

**HOUSING AUTHORITY OF THE
TOWN OF HOLLY, COLORADO**

FINANCIAL STATEMENTS

December 31, 2020

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the Town of Holly
Holly, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of the Town of Holly, Colorado, as of and for the year ended December 31, 2020, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 financial position of the business-type activities of the Housing Authority of the Town of Holly, Colorado, as of December 31, 2020, 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 on pages 4 – 9 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 Town of Holly, Colorado's basic financial statements. The schedule of expenses on page 20 and the U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule on pages 21 – 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenses and the U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenses and the U.S. Department of Housing and Urban Development supplementary 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 May 3, 2021, on our consideration of the Housing Authority of the Town of Holly, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Housing Authority of the Town of Holly, Colorado's internal control over financial reporting and compliance.

Hamblin and Associates, LLC

May 3, 2021

Golden, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

Management's Discussion and Analysis Year Ended December 31, 2020

The following discussion and analysis of the financial statements of the Housing Authority of the Town of Holly, Colorado, ("the Authority") provides an overview of the financial activities for the fiscal year ended December 31, 2020. Please consider the following information in addition to your review of the information in the basic financial statements.

The primary focus of the Authority's financial statements is on the statements of its single enterprise fund encompassing all programs administered by the Authority. This information contained herein this Management Discussion and Analysis (MD&A) should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has one program. The Low Rent Public Housing Program which consists of 16 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received from the Department of Housing and Urban Development based on a formula. Included in the Low Rent Program are the Capital Fund grants which are also a formula-based program from HUD. The purpose is to provide funding for the modernization and improvement of the Low Rent Public Housing Program units. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.

Financial Highlights

The Authority's financial condition continues to remain consistent.

- Total Net Position was \$228,687 at December 31, 2020, an increase of \$13,640 or 7.84% from the \$215,047 reported at December 31, 2019.
- Public Housing Annual Contributions for 2020 were \$29,336 representing an increase of \$2,176 from fiscal year 2019 funding of \$27,160.
- Capital Grants for 2020 were \$40,212 representing an increase in the amount of \$3,948 from fiscal year 2019 funding of \$36,264.
- Total Cash was \$93,443 at December 31, 2020 and \$64,729 at December 31, 2019, an increase of \$28,714.
- Total Net Capital Assets decreased \$16,471 from \$141,960 at December 31, 2019 to \$125,490 at December 31, 2020. This was the result of recording depreciation expense of \$20,776 and an increase in equipment of \$4,501.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

Management's Discussion and Analysis Year Ended December 31, 2020

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authorities basic financial statements. The basic financial statements are comprised of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

- Net Investment in Capital Assets consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets.
- Restricted Net Position consists of assets that are restricted by limitations placed on these assets by an external source or party.
- Unrestricted Net Position consists of net position that does not meet the definition of the above categories. Unrestricted net position is basically the amount of funds available for future year appropriations.

The **statement of revenues, expenses and changes in net position** 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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future periods.

The **statement of cash flows** reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash account balance for the year ended December 31, 2020.

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 keeps track of these monies to ensure and demonstrate compliance with finance-related legal requirements. The Authority's fund is a proprietary fund type.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

Management's Discussion and Analysis Year Ended December 31, 2020

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

Housing Authority Financial Analysis

As earlier noted, changes in net position may serve as a useful indicator of changes in the financial position of an organization. On December 31, 2020 assets exceeded liabilities by \$228,687. This amount is broken down to \$125,490 that is invested in capital assets and \$103,197 is unrestricted for future operations. Net Capital Assets represent the largest portion of assets at \$125,490. Cash and restricted cash represent the next largest portion of assets at \$93,443.

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2020 and 2019.

