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**Burlington Housing Authority**  
Financial Statements and  
Independent Auditor's Report

June 30, 2023



# Burlington Housing Authority

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## INDEPENDENT AUDITOR'S 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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2023, 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 Auditor's 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.

#### ***Change in Accounting Principle***

As discussed in note 1 to the financial statements, in 2022, the Authority adopted new accounting guidance, Governmental Accounting Standard Board No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***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.

### ***Auditor's 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 auditor's 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. 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. 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. 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, the schedule of modernization costs, and the financial data schedule 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 auditor's 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 March 16, 2024, 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.

Core CPAs PC

March 16, 2024

# Burlington Housing Authority

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

June 30, 2023

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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, 2023. 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, 2023, and is required to be included in the audit reporting package.

# Burlington Housing Authority

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

June 30, 2023

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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>Increase</b>	<b>Percent</b>
	<b>2023</b>	<b>2022</b>	<b>(Decrease)</b>	<b>Change</b>	
Current Assets, Net of Intraprogram	\$ 253,263	\$ 148,194	\$ 105,069	70.9%	
Capital Assets, Net	295,699	335,275	(39,576)	(11.8%)	
<b>Total Assets</b>	<b>548,962</b>	<b>483,469</b>	<b>65,493</b>	<b>13.5%</b>	
Deferred Outflow of Resources	-	-	-	0.0%	
Current Liabilities, Net of Intraprogram	105,401	73,711	31,690	43.0%	
Noncurrent Liabilities	895	-	895	100.0%	
<b>Total Liabilities</b>	<b>106,296</b>	<b>73,711</b>	<b>32,585</b>	<b>44.2%</b>	
Deferred Inflow of Resources	-	-	-	0.0%	
Net Position					
Net Investment in Capital Assets	295,699	335,275	(39,576)	(11.8%)	
Unrestricted	146,967	74,483	72,484	97.3%	
<b>Total Net Position:</b>	<b>\$ 442,666</b>	<b>\$ 409,758</b>	<b>\$ 32,908</b>	<b>8.0%</b>	
<b>Unrestricted Resources</b>	<b>\$ 147,862</b>	<b>\$ 74,483</b>	<b>\$ 73,379</b>	<b>98.5%</b>	
<b>Months Expendable Net Asset Ratio</b>	<b>4.3</b>	<b>2.9</b>	<b>1.4</b>	<b>49.7%</b>	

Total assets for the year ended June 30, 2022, were \$483,469 and \$548,962 at June 30, 2023, a 13.5% increase. This increase of \$65,493 is the function of a greater increase in current assets compared to the overall decline in capital assets caused by depreciation. Current assets increased due to an increase in cash and accounts receivable from HUD, at year end. Net capital assets decreased due to current year capital asset depreciation in excess of current year capital asset purchases.

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# Burlington Housing Authority

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

June 30, 2023

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Total liabilities for the year ended June 30, 2022, were \$73,711 and \$106,296 at June 30, 2023. The increase of \$32,585 was due to an increase in unearned revenue, related to the capital fund program . The Authority drew down an excess of capital fund program money and did not expend it prior to June 30, 2023.

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, 2023, were \$147,862.

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 (\$147,862) is then divided by the average monthly expenses (\$413,843 divided by 12 = \$34,487) to arrive at the MENAR (4.3) as of June 30, 2023.

