

HOUSING AUTHORITY OF THE TOWN OF AGUILAR
FINANCIAL STATEMENTS
DECEMBER 31, 2022

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Housing Authority of the Town of Aguilar

Opinions

We have audited the accompanying financial statements of the Housing Authority of the Town of Aguilar as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Aguilar's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Housing Authority of the Town of Aguilar as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the Town of Aguilar and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Aguilar's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Aguilar's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Aguilar's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the Housing Authority of the Town of Aguilar's basic financial statements. The Financial Data Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is 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. The 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



Fort Collins, CO
September 11, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis

As management of the Housing Authority of the Town of Aguilar (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 December 31, 2022.

Financial Highlights

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$231,883.

Overview of the Financial Statements

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 has one proprietary fund, an Enterprise Fund. The Authority uses an Enterprise Fund to account for its low-income affordable housing activities. Note 1 to the financial statements provides additional information on Authority's funds.

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 can be found beginning on page 9.

Financial Analysis

As noted, Net Position may, over time serve as a useful indicator of the Authority's financial position. The largest portion of the Authority's Net Position reflects its investment in capital assets (e.g. land improvements, building, 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 and are not available for future spending.

Condensed Statement of Net Position

	2022	2021	Change
ASSETS			
Cash and investments	\$ 137,616	\$ 142,523	\$ (4,907)
Other current assets	26,840	26,265	575
Capital assets	94,934	116,441	(21,507)
Total Assets	<u>259,390</u>	<u>285,229</u>	<u>(25,839)</u>
LIABILITIES			
Current liabilities	27,507	22,872	4,635
Total liabilities	<u>27,507</u>	<u>22,872</u>	<u>4,635</u>
NET POSITION			
Net investment in capital assets	94,934	116,441	(21,507)
Unrestricted	136,949	145,916	(8,967)
Total Net Position	<u>\$ 231,883</u>	<u>\$ 262,357</u>	<u>\$ (30,474)</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. Capital assets have decreased over the prior year. This is due to improvements added during year 2022 in an amount less than the depreciation incurred during 2022. Current assets have fluctuated due to tenant receivables. Current liabilities have fluctuated due to the normal timing of payments. The net position decreased due to revenues being exceeded by expenses for the year.

Change in Net Position

	2022	2021	Increase (Decrease)
Revenue:			
Operating Revenue			
Charges for Services	\$ 53,477	\$ 48,942	\$ 4,535
Grants and Contribution	51,002	142,236	(91,234)
Other Income	175	22	153
Total Revenue	<u>104,654</u>	<u>191,200</u>	<u>(86,546)</u>
Expenses:			
Operating Expenses	135,128	136,354	(1,226)
Total Expenses	<u>135,128</u>	<u>136,354</u>	<u>(1,226)</u>
Change in Net Position	(30,474)	54,846	(85,320)
Net Position-Beginning	262,357	207,511	54,846
Net Position-Ending	<u>\$ 231,883</u>	<u>\$ 262,357</u>	<u>\$ (30,474)</u>

The revenue is decreased in 2022, from the prior year due to a change in grants, capital contributions, and rental income. The expenses are relatively flat as compared to the prior year.

Cash Flows

	<u>2022</u>	<u>2021</u>	Increase (Decrease)
Cash Flows Used by Operating Activities	\$ (54,821)	\$ (61,886)	\$ 7,065
Cash Flows From (Used) by Non Capital Financing Activities	51,002	142,236	(91,234)
Cash Flows From (Used) by Capital and Related Financing Activities	(1,228)	(2,709)	1,481
Cash Flows From (Used) by Investing Activities	<u>140</u>	<u>(26,243)</u>	<u>26,383</u>
Change in Cash and Cash Equivalents	(4,907)	51,398	(56,305)
Cash and Cash Equivalents Beginning of Year	<u>142,523</u>	<u>91,125</u>	<u>51,398</u>
Cash and Cash Equivalents Ending of Year	<u>\$ 137,616</u>	<u>\$ 142,523</u>	<u>\$ (4,907)</u>

Capital Assets

The Authority's investment in capital assets as of December 31, 2022, amounts to \$94,934 (net of accumulated depreciation). This investment in capital assets included Land Improvements, Building and Equipment. The Authority's capital expenditures were \$1,228 during fiscal year 2022. The Authority did not dispose of any assets during the year. Additional information on the Authority's capital assets can be found in note 3 to the financial statements.