CONDENSED STATEMENT OF NET POSITION

	2020		2019	
ASSETS				
Current and Other Assets	\$ 110,753	46.9%	\$ 79,960	36.0%
Capital Assets	125,490	53.1%	141,960	64.0%
Total Assets	236,243	100.0%	221,920	100.0%
LIABILITIES				
Current Liabilities	7,556	3.2%	6,873	3.1%
Total Liabilities	7,556	3.2%	6,873	3.1%
NET POSITION				
Net Investment in Capital Assets	125,490	53.1%	141,959	64.0%
Unrestricted	103,197	43.7%	73,088	32.9%
Total Net Position	\$ 228,687	96.8%	\$ 215,047	96.9%

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

**Management's Discussion and Analysis
Year Ended December 31, 2020**

The Authority's revenues exceeded operating expenses including non-operating revenue and capital contributions by \$13,638. When adding back the depreciation expense of \$20,776 the Authority has a profit of \$34,414. Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's revenue decreased by \$24,036 or 7.6%, during the current fiscal year. The increase in revenue was mostly due to an increase in dwelling rents of \$18,405. Interest income increased slightly over the previous year.

CONDENSED STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	2020		2019	
OPERATING REVENUE				
Rental	\$ 70,049	49.3%	\$ 51,644	43.8%
Grants	70,304	49.5%	63,577	53.9%
Other	1,353	1.0%	2,467	2.1%
GENERAL REVENUE				
Interest	238	0.2%	220	0.2%
Total Revenue	141,944	100.0%	117,908	100.0%
EXPENSES				
Operating, less Depreciation	107,660	83.9%	110,535	83.2%
Depreciation	20,776	16.2%	22,398	16.8%
Nonoperating	(130)	-0.1%	-	0.0%
Total Expenses	128,306	100.0%	132,933	100.0%
Change in Net Position	13,638	6.3%	(15,025)	-6.5%
Net Position, Beginning	215,047	100.0%	230,072	100.0%
Net Position, Ending	\$ 228,685	106.3%	\$ 215,047	93.5%

Budgets are adopted for all funds as a management control device but are not presented in the financial statements as it is not legally required.

- Total ending unrestricted cash was \$85,566.
- Capital Assets decreased to \$125,490 at December 31, 2020.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

**Management's Discussion and Analysis
Year Ended December 31, 2020**

Capital Assets

During 2020 total Capital Assets, Net decreased \$16,471 from \$141,960 at December 31, 2019 to \$125,490 at December 31, 2020. This was the result of the recording of depreciation expense of \$16,471. Further information on the Authority's capital assets can be found in Notes 1 and 5 in the Notes to financial statements.

CAPITAL ASSETS				
	Balance			Balance
	1/1/2020	Additions	Retirements	12/31/2020
Non-Depreciable Assets				
Land	\$ 29,731	\$ -	\$ -	\$ 29,731
Depreciable Assets				
Buildings and Improvements	913,171	-	-	913,171
Equipment - Dwellings	7,004	600		7,604
Equipment - Administration	18,384	3,901	2,934	19,351
Total Depreciable Assets	938,559	4,501	2,934	940,126
Total Capital Assets	968,290	4,501	2,934	969,857
Accumulated Depreciation				
Buildings and Improvements	803,823	18,979	-	822,802
Equipment - Dwellings	5,720	373	-	6,093
Equipment - Administration	16,787	1,571	2,886	15,472
Total Accumulated Depreciation	826,330	20,923	2,886	844,367
Depreciable Assets Net	112,229	(16,422)	48	95,759
Net Capital Assets	\$ 141,960	\$ (16,422)	\$ 48	\$ 125,490

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 2018 public housing budget. The user's charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on occupied units and approved vacancies, utility consumption and rates, approved add-ons, formula income, and transition funding. The amount of funding is also

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

**Management's Discussion and Analysis
Year Ended December 31, 2020**

established and approved by HUD. Formula income is based on rental income from the authority's rent roll records for the period specified by HUD. Operating expenses are expected to increase by the economy's inflation rate. In projecting income, the Authority considers prior year rental income and occupancy rates and is anticipating an increase in both. The Board of Commissioners and management of the housing authority continue to monitor the budget and expenses as needed.