	<b>Changes in Net Position</b>		<b>Increase</b>	<b>Percent</b>
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
<b>Revenues:</b>				
Tenant Revenue	\$ 143,471	\$ 115,425	\$ 28,046	24.3%
Operating Grants	245,209	227,479	17,730	7.8%
Capital Grant Funds	-	9,323	(9,323)	(100.0%)
Investment Income	627	28	599	2,139.3%
Other Income	3,965	1,291	2,674	207.1%
Casualty Loss Proceeds	93,055	-	93,055	100.0%
<b>Total Revenues</b>	<b>486,327</b>	<b>353,546</b>	<b>132,781</b>	<b>37.6%</b>
<b>Expenses:</b>				
Administrative	113,438	86,746	26,692	30.8%
Utilities	22,703	19,483	3,220	16.5%
Ordinary Maintenance and Operations	216,517	171,972	44,545	25.9%
Insurance	46,880	33,966	12,914	38.0%
General	14,305	-	14,305	100.0%
Depreciation	39,576	40,984	(1,408)	(3.4%)
<b>Total Expenses</b>	<b>453,419</b>	<b>353,151</b>	<b>100,268</b>	<b>28.4%</b>
<b>Increase in Net Position</b>	<b>\$ 32,908</b>	<b>\$ 395</b>	<b>\$ 32,513</b>	<b>8,231.1%</b>

Total revenues of the Authority increased \$132,781, a 37.6% increase. Revenues increased due to increases in tenant revenue, capital fund grants drawn down to operations, investment income, other income, and casualty loss proceeds.

Total expenses of the Authority increased \$100,268, or 28.4%, for the year ended June 30, 2023. This increase is due to the Authority's efforts to update and maintain the Authority at a higher standard.

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# Burlington Housing Authority

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

June 30, 2023

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### Capital Assets

At June 30, 2023, the Authority had \$295,699 invested in (net) capital assets. This amount represents a net decrease of \$39,576, which is due to current year depreciation being in excess of current year acquisitions.

#### Capital Assets at Year End

	<u>2023</u>	<u>2022</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Land	\$ 65,337	\$ 65,337	\$ -	0.0%
Buildings	2,126,638	2,126,638	-	0.0%
Furniture, Equipment & Machinery - Admin	20,413	21,608	(1,195)	(5.5%)
Furniture, Equipment & Machinery - Dwelling	59,177	59,177	-	0.0%
Subtotal	<u>2,271,565</u>	<u>2,272,760</u>	<u>(1,195)</u>	<u>(0.1%)</u>
Accumulated Depreciation	<u>(1,975,866)</u>	<u>(1,937,485)</u>	<u>(38,381)</u>	<u>2.0%</u>
<b>Net Capital Assets</b>	<b><u>\$ 295,699</u></b>	<b><u>\$ 335,275</u></b>	<b><u>\$ (39,576)</u></b>	<b><u>(11.8%)</u></b>

There were no current year additions that were subject to the Authority's capitalization policy.

The Authority has \$157,118 remaining in the 2021, 2022, and 2023 capital fund program grants as of June 30, 2023.

### 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, 2023

	<b>Public Housing</b>
<b>CURRENT ASSETS</b>	
<i>Unrestricted</i>	
Cash and Cash Equivalents	\$ 87,523
Accounts Receivable, Net	4,454
Accounts Receivable - HUD	88,846
<b>Total Current Assets</b>	<b>180,823</b>
<i>Restricted</i>	
Cash and Cash Equivalents	72,440
<b>Total Restricted Current Assets</b>	<b>72,440</b>
<b>Total Current Assets</b>	<b>253,263</b>
<b>CAPITAL ASSETS</b>	
Land, Structures and Equipment	2,271,565
Accumulated Depreciation	(1,975,866)
<b>Total Capital Assets</b>	<b>295,699</b>
<b>TOTAL ASSETS</b>	<b>548,962</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
	-
<b>CURRENT LIABILITIES</b>	
Accounts Payable	1,278
Accrued Wages and Payroll Taxes Payable	16,623
Accrued Compensated Absences	3,581
Accrued Utilities	1,493
Tenant Prepaid Rent	2,036
Unearned Capital Fund Grants	72,440
Tenant Security Deposits	7,950
<b>Total Current Liabilities</b>	<b>105,401</b>
<b>NONCURRENT LIABILITIES</b>	
Accrued Compensated Absences	895
<b>Total Noncurrent Liabilities</b>	<b>895</b>
<b>TOTAL LIABILITIES</b>	<b>106,296</b>
<b>DEFERRED INFLOW OF RESOURCES</b>	
	-
<b>NET POSITION</b>	
Net Investment in Capital Assets	295,699
Unrestricted	146,967
<b>Total Net Position</b>	<b>\$ 442,666</b>

