

**Housing Authority of the City of  
Burlington, Colorado**

**Financial Statements and  
Independent Auditors' Report**

**June 30, 2022**



# Burlington Housing Authority

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Burlington Housing Authority  
Burlington, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of the Housing Authority of the City of Burlington, Colorado, (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the index.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective statement of net position – proprietary funds of the Authority, as of June 30, 2022, and the respective statement of revenues, expenses, and changes in fund net position – proprietary funds, and statement of cash flows – proprietary funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis of Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinions. 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 GAAS and *Government 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 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.

In performing an audit in accordance with GAAS and *Government 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 in 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 Authority'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 Authority'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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statement, 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. Further, the financial data schedule is presented for purposes of additional analysis as required by *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of net position – proprietary funds – public housing, the schedule of revenues, expenses, and changes in fund net position – proprietary funds – public housing, and the schedule of modernization costs 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 was 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 schedule of net position – proprietary funds – public housing, the schedule of revenues, expenses, and changes in fund net position – proprietary funds – public housing, and the schedule of modernization costs are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the supplementary and required supplementary information, but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

*Lutz & Company, P.C.*

January 24, 2023

# Burlington Housing Authority

## Management's Discussion and Analysis (MD&A)

June 30, 2022

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Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Our discussion and analysis of the Burlington, CO Housing Authority financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2022. Please read the MD&A in conjunction with the Authority's financial statements.

For accounting purposes, the Authority is classified as a proprietary fund. Proprietary funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

### Overview of the Financial Statements

This annual report includes this Management Discussion and Analysis report, the Basic Financial Statements and the Notes to the Financial Statements. This annual report also contains the Financial Data Schedule (FDS) as referenced in the section of Supplementary Information Required by HUD. The Authority's financial statements are represented as fund level financial statements because the Authority only has proprietary funds.

The financial statements of the Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about the Authority's activities. The Statement of Net Position includes all the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and provides information about the nature and amounts of investments in resources (assets) and obligations to the Authority's creditors (liabilities). It also provides the basis for evaluating the capital structure, liquidity, and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

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

The section Supplementary Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Authority to submit financial information electronically to HUD with the FDS format. The financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended June 30, 2022, and is required to be included in the audit reporting package.

# Burlington Housing Authority

## Management's Discussion and Analysis (MD&A)

June 30, 2022

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### Financial Highlights

The Authority's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows. The Statement of Net Position provides a summary of the Authority's assets, deferred outflow of resources, liabilities, and deferred inflow of resources as of the close of business on June 30. The Statement of Revenues, Expenses and Changes in Fund Net Position summarizes the revenues and sources of those revenues generated during the year ended September 30 and the expenses incurred in operating the Authority for the year ended June 30.

The Authority accounts for its public housing activities in two related programs. The Authority has a low rent program that provides housing for qualified tenants and a capital fund program that the Authority uses for improvements to its low rent property.

Our analysis below focuses on the net position, the change in net position, the unrestricted resources, and the months expendable net asset ratio of the Authority as a whole and not the individual programs.

	<b>Net Position</b>			
	<b>2022</b>	<b>Restated 2021</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
Current Assets, Net of Intraprogram	\$ 148,194	\$ 101,365	\$ 46,829	46.2%
Capital Assets, Net	335,275	349,540	(14,265)	(4.1%)
Total Assets	<u>483,469</u>	<u>450,905</u>	<u>32,564</u>	7.2%
Deferred Outflow of Resources	-	-	-	0.0%
Current Liabilities, Net of Intraprogram	73,711	40,422	33,289	82.4%
Noncurrent Liabilities	-	1,120	(1,120)	(100.0%)
Total Liabilities	<u>73,711</u>	<u>41,542</u>	<u>32,169</u>	77.4%
Deferred Inflow of Resources	-	-	-	0.0%
Net Position				
Net Investment in Capital Assets	335,275	349,540	(14,265)	(4.1%)
Unrestricted	74,483	59,823	14,660	24.5%
<b>Total Net Position:</b>	<u><b>\$ 409,758</b></u>	<u><b>\$ 409,363</b></u>	<u><b>\$ 395</b></u>	<b>0.1%</b>
<b>Unrestricted Resources</b>	<u><b>\$ 74,483</b></u>	<u><b>\$ 60,943</b></u>	<u><b>\$ 13,540</b></u>	<b>22.2%</b>
<b>Months Expendable Net Asset Ratio</b>	<u><b>2.9</b></u>	<u><b>3.8</b></u>	<u><b>(0.9)</b></u>	<b>(23.9%)</b>

Total assets for the year ended June 30, 2021, were \$450,905 and \$483,469 at June 30, 2022, a 7.2% increase. This increase of \$32,564 is the function of a greater increase in current assets compared to the overall decline in

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# Burlington Housing Authority

## Management's Discussion and Analysis (MD&A)

June 30, 2022

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capital assets caused by depreciation. Current assets increased due to an increase in cash at year end. Net capital assets decreased due to current year capital asset depreciation in excess of current year capital asset purchases.

Total liabilities for the year ended June 30, 2021, were \$41,542 and \$73,711 at June 30, 2022. The increase of \$32,169 was due to an increase in unearned revenue and accrued expenses.

The unrestricted resources of an Authority is a measure of the liquidity of the Authority. If all of the Authority's current assets, less materials inventory, are converted to cash, and the Authority pays all current liabilities, the amount of cash left on hand are the unrestricted resources. In this case the unrestricted resources at June 30, 2022, were \$74,483.