Long Term Debt

At the end of the year, the Authority did not have any outstanding debt.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. Due to changing market conditions there have been fluctuations in vacancy rates.

Request for Information

This financial report is designed to provide an overview of the Housing Authority of the Town of Aguilar'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:

Housing Authority of the Town of Aguilar
PO Box 477
Aguilar, Colorado 81020

BASIC FINANCIAL STATEMENTS

Housing Authority of the Town of Aguilar
Statement of Net Position
December 31, 2022

ASSETS

Current Assets	
Cash and cash equivalents	\$ 131,116
Investments	26,300
Accounts receivable- tenants, net	540
Restricted cash	6,500
Total Current Assets	164,456
Noncurrent Assets	
Capital assets	
Nondepreciable	2,241
Depreciable	1,246,315
Less: accumulated depreciation	(1,153,622)
Net Capital Assets	94,934
Total Noncurrent Assets	94,934
Total Assets	259,390

LIABILITIES

Current Liabilities	
Accounts payable	2,250
Other accrued liabilities	18,757
Tenant security deposits	6,500
Total Current Liabilities	27,507

Net Position

Net investment in capital assets	94,934
Unrestricted	136,949
Total Net Position	\$ 231,883

Housing Authority of the Town of Aguilar
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues	
Dwelling rental - net	\$ 52,229
Other	1,248
Total Operating Revenues	53,477
 Operating Expenses	
General and administrative	72,544
Utilities	6,820
Maintenance and operation	33,029
Depreciation	22,735
Total Operating Expenses	135,128
Operating Income (Loss)	(81,651)
 Non-Operating Revenues (Expenses)	
HUD contributions and grants	51,002
Interest income	175
Total Non-Operating Revenues (Expenses)	51,177
Change in Net Position	(30,474)
Net Position, Beginning of Year	262,357
Net Position, End of Year	\$ 231,883

**Housing Authority of the Town of Aguilar
Statement of Cash Flows
For the Year Ended December 31, 2022**

Cash Flows From Operating Activities:	
Cash received from tenants	\$ 52,929
Cash payments to tenants and suppliers	(37,754)
Cash payments to employees	(69,996)
Net Cash (Used) For Operating Activities	(54,821)
 Cash Flows From Noncapital Financing Activities:	
HUD contributions and grants	51,002
Net Cash Provided by Non-Capital Financing Activities	51,002
 Cash Flows From Capital and Related Financing Activities:	
Purchase of property, plant and equipment	(1,228)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,228)
 Cash Flows from Investing Activities:	
Interest income	175
Purchases of investments	(35)
Net Cash Provided by Investing Activities	140
Net increase in Cash and Cash Equivalents	(4,907)
Cash and Cash Equivalents, Beginning	142,523
Cash and Cash Equivalents, Ending	\$ 137,616
 Detail of cash and cash equivalents:	
Cash - Unrestricted	131,116
Cash-Restricted	6,500
Total	\$ 137,616
 Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating (Loss)	(81,651)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation and Amortization	22,735
Changes in Assets and Liabilities:	
Accounts Receivable - Tenants	(540)
Accounts payable	(298)
Accrued liabilities	4,941
Tenant security deposits	(8)
Net Cash Used for Operating Activities	(54,821)

Housing Authority of the Town of Aguilar
Notes to Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies

The Housing Authority of the Town of Aguilar (the Authority) was established in order to provide low-income housing and consists of 18 public housing units. The Authority is managed by a Board of Commissioners. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (US GAAP). The significant accounting policies of the Authority are described below.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Authority's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity" as amended by GASB No. 39. 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.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to tenants for rent. Operating expenses include the cost of providing low-income housing, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Authority applies GASB pronouncements in the financial statements. 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*. Statement No. 34 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. When both restricted and unrestricted assets are available to be used it is the Authority's policy to utilize restricted assets first.