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# Burlington Housing Authority

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

Year Ended June 30, 2023

	<b>Public Housing</b>
<b>OPERATING REVENUE</b>	
Dwelling Rent	\$ 137,981
Other Tenant Revenue	5,490
Operating Grants	245,209
Other Income	3,965
<b>Total Operating Revenue</b>	<b>392,645</b>
<b>OPERATING EXPENSES</b>	
Administrative	113,438
Utilities	22,703
Ordinary Maintenance and Operations	216,517
Insurance	46,880
General	14,305
Depreciation	39,576
<b>Total Operating Expenses</b>	<b>453,419</b>
<b>Loss from Operations</b>	<b>(60,774)</b>
<b>NONOPERATING REVENUES</b>	
Investment Interest	627
Casualty Loss Proceeds	93,055
<b>Total Nonoperating Revenues</b>	<b>93,682</b>
<b>Change in Net Position</b>	<b>32,908</b>
<b>Net Position, June 30, 2022</b>	<b>409,758</b>
<b>Net Position, June 30, 2023</b>	<b>\$ 442,666</b>

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# Burlington Housing Authority

## Statement of Cash Flows – Proprietary Funds

Year Ended June 30, 2023

	<b>Public Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Tenants	\$ 108,703
Cash Received from Operating Grants	245,209
Cash Received from Other Operating Activities	3,965
Cash Payments to Suppliers	(197,729)
Cash Payments for Employees	(184,191)
<b>Net Cash Used in Operating Activities</b>	<b>(24,043)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Casualty Loss Proceeds	93,055
Interest Income	627
<b>Net Cash Provided by Investing Activities</b>	<b>93,682</b>
Net Increase in Cash and Cash Equivalents	69,639
Cash and Cash Equivalents, Beginning of Year	90,324
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 159,963</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating Loss	\$ (60,774)
Adjustment to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	39,576
(Increase) Decrease in Assets	
Accounts Receivable	(36,568)
Prepays	1,139
Increase (Decrease) In Liabilities	
Accounts Payable	(11,500)
Security Deposits	1,800
Other Accrued Liabilities	42,284
<b>Net Cash Used in Operating Activities</b>	<b>\$ (24,043)</b>

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# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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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 Statements No. 39, 61, 80, and 97. 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, deferred outflow of resources, liabilities, deferred inflow of resources, fund net position, revenues and expenditures or expenses, as appropriate.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### ***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.

### ***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***

Certain payments to vendors reflect costs applicable to future periods. These payments are recorded as prepaid expenses.

### ***Capital Assets***

Capital assets are recorded at cost less depreciation. Depreciation is accounted for on the straight-line method based on estimated useful lives. Betterments and large repairs, in excess of \$5,000, which extend the life of the asset, are capitalized whereas maintenance and repairs are expensed as incurred. Estimated useful lives, in years, for depreciable assets are as follows:

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

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### ***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, 2023, there has been no impairment of the capital assets.

### ***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 Authority has implemented the provisions of GASB Statement No. 87, *Leases* (GASB 87). The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority has no leases that meet the requirements of this statement.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### ***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

### ***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.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### *Advertising*

The Authority's policy is to expense advertising costs as incurred. Advertising for the year ended June 30, 2023, was \$200.

### 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 \$159,963 are allocated as follows:

Cash - Unrestricted	\$	79,573
Cash - Restricted		72,440
Cash - Tenant Security Deposits		7,950
	\$	<u>159,963</u>

### 3. Deposits and Investments

---

All of the funds of the Authority are invested in allowable investments in accordance with HUD guidelines. As of June 30, 2023, 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, 2023, were \$4,454. The allowance is \$-0- at June 30, 2023.