The months expendable net asset ratio (MENAR) is a measure of how many months the Authority could operate under current conditions without any additional income. The MENAR is calculated by dividing the total expenses for the year, less depreciation, by twelve (12) to arrive at the average monthly expenses. The unrestricted resources (\$74,483) is then divided by the average monthly expenses (\$312,167 divided by 12 = \$26,014) to arrive at the MENAR (2.9) as of June 30, 2022.

	<b>Changes in Net Position</b>		<b>Increase</b>	<b>Percent</b>
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
<b>Revenues:</b>				
Tenant Revenue	\$ 115,425	\$ 110,784	\$ 4,641	4.2%
Operating Grants	227,479	202,701	24,778	12.2%
Capital Grant Funds	9,323	-	9,323	100.0%
Investment Income	28	15	13	86.7%
Other Income	1,291	963	328	34.1%
Insurance Proceeds	-	41,767	(41,767)	(100.0%)
Gain (Loss) on Disposal of Assets	-	1,000	(1,000)	(100.0%)
<b>Total Revenues</b>	<b>353,546</b>	<b>357,230</b>	<b>(3,684)</b>	<b>(1.0%)</b>
<b>Expenses:</b>				
Administrative	86,746	63,560	23,186	36.5%
Utilities	19,483	16,583	2,900	17.5%
Ordinary Maintenance and Operations	171,972	85,120	86,852	102.0%
Insurance	33,966	28,216	5,750	20.4%
General	-	998	(998)	(100.0%)
Depreciation	40,984	39,418	1,566	4.0%
<b>Total Expenses</b>	<b>353,151</b>	<b>233,895</b>	<b>119,256</b>	<b>51.0%</b>
<b>Increase (Decrease) in Net Position</b>	<b>\$ 395</b>	<b>\$ 123,335</b>	<b>\$ (122,940)</b>	<b>(99.7%)</b>

Total revenues of the Authority decreased \$3,684, a 1.0% decrease. The major reason for this decrease in revenues was due to a lack of insurance proceeds that were received in the prior year offset by an increase in operating grant and capital fund grant drawdowns.

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# Burlington Housing Authority

## Management's Discussion and Analysis (MD&A)

June 30, 2022

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Total expenses of the Authority increased \$119,256, or 51.0%, for the year ended June 30, 2022. This increase is due to the Authority's efforts to update and maintain the Authority at a higher standard.

### Capital Assets

At June 30, 2022, the Authority had \$335,275 invested in (net) capital assets. This amount represents a net decrease of \$14,265, which is due to current year depreciation being in excess of current year acquisitions.

#### Capital Assets at Year End

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	\$ 65,337	\$ 65,337	\$ -	0.0%
Buildings	2,132,389	2,106,978	25,411	1.2%
Furniture, Equipment & Machinery - Admin	21,608	21,608	-	0.0%
Furniture, Equipment & Machinery - Dwelling	53,426	52,118	1,308	2.5%
Subtotal	<u>2,272,760</u>	<u>2,246,041</u>	<u>26,719</u>	<u>1.2%</u>
Accumulated Depreciation	<u>(1,937,485)</u>	<u>(1,896,501)</u>	<u>(40,984)</u>	<u>2.2%</u>
<b>Net Capital Assets</b>	<b><u>\$ 335,275</u></b>	<b><u>\$ 349,540</u></b>	<b><u>\$ (14,265)</u></b>	<b><u>(4.1%)</u></b>

Some of the current year additions included: oven, heater, refrigerator, doors, and flooring.

The Authority has \$91,030 remaining in the 2019, 2020, and 2021 capital fund program grants as of June 30, 2022.

### Economic Factors

Significant economic factors affecting the Authority are as follows:

- Federal funding by the Department of Housing and Urban Development.
- Local labor supply and demand, which can affect salary and wage rates
- Local inflation, recession, and employment trends, which can affect resident incomes and therefore the amount of rental income.

### Contacting the Housing Authority's Financial Management

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Executive Director, at the Burlington, CO Housing Authority 944 Lowell Avenue, Burlington, Colorado 80807, telephone number (719) 346-5464.

# Burlington Housing Authority

## Statement of Net Position – Proprietary Funds

June 30, 2022

	Public Housing
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 90,323
Accounts Receivable, Net	14,534
Accounts Receivable - HUD	42,198
Prepaid Expenses	1,139
<b>Total Current Assets</b>	<b>148,194</b>
<b>CAPITAL ASSETS</b>	
Land, Structures and Equipment	2,272,760
Accumulated Depreciation	(1,937,485)
<b>Total Capital Assets</b>	<b>335,275</b>
<b>TOTAL ASSETS</b>	<b>483,469</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
	-
<b>CURRENT LIABILITIES</b>	
Accounts Payable	12,778
Accrued Wages and Payroll Taxes Payable	17,896
Accrued Utilities	1,254
Tenant Prepaid Rent	3,209
Unearned Capital Fund Grants	32,424
Tenant Security Deposits	6,150
<b>Total Current Liabilities</b>	<b>73,711</b>
<b>TOTAL LIABILITIES</b>	<b>73,711</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
	-
<b>NET POSITION</b>	
Net Investment in Capital Assets	335,275
Unrestricted	74,483
<b>Total Net Position</b>	<b>\$ 409,758</b>

See Notes to Financial Statements.