**Housing Authority of the Town of Aguilar
Notes to Financial Statements (Continued)
December 31, 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

Proprietary Fund – The Authority’s operations are accounted for in a single enterprise fund. Enterprise funds account for those operations financed and operated in a manner similar to private business or where the Authority has decided that determination of revenues earned, costs incurred, and net income is necessary for management accountability.

Assets and Liabilities

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.

Capital assets - assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is \$500. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The estimated useful lives are 15-40 years for buildings and improvements, and 5-10 years for equipment.

Cash and 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.

Use of Estimates in the Preparation of Financial Statements

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 reported amounts and disclosures. Accordingly, actual results may differ from the estimates.

Compensated Absences

The Authority’s personnel policies permit employees to accrue compensated absences during the year. These accruals expire at December 31 of each year and may not be carried over. As such, no accrual for compensated absences has been made.

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:

- State law requires budgets for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 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.

**Housing Authority of the Town of Aguilar
Notes to Financial Statements (Continued)
December 31, 2022**

Note 2 Cash and Investments

Restricted Cash

Security deposits received from tenants are classified as restricted cash on the Statement of Net Position in the amount of \$6,500 as of December 31, 2022.

Cash Deposits

As of December 31, 2022, the Authority's cash deposits had a carrying balance of \$137,616 and corresponding bank balance of \$140,330. 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. As of December 31, 2022 the Authority had \$140,330 insured under FDIC coverage. 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 Authority had \$0 collateralized under PDPA at December 31, 2022, accordingly the Authority was not exposed to credit risk.

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.

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 December 31, 2022, 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. The Authority has not adopted a formal investment policy.

- 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 Organization had \$26,300 invested in certificates of deposits at December 31, 2022 with maturities of 180 days at date of purchase. These are classified as investments on the Statement of Net Position. The Certificates were not rated.

**Housing Authority of the Town of Aguilar
Notes to Financial Statements (Continued)
December 31, 2022**

Note 3 Capital Assets

The following is a summary of fixed assets at December 31, 2022:

	Beginning Balance	Increase	Decrease	Ending Balance
Non-depreciable				
Land	\$ 2,241	\$ -	\$ -	\$ 2,241
Total non-depreciable	2,241	-	-	2,241
Capital assets, being depreciated:				
Buildings and improvements	1,107,728	-	-	1,107,728
Equipment	137,359	1,228	-	138,587
Total capital assets being depreciated	1,245,087	1,228	-	1,246,315
Total Capital Assets	1,247,328	1,228	-	1,248,556
Less accumulated depreciation	(1,130,887)	(22,735)	-	(1,153,622)
Net Capital Assets	\$ 116,441	\$ (21,507)	\$ -	\$ 94,934

Note 4 Tenant Receivable

Following is detail of Tenant Receivable

	Total
Tenant Receivable	\$ 540
Bad Debt Allowance	-
Net Receivable	\$ 540

Note 5 Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employee; and natural disasters. The Authority carries commercial insurance for these risks of loss. The Authority has not experienced losses that exceeded commercial coverage in any of the last three years.

Note 6 Contingencies and Economic Dependency

The Authority participates in a number of federal, state, and local programs that are 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 December 31, 2022, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, will not have a material effect on any of the individual funds or the overall financial position of the Authority. The Authority is economically dependent on annual contributions and grants received from HUD. The extent of this funding from HUD depends upon appropriations from the Federal government.

**Housing Authority of the Town of Aguilar
Notes to Financial Statements (Continued)
December 31, 2022**

Note 7 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The Authority has created an enterprise operation in compliance with Colorado law, which exempts certain business-like operations from Article X, Section 20 of the Colorado Constitution. The Authority believes it is in compliance with the requirements of TABOR.

SUPPLEMENTAL SECTION