Requests for Information

The financial report is designed to provide a general overview of Housing Authority of the Town of Holly, Colorado's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

The Housing Authority of the Town of Holly, Colorado
Ms. Rose Robinson, Executive Director
876 West Cliff Street
P.O. Box 721
Holly, CO 81047

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF HOLLY

STATEMENT OF NET POSITION

PROPRIETARY FUND

December 31, 2020

(With Comparative Actual Amounts at December 31, 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash	\$ 90,786	\$ 62,356
Investments	13,072	12,929
Accounts Receivable:		
Tenants - Dwelling Rents	2,990	2,335
Allowance for Doubtful Accounts - Dwelling Rents	(895)	(2,087)
Accrued Interest Receivable	30	30
Prepaid Assets	<u>2,114</u>	<u>2,023</u>
Total Current Assets	<u>108,097</u>	<u>77,586</u>
Noncurrent Assets		
Cash - Restricted	2,656	2,374
Capital Assets Not Being Depreciated	29,731	29,731
Capital Assets, net of Accumulated Depreciation	<u>95,759</u>	<u>112,229</u>
Total Noncurrent Assets	<u>128,146</u>	<u>144,334</u>
Total Assets	<u>236,243</u>	<u>221,920</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	1,736	1,405
Accrued Wage and Related Liabilities	2,312	2,235
Tenant Security Deposits	2,656	2,374
Accrued Liabilities - Other	850	859
Deferred Revenue	<u>2</u>	<u>-</u>
Total Current Liabilities	<u>7,556</u>	<u>6,873</u>
Total Liabilities	<u>7,556</u>	<u>6,873</u>
NET POSITION		
Net Investment in Capital Assets	125,490	141,959
Unrestricted Net Position	<u>103,197</u>	<u>73,088</u>
Total Net Position	<u>\$ 228,687</u>	<u>\$ 215,047</u>

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

HOUSING AUTHORITY OF THE TOWN OF HOLLY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020	2019
OPERATING REVENUES		
Dwelling Rents	\$ 70,049	\$ 51,644
Other Tenant Revenue	1,353	2,245
Tenant Revenue	71,402	53,889
HUD Operating Contributions and Grants	70,304	63,577
Other Revenue	-	222
Total Revenue	141,706	117,688
OPERATING EXPENSES		
Administrative	56,488	52,584
Utilities	7,038	8,401
Maintenance & Operations	32,960	36,210
Insurance Premiums	10,377	11,188
Other General Expense	797	2,152
Depreciation Expense	20,776	22,398
Total Operating Expenses	128,436	132,933
OPERATING INCOME (LOSS)	13,270	(15,245)
OTHER INCOME		
Investment Income - Unrestricted	238	220
Loss on Disposition of Assets	130	-
Total Other Income	368	220
CHANGE IN NET POSITION	13,638	(15,025)
NET POSITION, Beginning	215,047	230,072
NET POSITION, Ending	\$ 228,685	\$ 215,047

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

HOUSING AUTHORITY OF THE TOWN OF HOLLY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020	2019
Cash Flows from Operating Activities		
Receipts from Tenants	\$ 69,839	\$ 55,085
Receipts from HUD	70,304	63,577
Receipts from Others	-	222
Payments to Employees	(56,130)	(56,634)
Payments to Suppliers	(51,222)	(53,504)
	<u>32,791</u>	<u>8,746</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of Capital Assets	(4,501)	(549)
Net on disposal of Capital Assets	721	-
	<u>(3,780)</u>	<u>(549)</u>
Cash Flows from Investing Activities		
Earnings on Investments	238	220
	<u>238</u>	<u>220</u>
Net Change in Cash	29,249	8,417
CASH, Beginning	64,730	56,313
CASH, Ending	<u>\$ 106,516</u>	<u>\$ 64,730</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating Income (Loss)	\$ 13,270	\$ (15,245)
Depreciation	20,776	22,398
Changes in operating assets and liabilities:		
Accounts Receivable	(1,847)	1,082
Accrued Interest Receivable	-	3
Prepaid Expenses	(91)	226
Accounts Payable	331	204
Accrued Salaries and Benefits	77	23
Tenant Security Deposits	282	118
Accrued Liabilities - Other	(9)	(56)
Deferred Revenue	2	(7)
Net Cash (Used) by Operating Activities	<u>\$ 32,791</u>	<u>\$ 8,746</u>

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

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Town of Holly, Colorado (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).

This summary of significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the Authority's accounting policies are described below.

Reporting entity

The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The Authority has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the Authority has no component units.