# Burlington Housing Authority

## Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2022

	<b>Public Housing</b>
<b>OPERATING REVENUE</b>	
Dwelling Rent	\$ 108,528
Other Tenant Revenue	6,897
Operating Grants	227,479
Other Income	1,291
<b>Total Operating Revenue</b>	<b>344,195</b>
<b>OPERATING EXPENSES</b>	
Administrative	86,746
Utilities	19,483
Ordinary Maintenance and Operations	171,972
Insurance	33,966
Depreciation	40,984
<b>Total Operating Expenses</b>	<b>353,151</b>
Earnings/(Loss) from Operations	(8,956)
<b>NONOPERATING REVENUES/(EXPENSES)</b>	
Investment Interest	28
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>28</b>
Income (Loss) Before Contributions	(8,928)
Capital Contributions - HUD	9,323
<b>Change in Net Position</b>	<b>395</b>
<b>Net Position, June 30, 2021, Restated</b>	<b>409,363</b>
<b>Net Position, June 30, 2022</b>	<b>\$ 409,758</b>

See Notes to Financial Statements.

# Burlington Housing Authority

## Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2022

	<b>Public Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 127,631
Cash Received from Operating Grants	227,479
Cash Received from Other Operating Activities	1,291
Cash Payments to Suppliers	(132,615)
Cash Payments for Employees	(139,538)
<b>Net Cash Provided by Operating Activities</b>	<b>84,248</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Receipts from Capital Grants	9,323
Purchase of Capital Assets (Net)	(26,719)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(17,396)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Income	28
<b>Net Cash Provided by Investing Activities</b>	<b>28</b>
Net Increase in Cash and Cash Equivalents	66,880
Cash and Cash Equivalents, Beginning of Year	23,443
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 90,323</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (8,956)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	40,984
(Increase) Decrease in Assets	
Accounts Receivable	11,156
Prepays	(1,139)
Increase (Decrease) In Liabilities	
Accounts Payable	4,682
Security Deposits	1,050
Other Accrued Liabilities	36,471
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 84,248</b>

See Notes to Financial Statements.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### 1. General Statement and Summary of Significant Accounting Policies

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#### ***General Statement***

The Authority was created under the provisions of the laws of the State of Colorado. The purpose of the agency is to administer Public Housing Programs authorized by the United States Housing Act. The governing board is appointed by the mayor of the City of Burlington. The governing board employs executives; authorizes contracts of subsidy with the U.S. Department of Housing and Urban Development (Annual Contributions Contract) pursuant to that agency's regulations and statutory authorizations; and causes the agency to construct, own, and operate public housing facilities. The financial liability of the Authority is essentially supported by the operating and debt service subsidies received under contract from the Federal government. The Burlington, CO Housing Authority is not considered a component unit of any other agency.

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Authority has elected to apply all applicable Financial Accounting Standards Board pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The more significant accounting policies of the Authority are described below.

#### ***Reporting Entity***

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. These criteria state that the financial reporting entity consist of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but 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. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

#### ***Measurement Focus and Basis of Accounting***

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

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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Proprietary Fund Type - The Authority uses a Proprietary Fund Type to account for the activities of the Authority in a manner similar to commercial enterprises. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated, if applicable.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflow of resources, liabilities (whether current or non-current), and deferred inflow of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating and Non-operating Revenues and Expenses - The Authority distinguishes between operating and non-operating revenues and expenses in its Statement of Revenues, Expenses and Changes in Net Position. For this purpose, the Authority’s operating revenues result from providing low-income housing services such as tenant rent and other tenant charges. Grants, which finance current operations, are reported as operating revenues. Operating expenses include the costs attributed to administration, tenant services, utilities, maintenance and operations and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Major Fund Determination – The model as defined in Statement No. 34 established criteria for the determination of major funds. The Authority only has the Public Housing Program; therefore, it is the sole major fund.

### ***Budgetary Information***

The Authority annually prepares an estimate (budget) of its operations for the upcoming year. The Authority uses the budget for management purposes. The budget is adopted by the Board of Commissioners.

### ***Use of 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 of certain assets, liabilities, revenues, expenditures, and other disclosures. Accordingly, actual results could differ from those estimates.

### ***Cash and Cash Equivalents***

For purposes of reporting cash flows, all highly liquid investments (including restricted assets) with an initial maturity of three months or less are considered to be cash equivalents.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### **Investments**

Investments are reported 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. Investments in certificates of deposits are reported at fair value, with fair value being cost plus interest earned. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements.

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

### **Accounts Receivable**

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts. The Authority reviews accounts receivable annually to determine if any receivables will potentially be uncollectible. Accounts receivable balances that are determined to be uncollectible are included in the allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written off against the allowance.

### **Prepaid Expenses**

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

### **Capital Assets**

Capital assets are valued at historical cost. Donated capital assets are valued at the estimated fair value at the date of the donation. It is the policy of the Housing Authority to capitalize all assets with a cost of \$500 or greater. Lessor amounts are expensed. Depreciation of all exhaustible capital assets is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation is provided over the estimated useful lives using the straight-line method. Estimated useful lives, in years, for depreciable assets are as follow:

Buildings and Improvements	10 - 40 years
Furniture and Fixtures	5 - 10 years
Equipment	3 - 10 years

### **Impairment of Capital Assets**

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of June 30, 2022, there has been no impairment of the capital assets.

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# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### ***Compensated Absences***

It is the Authority's policy to allow employees to accumulate earned but unused vacation and sick pay benefits up to certain limits. These amounts are charged to expense and a corresponding liability is established when earned. The current portion of accrued compensated absences is based upon expected use of the benefits within twelve months.

