated Absences	\$213		\$213	\$213
96300 Payments in Lieu of Taxes	\$26,292		\$26,292	\$26,292
96400 Bad debt - Tenant Rents	\$9,772		\$9,772	\$9,772
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$36,277	\$0	\$36,277	\$36,277
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$729,667	\$6,213	\$735,880	\$735,880
97000 Excess of Operating Revenue over Operating Expenses	\$107,252	\$2,052	\$109,304	\$109,304
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments				
97350 HAP Portability-In				
97400 Depreciation Expense	\$122,154		\$122,154	\$122,154
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$851,821	\$6,213	\$858,034	\$858,034
10010 Operating Transfer In				
10020 Operating transfer Out				
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)	\$2		\$2	\$2
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2019

10094 Transfers between Project and Program - Out	\$0		\$0	\$0
10100 Total Other financing Sources (Uses)	\$2	\$0	\$2	\$2
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$14,900	\$2,052	-\$12,848	-\$12,848
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,144,660	\$234,888	\$2,379,548	\$2,379,548
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity				
11180 Housing Assistance Payments Equity				
11190 Unit Months Available	1548		1548	1548
11210 Number of Unit Months Leased	1531		1531	1531
11270 Excess Cash	\$484,224		\$484,224	\$484,224
11610 Land Purchases	\$0		\$0	\$0
11620 Building Purchases	\$0		\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0		\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0		\$0	\$0
11650 Leasehold Improvements Purchases	\$83,652		\$83,652	\$83,652
11660 Infrastructure Purchases	\$0		\$0	\$0
13510 CFFP Debt Service Payments	\$0		\$0	\$0
13901 Replacement Housing Factor Funds	\$0		\$0	\$0