Nature of operations

The Authority provides 16 units of qualified individual and family housing. The development of the units was 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.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounts of the Authority are organized on the basis of a proprietary fund types, specifically enterprise funds. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Authority's assets, liabilities, net position, revenues and expenses. Enterprise funds account for activities that (a) are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues, or (c) the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net assets. Net position (assets less liabilities) are segregated into invested in capital assets, net of related debt, restricted for debt service and unrestricted components. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Assets, Liabilities and Net Position

Cash and cash equivalents - For the purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments with an original maturity of three months or less when purchased to be cash equivalents. 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 Investments that are available upon demand are considered to be "cash equivalents" when preparing these 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 "cash equivalents".

Receivables - All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible account and revenues net of uncollectible. Allowances are reported when accounts are proven to be uncollectible. Management has estimated an allowance of \$895 at year end.

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

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Capital assets - All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not. The Authority does not capitalize interest costs related to its constructed fixed assets.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

	Estimated Useful Lives
Buildings	20 – 40 years
Buildings Improvements	10 – 40 years
Furniture and Fixtures	5 – 10 years
Equipment	3 – 10 years

Net position - Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Restricted net position is subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Use of restricted/Unrestricted assets - When an expense is incurred for purposes for which both restricted and unrestricted assets are available, the Authority's policy is to apply restricted assets first.

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.

Operating revenues and expenses - Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities and result from non-exchange transactions or ancillary activities.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Estimates - The preparation of 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, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

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

Budgetary Information

Budgets are adopted as a management control device, but are not legally required. Therefore, budgetary information is not presented in the financial statements.

NOTE 2: CASH AND INVESTMENTS

Cash Deposits

Custodial credit risk

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The Colorado Public Deposit Protection Act (PDPA) governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all 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 aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2020, the Authority's deposits amounting to \$79,271 were insured by federal depository insurance or collateralized with securities held by the pledging institution's trust department or agent in the Authority's name and consequently were not exposed to custodial credit risk.

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

Investments

The Authority's formal investment policy is to follow Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2020, the Authority did not have any investments.

	<u>Bank Balance</u>	<u>Carrying Balance</u>
FDIC Insured Deposits	\$ 69,174	\$ 93,344
Petty Cash	-	100
Total Cash	<u>\$ 69,174</u>	<u>\$ 93,444</u>
Unrestricted Cash		\$ 90,788
Restricted - Tenant Deposits		2,656
Total Cash		<u>\$ 93,444</u>

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2020 are as follows:

Tenants	\$ 2,990
Allowance for doubtful accounts	(895)
Other	<u>0</u>
Total	<u>\$ 2,095</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year was as follows:

	CAPITAL ASSETS			
	Balance 1/1/2020	Additions	Retirements	Balance 12/31/2020
Non-Depreciable Assets				
Land	\$ 29,731	\$ -	\$ -	\$ 29,731
Depreciable Assets				
Buildings and Improvements	913,171	-	-	913,171
Equipment - Dwellings	7,004	600		7,604
Equipment - Administration	18,384	3,901	2,934	19,351
Total Depreciable Assets	938,559	4,501	2,934	940,126
Total Capital Assets	968,290	4,501	2,934	969,857
Accumulated Depreciation				
Buildings and Improvements	803,823	18,979	-	822,802
Equipment - Dwellings	5,720	373	-	6,093
Equipment - Administration	16,787	1,571	2,886	15,472
Total Accumulated Depreciation	826,330	20,923	2,886	844,367
Depreciable Assets Net	112,229	(16,422)	48	95,759
Net Capital Assets	\$ 141,960	\$ (16,422)	\$ 48	\$ 125,490

HOUSING AUTHORITY OF THE TOWN OF HOLLY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 5: RESTRICTED CASH - TENANT SECURITY DEPOSITS

Cash and cash equivalents of \$2,656 at December 31, 2020 are restricted for tenant security deposits in the Public Housing Program.

NOTE 6: RISK MANAGEMENT

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. The Authority carries commercial insurance for all risks of loss, including workers compensation and employee health and accident insurance. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Federal funding

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. Management believes the Authority is exempt from the provisions of the Amendment.

Supplementary Information

Supplementary information includes schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedule of Expenses
- U.S. Department of Housing and Urban Development Supplementary Financial Data Schedule – This fiscal-year report is required by the U.S. Department of Housing and Urban Development and is used to gather financial information from the Public Housing Authority.