### ***Grant Revenues***

Grant revenues, net of estimated uncollectible amounts, if any, are recognized when all applicable eligibility requirements are met in accordance with GASB Statement No. 33. Grants received by the Authority before the eligibility requirements are met are reported as deferred inflow of resources or unearned revenue in accordance with GASB Statement No. 65.

### ***Investment Income***

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

### ***Income Taxes***

The Authority is a governmental subdivision and is exempt from federal and state income taxes.

### ***Leases***

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

### ***Postemployment Benefits Other Than Pensions (OPEB)***

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

### ***Activities of the Housing Authority***

The Authority operates and administers public housing projects in the Burlington, Colorado area under agreements with the U.S. Department of Housing and Urban Development. The projects of the Authority are as follows:

Public Housing: Project CO030 – 31 Units

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### **Net Position**

Net position comprises the various net earnings from operating income, non-operating revenues and expenses, capital contributions and special items. Net position is classified in the following three components:

Net investment in capital assets — Consists of 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. Deferred outflow of resources and deferred inflow of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

Restricted — Consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted — Consists of assets, deferred outflow of resources, liabilities, and deferred inflow of resources that do not meet the definition of "restricted" or "net investment in capital assets."

### **Use of Restricted/Unrestricted Net Position**

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

### **Advertising**

The Authority's policy is to expense advertising costs as incurred. Advertising for the year ended June 30, 2022, was \$177.

## **2. Cash and Cash Equivalents**

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Cash (checking and savings) accounts are maintained by the Authority.

The amount of cash and cash equivalents of \$90,323 are allocated as follows:

Unrestricted	\$	84,173
Tenant Security Deposits		6,150
	\$	<u>90,323</u>

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### 3. Deposits and Investments

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All of the funds of the Authority are invested in allowable investments in accordance with HUD guidelines. As of June 30, 2022, the Authority's deposits were fully insured.

The Authority's investments are not subject to credit and custodial risk as they are fully secured by the FDIC and other pledged securities.

### 4. Accounts Receivable

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All receivables from tenants are for rentals and service charges. These receivables are shown net of an allowance for uncollectible amounts. This amount is estimated based upon historical information. Accounts receivable at June 30, 2022, were \$14,534. The allowance is \$-0- at June 30, 2022.

Receivables from HUD for operating and CFP subsidies totaled \$42,198 at June 30, 2022

As of June 30, 2022, there was rent prepaid in the amount of \$3,209.

### 5. Contingencies

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The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries.

### 6. Capital Assets

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A summary of capital assets is as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>6/30/21</b>	<b>Additions</b>	<b>Disposals</b>	<b>6/30/22</b>
Land	\$ 65,337	\$ -	\$ -	\$ 65,337
Buildings	2,106,978	25,411	-	2,132,389
Furniture, Equipment & Machinery - Admin	21,608	-	-	21,608
Furniture, Equipment & Machinery - Dwelling	52,118	1,308	-	53,426
Subtotal	2,246,041	26,719	-	2,272,760
Accumulated Depreciation	(1,896,501)	(40,984)	-	(1,937,485)
Net Capital Assets	<u>\$ 349,540</u>	<u>\$ (14,265)</u>	<u>\$ -</u>	<u>\$ 335,275</u>

Depreciation for the current year was \$40,984.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2022

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### 7. Major Source of Revenues

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The Authority receives a significant portion of its funding from the U.S. Department of Housing and Urban Development (HUD). These funds, including grants received, constitute a significant portion of the Authority's operations capital. Therefore, any change in funding from HUD could have a major impact on the operations of the Authority. For the year ended June 30, 2022, the Authority received the following funding from HUD:

Operating Subsidy	\$ 174,068
Capital Fund Program Grants	62,734
	<u>\$ 236,802</u>

### 8. Interprogram Accounts

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Interprogram receivables and payables arise from Interprogram transactions and are recorded by all programs affected in the period in which transactions are executed. These receivables and payables are eliminated for presentation of the financial statements.

### 9. Risk Management

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

During the year ended June 30, 2022, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

### 10. Restated Net Position

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The net position of the Authority as of June 30, 2021, has been restated to reflect the adjustment made regarding the deferral of CARES Act revenue and overstatement of operating subsidy revenue in 2021. Accordingly, an adjustment of \$10,034 was made during the fiscal year ended June 30, 2022.

#### Effect on Net Position

	<u>Public Housing</u>
Beginning Net Position	\$ 419,397
Adjustment	(10,034)
Restated Net Position	<u>\$ 409,363</u>

### 11. Subsequent Events

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Upon evaluation, the Authority notes that there were no material subsequent events between the date of the financial statements January 24, 2023, the date the financial statement were issued or available to be issued.

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**SUPPLEMENTARY INFORMATION**

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# Burlington Housing Authority

## Schedule of Net Position – Proprietary Funds

June 30, 2022

	Public Housing	Capital Fund	Total
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$ 90,323	\$ -	\$ 90,323
Accounts Receivable, Net	14,534	-	14,534
Accounts Receivable - HUD	42,198	-	42,198
Prepaid Expenses	1,139	-	1,139
<b>Total Current Assets</b>	<b>148,194</b>	<b>-</b>	<b>148,194</b>
<b>CAPITAL ASSETS</b>			
Land, Structures and Equipment	2,242,040	30,720	2,272,760
Accumulated Depreciation	(1,933,098)	(4,387)	(1,937,485)
<b>Total Capital Assets</b>	<b>308,942</b>	<b>26,333</b>	<b>335,275</b>
<b>TOTAL ASSETS</b>	<b>457,136</b>	<b>26,333</b>	<b>483,469</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>CURRENT LIABILITIES</b>			
Accounts Payable	12,778	-	12,778
Accrued Wages and Payroll Taxes Payable	17,896	-	17,896
Accrued Utilities	1,254	-	1,254
Tenant Prepaid Rent	3,209	-	3,209
Unearned Capital Fund Grants	32,424	-	32,424
Tenant Security Deposits	6,150	-	6,150
<b>Total Current Liabilities</b>	<b>73,711</b>	<b>-</b>	<b>73,711</b>
<b>TOTAL LIABILITIES</b>	<b>73,711</b>	<b>-</b>	<b>73,711</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net Investment in Capital Assets	308,942	26,333	335,275
Unrestricted	74,483	-	74,483
<b>Total Net Position</b>	<b>\$ 383,425</b>	<b>\$ 26,333</b>	<b>\$ 409,758</b>

# Burlington Housing Authority

## Schedule of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds

Year Ended June 30, 2022

	Public Housing	Capital Fund	Total
<b>OPERATING REVENUE</b>			
Dwelling Rent	\$ 108,528	\$ -	\$ 108,528
Excess Utilities/Other Tenant Revenue	6,897	-	6,897
Other Income	1,291	-	1,291
Operating Grants	174,068	53,411	227,479
<b>Total Operating Revenue</b>	<b>290,784</b>	<b>53,411</b>	<b>344,195</b>
<b>OPERATING EXPENSES</b>			
Administrative	86,746	-	86,746
Utilities	19,483	-	19,483
Ordinary Maintenance and Operations	171,972	-	171,972
Insurance	33,966	-	33,966
Depreciation	39,023	1,961	40,984
<b>Total Operating Expenses</b>	<b>351,190</b>	<b>1,961</b>	<b>353,151</b>
<b>Net Operating Income (Loss)</b>	<b>(60,406)</b>	<b>51,450</b>	<b>(8,956)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>			
Investment Interest	28	-	28
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>28</b>	<b>-</b>	<b>28</b>
<b>Income (Loss) Before Contributions</b>	<b>(60,378)</b>	<b>51,450</b>	<b>(8,928)</b>
Capital Contributions - HUD	-	9,323	9,323
<b>TRANSFERS IN (OUT)</b>	<b>53,411</b>	<b>(53,411)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (6,967)</b>	<b>\$ 7,362</b>	<b>\$ 395</b>

# Burlington Housing Authority

## Schedule of Modernization Cost

Year Ended June 30, 2022

HUD Project Number	Status	Approved Funds	Expended Funds	Disbursed Funds	Approved Funds Available to Expend	Expended Funds Available to be Disbursed
CO 01P030501-18	Incomplete	\$ 69,722	\$ 69,722	\$ 69,722	\$ -	\$ -
CO 01P030501-19	Incomplete	74,089	50,990	50,990	23,099	-
CO 01P030501-20	Incomplete	79,655	70,330	70,330	9,325	-
CO 01P030501-21	Incomplete	79,655	21,049	21,049	58,606	-
		<u>\$ 303,121</u>	<u>\$ 212,091</u>	<u>\$ 212,091</u>	<u>\$ 91,030</u>	<u>\$ -</u>

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**REQUIRED SUPPLEMENTARY INFORMATION**

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# Burlington Housing Authority

## Financial Data Schedule

June 30, 2022

Submission Type: Audited/Non Single Audit	Fiscal Year End: 6/30/2022	
	CO030000001 Project Total	Total
111 Cash - Unrestricted	\$84,173	\$84,173
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted		
114 Cash - Tenant Security Deposits	\$6,150	\$6,150
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$90,323	\$90,323
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects	\$42,198	\$42,198
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous		
126 Accounts Receivable - Tenants	\$14,534	\$14,534
126.1 Allowance for Doubtful Accounts - Tenants	\$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		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$56,732	\$56,732
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		

# Burlington Housing Authority

## Financial Data Schedule

June 30, 2022

Submission Type: Audited/Non Single Audit	Fiscal Year End: 6/30/2022	
	CO030000001 Project Total	Total
142 Prepaid Expenses and Other Assets	\$1,139	\$1,139
143 Inventories		
143.1 Allowance for Obsolete Inventories		
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$148,194	\$148,194
161 Land	\$65,337	\$65,337
162 Buildings	\$2,132,389	\$2,132,389
163 Furniture, Equipment & Machinery - Dwellings	\$53,426	\$53,426
164 Furniture, Equipment & Machinery - Administration	\$21,608	\$21,608
165 Leasehold Improvements		
166 Accumulated Depreciation	-\$1,937,485	-\$1,937,485
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$335,275	\$335,275
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	\$335,275	\$335,275

# Burlington Housing Authority

## Financial Data Schedule

June 30, 2022

Submission Type: Audited/Non Single Audit	Fiscal Year End: 6/30/2022	
	CO030000001 Project Total	Total
200 Deferred Outflow of Resources	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$483,469	\$483,469
311 Bank Overdraft		
312 Accounts Payable <= 90 Days	\$12,778	\$12,778
313 Accounts Payable >90 Days Past Due		
321 Accrued Wage/Payroll Taxes Payable	\$17,896	\$17,896
322 Accrued Compensated Absences - Current Portion		
324 Accrued Contingency Liability		
325 Accrued Interest Payable		
331 Accounts Payable - HUD PHA Programs		
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits	\$6,150	\$6,150
342 Unearned Revenue	\$35,633	\$35,633
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds		
344 Current Portion of Long-term Debt - Operating Borrowings		
345 Other Current Liabilities		
346 Accrued Liabilities - Other	\$1,254	\$1,254
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$73,711	\$73,711