HOUSING AUTHORITY OF THE TOWN OF HOLLY

**SCHEDULE OF OPERATING EXPENSES
PROPRIETARY FUND**

For the Year Ended December 31, 2020

(With Comparative Actual Amounts for the Year Ended December 31, 2019)

	2020	2019
OPERATING EXPENSES		
Administrative		
Administrative Salaries	\$ 38,484	\$ 36,448
Auditing Fees	4,000	4,000
Bookkeeping Fee	2,934	2,581
Advertising and Marketing	-	22
Employee Benefit Contributions	3,048	2,898
Office Expenses	6,080	5,731
Travel	1,578	701
Other	364	203
Total Administrative	56,488	52,584
Tenant Services		
Utilities		
Water	1,698	1,725
Electricity	1,823	2,622
Gas	2,977	3,448
Sewer	540	606
Total Utilities	7,038	8,401
Maintenance & Operations		
Labor	17,723	20,209
Materials	7,656	8,527
Contracts	6,160	5,867
Maintenance	1,421	1,607
Total Maintenance & Operations	32,960	36,210
Insurance Premiums		
Property Insurance	8,275	7,737
Liability Insurance	1,279	1,253
Workmen's Compensation	823	2,198
Total Insurance Premiums	10,377	11,188
Other General Expense		
Payments in Lieu of Taxes	66	65
Bad debt - Tenant Rents	731	2,087
Total Other General Expenses	797	2,152
Total Operating Expenses	107,660	110,535
Non-Operating Expenses		
Depreciation Expense	20,776	22,398
Total Non-Operating Expenses	20,776	22,398
Total Expenses	\$ 128,436	\$ 132,933

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

Housing Authority of the Town of Holly (CO07)

Holly, CO

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$90,670		\$90,670		\$90,670
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$116	\$116		\$116
114 Cash - Tenant Security Deposits	\$2,656		\$2,656		\$2,656
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$93,326	\$116	\$93,442		\$93,442
126 Accounts Receivable - Tenants	\$2,990		\$2,990		\$2,990
126.1 Allowance for Doubtful Accounts -Tenants	-\$895		-\$895		-\$895
129 Accrued Interest Receivable	\$30		\$30		\$30
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,125	\$0	\$2,125		\$2,125
131 Investments - Unrestricted	\$13,072		\$13,072		\$13,072
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets	\$2,114		\$2,114		\$2,114
150 Total Current Assets	\$110,637	\$116	\$110,753		\$110,753
161 Land	\$29,731		\$29,731		\$29,731
162 Buildings	\$913,171		\$913,171		\$913,171
163 Furniture, Equipment & Machinery - Dwellings	\$7,604		\$7,604		\$7,604
164 Furniture, Equipment & Machinery - Administration	\$19,351		\$19,351		\$19,351
166 Accumulated Depreciation	-\$844,367		-\$844,367		-\$844,367
160 Total Capital Assets, Net of Accumulated Depreciation	\$125,490	\$0	\$125,490		\$125,490
180 Total Non-Current Assets	\$125,490	\$0	\$125,490		\$125,490
290 Total Assets and Deferred Outflow of Resources	\$236,127	\$116	\$236,243		\$236,243
312 Accounts Payable <= 90 Days	\$1,620		\$1,620		\$1,620
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable	\$2,312		\$2,312		\$2,312
341 Tenant Security Deposits	\$2,656		\$2,656		\$2,656
342 Unearned Revenue	\$2	\$116	\$118		\$118
346 Accrued Liabilities - Other	\$850		\$850		\$850
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$7,440	\$116	\$7,556		\$7,556
300 Total Liabilities	\$7,440	\$116	\$7,556		\$7,556
508.4 Net Investment in Capital Assets	\$125,490		\$125,490		\$125,490
511.4 Restricted Net Position					
512.4 Unrestricted Net Position	\$103,197	\$0	\$103,197		\$103,197
513 Total Equity - Net Assets / Position	\$228,687	\$0	\$228,687		\$228,687
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$236,127	\$116	\$236,243		\$236,243

Housing Authority of the Town of Holly (CO07)