# Burlington Housing Authority

## Financial Data Schedule

June 30, 2022

Submission Type: Audited/Non Single Audit	Fiscal Year End: 6/30/2022	
	CO030000001 Project Total	Total
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
300 Total Liabilities	\$73,711	\$73,711
400 Deferred Inflow of Resources	\$0	\$0
508.4 Net Investment in Capital Assets	\$335,275	\$335,275
511.4 Restricted Net Position	\$0	\$0
512.4 Unrestricted Net Position	\$74,483	\$74,483
513 Total Equity - Net Assets/Position	\$409,758	\$409,758
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets/Position	\$483,469	\$483,469

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2022

Submission Type: Audited/Non Single Audit						Fiscal Year End: 6/30/2022	
	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Elimination	Total
70300 Net Tenant Rental Revenue	\$108,528		\$108,528		\$108,528		\$108,528
70400 Tenant Revenue - Other	\$6,897		\$6,897		\$6,897		\$6,897
70500 Total Tenant Revenue	\$115,425	\$0	\$115,425	\$0	\$115,425	\$0	\$115,425
70600 HUD PHA Operating Grants	\$164,034	\$53,411	\$217,445	\$10,034	\$227,479		\$227,479
70610 Capital Grants		\$9,323	\$9,323		\$9,323		\$9,323
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	\$28		\$28		\$28		\$28
71200 Mortgage Interest Income							
71300 Proceeds from Disposition of Assets Held for Sale							
71310 Cost of Sale of Assets							
71400 Fraud Recovery							
71500 Other Revenue	\$1,291		\$1,291		\$1,291		\$1,291
71600 Gain or Loss on Sale of Capital Assets							
72000 Investment Income - Restricted							
70000 Total Revenue	\$280,778	\$62,734	\$343,512	\$10,034	\$353,546	\$0	\$353,546
91100 Administrative Salaries	\$53,767		\$53,767	\$6,522	\$60,289		\$60,289
91200 Auditing Fees	\$4,000		\$4,000		\$4,000		\$4,000
91300 Management Fee							
91310 Book-keeping Fee							
91400 Advertising and Marketing	\$177		\$177		\$177		\$177
91500 Employee Benefit Contributions - Administrative	\$4,876		\$4,876		\$4,876		\$4,876
91600 Office Expenses	\$7,193		\$7,193		\$7,193		\$7,193
91700 Legal Expense							
91800 Travel	\$1,341		\$1,341		\$1,341		\$1,341
91810 Allocated Overhead							
91900 Other	\$8,870		\$8,870		\$8,870		\$8,870

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2022

Submission Type: Audited/Non Single Audit						Fiscal Year End: 6/30/2022	
	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Elimination	Total
91000 Total Operating - Administrative	\$80,224	\$0	\$80,224	\$6,522	\$86,746	\$0	\$86,746
92000 Asset Management Fee							
92100 Tenant Services - Salaries							
92200 Relocation Costs							
92300 Employee Benefit Contributions - Tenant Services							
92400 Tenant Services - Other							
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$4,984		\$4,984		\$4,984		\$4,984
93200 Electricity	\$5,950		\$5,950		\$5,950		\$5,950
93300 Gas	\$7,043		\$7,043		\$7,043		\$7,043
93400 Fuel							
93500 Labor							
93600 Sewer							
93700 Employee Benefit Contributions - Utilities							
93800 Other Utilities Expense	\$1,506		\$1,506		\$1,506		\$1,506
93000 Total Utilities	\$19,483	\$0	\$19,483	\$0	\$19,483	\$0	\$19,483
94100 Ordinary Maintenance and Operations - Labor	\$65,362		\$65,362	\$3,512	\$68,874		\$68,874
94200 Ordinary Maintenance and Operations - Materials and Other	\$75,513		\$75,513		\$75,513		\$75,513
94300 Ordinary Maintenance and Operations Contracts	\$22,086		\$22,086		\$22,086		\$22,086
94500 Employee Benefit Contributions - Ordinary Maintenance	\$5,499		\$5,499		\$5,499		\$5,499
94000 Total Maintenance	\$168,460	\$0	\$168,460	\$3,512	\$171,972	\$0	\$171,972
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	\$0	\$0	\$0
96110 Property Insurance	\$31,444		\$31,444		\$31,444		\$31,444
96120 Liability Insurance							
96130 Workmen's Compensation	\$2,522		\$2,522		\$2,522		\$2,522
96140 All Other Insurance							

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2022

Submission Type: Audited/Non Single Audit						Fiscal Year End: 6/30/2022	
	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Elimination	Total
96100 Total insurance Premiums	\$33,966	\$0	\$33,966	\$0	\$33,966	\$0	\$33,966
96200 Other General Expenses							
96210 Compensated Absences							
96300 Payments in Lieu of Taxes							
96400 Bad debt - Tenant Rents							
96500 Bad debt - Mortgages							
96600 Bad debt - Other							
96800 Severance Expense							
96000 Total Other General Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0
96900 Total Operating Expenses	\$302,133	\$0	\$302,133	\$10,034	\$312,167	\$0	\$312,167
97000 Excess of Operating Revenue over Operating Expenses	-\$21,355	\$62,734	\$41,379	\$0	\$41,379	\$0	\$41,379
97100 Extraordinary Maintenance							
97200 Casualty Losses - Non Capitalized							
97300 Housing Assistance Payments							
97350 HAP Portability-In							
97400 Depreciation Expense	\$39,023	\$1,961	\$40,984		\$40,984		\$40,984
97500 Fraud Losses							
97600 Capital Outlays - Governmental Funds							
97700 Debt Principal Payment - Governmental Funds							
97800 Dwelling Units Rent Expense							
90000 Total Expenses	\$341,156	\$1,961	\$343,117	\$10,034	\$353,151	\$0	\$353,151
10010 Operating Transfer In	\$53,411		\$53,411		\$53,411	-\$53,411	\$0
10020 Operating Transfer Out		-\$53,411	-\$53,411		-\$53,411	\$53,411	\$0
10030 Operating Transfers from/to Primary Government							
10040 Operating Transfers from/to Component Unit							

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2022

Submission Type: Audited/Non Single Audit					Fiscal Year End: 6/30/2022		
	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	14.PHC Public Housing CARES Act Funding	Subtotal	Elimination	Total
10050 Proceeds from Notes, Loans and Bonds							
10060 Proceeds from Property Sales							
10070 Extraordinary Items, Net Gain/Loss							
10080 Special Items (Net Gain/Loss)							
10091 Inter Project Excess Cash Transfer In							
10092 Inter Project Excess Cash Transfer Out							
10093 Transfers between Program and Project - In							
10094 Transfers between Project and Program - Out							
10100 Total Other financing Sources (Uses)	\$53,411	-\$53,411	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$6,967	\$7,362	\$395	\$0	\$395	\$0	\$395
11020 Required Annual Debt Principal Payments							
11030 Beginning Equity	\$400,426	\$18,971	\$419,397	\$0	\$419,397		\$419,397
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$10,034		-\$10,034		-\$10,034		-\$10,034
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	372		372		372		372
11210 Number of Unit Months Leased	365		365		365		365
11270 Excess Cash	\$15,743		\$15,743		\$15,743		\$15,743
11610 Land Purchases	\$0	\$0	\$0		\$0		\$0
11620 Building Purchases	\$16,088	\$9,323	\$25,411		\$25,411		\$25,411
11630 Furniture & Equipment - Dwelling Purchases	\$1,308	\$0	\$1,308		\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0		\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0		\$0		\$0
11660 Infrastructure Purchases	\$0	\$0	\$0		\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0		\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0		\$0		\$0

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners  
Burlington Housing Authority

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 Burlington Housing Authority (the Authority), which comprise the statement of net position as of June 30, 2022, and the related statements of changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated January 24, 2023.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority'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 our opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as Findings 2022-001 and 2022-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify deficiencies in internal control that we consider to be significant deficiencies, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority'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 multiple instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are described in the accompanying Schedule of Findings and Responses as Findings 2022-003, 2022-004, and 2022-005.

**Burlington Housing Authority's Response to Findings**

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Lutz & Company, P.C.*

January 24, 2023

# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2022

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### FINDING 2022-001:

#### Material Weakness in Internal Control – Lack of Segregation of Duties

**Criteria:** The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

**Condition:** The Authority does not have adequate personnel to assign responsibilities in such a way that different employees handle different portions of a transaction.

**Context:** Due to the limited number of personnel, duties and responsibilities related to custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts cannot be properly segregated.

**Effect:** An individual controlling a transaction from beginning to conclusion does not have oversight from other individuals to insure that the transaction was properly executed and recorded.

**Cause:** The Authority's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

**Recommendation:** Due to the present size of the staff, it may not be feasible for the Authority to correct this situation by the hiring of additional employees, due to cost benefit considerations. We would recommend that the board of commissioners take an active part in internal controls and closely monitor all accounting functions, while seeking ways to continue to strengthen compensating controls.

**Auditee Response/Corrective Action Plan:** See page 36.

### FINDING 2022-002:

#### Material Weakness in Internal Control – Application of Rent Rates

**Criteria:** A proper system of internal control would apply the correct rent rates to the correct tenants every month with a maximum rent rate that is applicable in accordance with federal regulations.

**Condition:** The Authority did not accurately apply rent rates to its tenants.

**Context:** The Executive Director was not aware that mistakes were made in applying inaccurate rent rates to its tenants.

**Effect:** The Authority has been charging tenant an amount different than the recertified amount by the Executive Director.

# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2022

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**Cause:** Tenants were being charged a rent amount less than the recertified amount by the Executive Director.

**Recommendation:** The Executive Director should verify that tenants are being charged the correct amounts for which they were recertified.

**Auditee Response/Corrective Action Plan:** See Page 36.

### FINDING 2022-003:

#### Compliance with Regulations – Federal Awards Compliance – Allowable Costs

**Criteria:** Under the Code of Federal Regulations Title 2, Part 200, Subpart E costs incurred by the Authority must be necessary and reasonable in addition to conforming with the limitations and exclusions set forth by the aforementioned principles.

**Condition:** An undetermined amount of bank overdraft fees and interest on payroll tax payment plans were paid throughout the course of the year.

**Context:** The Authority was not fully aware of the restrictions regarding the federal cash being used to pay for the expenses and there was insufficient money to pay bills timely due to mismanagement of funds.

**Effect:** The Authority was not in compliance with the Code of Federal Regulations Title 2, Part 200, Subpart E.

**Cause:** The Authority used cash received from federal awards to pay the cost of overdraft fees and interest that could have been avoided.

**Recommendation:** The Executive Director should familiarize herself with federal regulations regarding the allowable use of cash received through federal awards.