Holly, CO

Entity Wide Revenue and Expense Summary

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$70,049		\$70,049		\$70,049
70400 Tenant Revenue - Other	\$1,353		\$1,353		\$1,353
70500 Total Tenant Revenue	\$71,402	\$0	\$71,402	\$0	\$71,402
70600 HUD PHA Operating Grants	\$68,195	\$2,109	\$70,304		\$70,304
71100 Investment Income - Unrestricted	\$238		\$238		\$238
71600 Gain or Loss on Sale of Capital Assets	\$130		\$130		\$130
72000 Investment Income - Restricted					
70000 Total Revenue	\$139,965	\$2,109	\$142,074	\$0	\$142,074
91100 Administrative Salaries	\$38,016	\$468	\$38,484		\$38,484
91200 Auditing Fees	\$4,000		\$4,000		\$4,000
91500 Employee Benefit contributions - Administrative	\$3,048		\$3,048		\$3,048
91600 Office Expenses	\$5,923	\$143	\$6,066		\$6,066
91800 Travel	\$1,383	\$195	\$1,578		\$1,578
91810 Allocated Overhead					
91900 Other	\$2,721	\$589	\$3,310		\$3,310
91000 Total Operating - Administrative	\$55,091	\$1,395	\$56,486	\$0	\$56,486
93100 Water	\$1,698		\$1,698		\$1,698
93200 Electricity	\$1,823		\$1,823		\$1,823
93300 Gas	\$2,977		\$2,977		\$2,977
93600 Sewer	\$540		\$540		\$540
93000 Total Utilities	\$7,038	\$0	\$7,038	\$0	\$7,038
94100 Ordinary Maintenance and Operations - Labor	\$17,723		\$17,723		\$17,723
94200 Ordinary Maintenance and Operations - Materials and Other	\$7,043	\$614	\$7,657		\$7,657
94300 Ordinary Maintenance and Operations Contracts	\$6,059	\$100	\$6,159		\$6,159
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,421		\$1,421		\$1,421
94000 Total Maintenance	\$32,246	\$714	\$32,960	\$0	\$32,960
96110 Property Insurance	\$8,275		\$8,275		\$8,275
96120 Liability Insurance	\$1,279		\$1,279		\$1,279
96130 Workmen's Compensation	\$823		\$823		\$823
96140 All Other Insurance					
96100 Total insurance Premiums	\$10,377	\$0	\$10,377	\$0	\$10,377
96300 Payments in Lieu of Taxes	\$66		\$66		\$66
96400 Bad debt - Tenant Rents	\$731		\$731		\$731
96000 Total Other General Expenses	\$797	\$0	\$797	\$0	\$797
96900 Total Operating Expenses	\$105,549	\$2,109	\$107,658	\$0	\$107,658
97000 Excess of Operating Revenue over Operating Expenses	\$34,416	\$0	\$34,416	\$0	\$34,416
97400 Depreciation Expense	\$20,776		\$20,776		\$20,776
90000 Total Expenses	\$126,325	\$2,109	\$128,434	\$0	\$128,434
10010 Operating Transfer In	\$38,859		\$38,859	-\$38,859	\$0
10020 Operating transfer Out	-\$38,859		-\$38,859	\$38,859	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$13,640	\$0	\$13,640	\$0	\$13,640
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0		\$0
11030 Beginning Equity	\$215,047	\$0	\$215,047		\$215,047
11180 Housing Assistance Payments Equity					
11190 Unit Months Available	192		192		192
11210 Number of Unit Months Leased	170		170		170
11270 Excess Cash	\$92,288		\$92,288		\$92,288
11630 Furniture & Equipment - Dwelling Purchases	\$600		\$600		\$600
11640 Furniture & Equipment - Administrative Purchases	\$3,901		\$3,901		\$3,901

Government Auditing Standards Section

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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Independent Auditor's 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*

Board of Commissioners
Housing Authority of the Town of Holly
Holly, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the Town of Holly, Colorado, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Holly, Colorado's basic financial statements and have issued our report thereon dated May 3, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Holly, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Holly, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Holly, Colorado's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Holly, Colorado's 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.

Purpose of this Report

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

Hamblin and Associates, LLC

May 3, 2021