**Auditee Response/Corrective Action Plan:** See Page 36.

### FINDING 2022-004:

#### Compliance with Regulations – Tenant Reexamination

**Criteria:** In accordance with HUD Notice PIH 2018-18, PHA's are required to review the EIV income report for each new admission, historical adjustment, and interim reexamination. This includes confirming/ validating family-reported income within 120 days of the submission date, print and maintain a copy of the EIV Income Report in the tenant file, and resolving any income discrepancies with the family within 60 days of the EIV income report date.

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# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2022

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**Condition:** Multiple instances were noted in which the Authority did not timely utilize HUD's EIV Income Report for tenants.

**Context:** The Executive Director failed to confirm/validate family income and print and maintain a copy of the EIV Income Report in the tenant file for family income on multiple tenants that were selected for testing.

**Effect:** The Authority was not in compliance with HUD Notice PIH 2018-18.

**Cause:** The Executive Director failed to adequately perform her duties over tenant file compliance.

**Recommendation:** The Executive Director should familiarize herself with the requirements of this notice to ensure the proper procedures are followed and the proper documents are retained in the tenant files.

**Auditee Response/Corrective Action Plan:** See Page 36.

### Finding 2022-005

#### Compliance with Regulation – Tenant Unit Inspections

**Criteria:** In accordance with 24 CFR Section 960.257, tenant's receiving income-based rent assistance must have their family income and composition reexamined by the Authority at least annually, including utilizing HUD's EIV system in accordance with HUD Notice PIH 2018-18. In addition to an annual reexamination, the tenant's unit must be inspected and the inspection documented on an annual basis.

**Condition:** Multiple instances were noted in which the Authority did not timely conduct a reexamination of family income and composition or have the required documentation in the file.

**Context:** The Authority did not perform annual unit inspections during their annual recertification process.

**Effect:** The Authority was not in compliance with 24 CFR 960.257 and PIH 2018-18.

**Cause:** The Executive Director failed to adequately perform her duties over tenant file compliance.

**Recommendation:** The Executive Director should familiarize herself with the requirements of these documents to ensure the proper procedures are followed and the proper documents are retained in the tenant files.

**Auditee Response/Corrective Action Plan:** See Page 36.

# Burlington Housing Authority

## Summary Schedule of Prior Audit Findings

June 30, 2022

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**Identifying Number: 2021-001**

**Audit Finding:** Lack of Segregation of Duties

**Current Status:** The Board of Commissioners has reviewed this issue and determined that there are no additional procedures which can reasonably be done to eliminate this deficiency.

**Identifying Number: 2021-002**

**Audit Finding:** Application of Accounting Practices

**Current Status:** The Authority is currently using a new fee accountant and has resolved their issues of applying GAAP correctly.

**Identifying Number: 2021-003**

**Audit Finding:** Application of Rent Rates

**Current Status:** The Authority is continuing to improve their understanding of the applicable rule and regulations.

**Identifying Number: 2021-004**

**Audit Finding:** Tenant Reexamination

**Current Status:** The Authority did not perform annual inspections in the current year.

**Identifying Number: 2021-005**

**Audit Finding:** Tenant File Documentation

**Current Status:** Portions of this finding are repeated in the current year.

**Identifying Number: 2021-006**

**Audit Finding:** Federal Awards Compliance-Allowable Costs

**Current Status:** The Executive Director is continuing to familiarize herself with Title 2, Part 200, Subpart E.

# Burlington Housing Authority

## Summary Schedule of Prior Audit Findings

June 30, 2022

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**Identifying Number:** 2021-007

**Audit Finding:** Operating Budget

**Current Status:** The Authority has properly filed their operating budget in accordance with HUD-53012A, Section 11.

**BURLINGTON HOUSING AUTHORITY**  
**944 LOWELL**  
**BURLINGTON, CO 80807**  
**(719) 346-5464**

**Finding 2022-001**

The Authority is relatively small with only one administrative staff. Further the Board of Commissioners is a volunteer board and not a managing board. It does not have the time nor expertise to provide the necessary services to correct the internal control deficiencies noted. The Board of Commissioners has reviewed this issue and determined there are no additional procedures which can reasonably be done to eliminate these deficiencies. As such, the Board of Commissioners accepts this finding.

**Finding 2022-002**

The Executive Director is continuing to familiarize herself with the requirements and fulfill them in the best of her ability.

**Finding 2022-003**

The Authority is working to familiarize itself with the appropriate rules and regulations regarding the Code of Federal Regulations Title 2, Part 200, Subpart E. The Authority will work with the local field office to identify the amounts and sources available for repayment.

**Finding 2022-004**

The Authority is working to familiarize itself with the appropriate rules and regulations regarding HUD Notice PIH 2018-18.

**Finding 2022-005**

The Authority is working to familiarize itself with the appropriate rules and regulations regarding tenant file documentation and procedures.

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners Board of Commissioners  
Burlington Housing Authority

We have performed the procedures described in the enumerated in the attachment on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended June 30, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

Burlington Housing Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the Authority financial data for the year ended June 30, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate of their purposes.

We were engaged by Burlington Housing Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of Burlington Housing Authority and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Lutz & Company, P.C.*

January 24, 2023

# Burlington Housing Authority

## Attachment to Independent Accountants' Report on Applying Agreed-Upon Procedures

June 30, 2022

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<b>PROCEDURE</b>	<b>UFRS RULE INFORMATION</b>	<b>HARD COPY DOCUMENTS</b>	<b>FINDINGS</b>
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditors' supplementary report on FDS	Agrees
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

**Lutz**