Receivables from HUD for operating and CFP subsidies totaled \$88,846 at June 30, 2023

As of June 30, 2023, there was rent prepaid in the amount of \$2,036.

### 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.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### 6. Capital Assets

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A summary of capital assets is as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>6/30/22</b>	<b>Additions</b>	<b>Disposals</b>	<b>6/30/23</b>
Land	\$ 65,337	\$ -	\$ -	\$ 65,337
Buildings	2,126,638	-	-	2,126,638
Furniture, Equipment & Machinery - Admin	21,608	-	(1,195)	20,413
Furniture, Equipment & Machinery - Dwelling	59,177	-	-	59,177
Subtotal	2,272,760	-	(1,195)	2,271,565
Accumulated Depreciation	(1,937,485)	(39,576)	1,195	(1,975,866)
Net Capital Assets	<u>\$ 335,275</u>	<u>\$ (39,576)</u>	<u>\$ -</u>	<u>\$ 295,699</u>

Depreciation for the current year was \$39,576.

### 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, 2023, the Authority received the following funding from HUD:

Operating Subsidy	\$ 100,172
Capital Fund Program Grants	145,037
	<u>\$ 245,209</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.

# Burlington Housing Authority

## Notes to Financial Statements

June 30, 2023

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### 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, 2023, 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. 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 March 16, 2024, 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, 2023

	Public Housing	Capital Fund	Total
<b>CURRENT ASSETS</b>			
<i>Unrestricted</i>			
Cash and Cash Equivalents	\$ 87,523	\$ -	\$ 87,523
Accounts Receivable, Net	4,454	-	4,454
Accounts Receivable - HUD	88,846	-	88,846
<b>Total Unrestricted Current Assets</b>	<b>180,823</b>	<b>-</b>	<b>180,823</b>
<i>Restricted</i>			
Cash and Cash Equivalents	72,440	-	72,440
<b>Total Restricted Current Assets</b>	<b>72,440</b>	<b>-</b>	<b>72,440</b>
<b>Total Current Assets</b>	<b>253,263</b>	<b>-</b>	<b>253,263</b>
<b>CAPITAL ASSETS</b>			
Land, Structures and Equipment	2,262,242	9,323	2,271,565
Accumulated Depreciation	(1,974,777)	(1,089)	(1,975,866)
<b>Total Capital Assets</b>	<b>287,465</b>	<b>8,234</b>	<b>295,699</b>
<b>TOTAL ASSETS</b>	<b>540,728</b>	<b>8,234</b>	<b>548,962</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
	-	-	-
<b>CURRENT LIABILITIES</b>			
Accounts Payable	1,278	-	1,278
Accrued Wages and Payroll Taxes Payable	16,623	-	16,623
Accrued Compensated Absences	3,581	-	3,581
Accrued Utilities	1,493	-	1,493
Tenant Prepaid Rent	2,036	-	2,036
Unearned Capital Fund Grants	72,440	-	72,440
Tenant Security Deposits	7,950	-	7,950
<b>Total Current Liabilities</b>	<b>105,401</b>	<b>-</b>	<b>105,401</b>
<b>NONCURRENT LIABILITIES</b>			
Accrued Compensated Absences	895	-	895
<b>Total Noncurrent Liabilities</b>	<b>895</b>	<b>-</b>	<b>895</b>
<b>TOTAL LIABILITIES</b>	<b>106,296</b>	<b>-</b>	<b>106,296</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net Investment in Capital Assets	287,465	8,234	295,699
Unrestricted	146,967	-	146,967
<b>Total Net Position</b>	<b>\$ 434,432</b>	<b>\$ 8,234</b>	<b>\$ 442,666</b>

# Burlington Housing Authority

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

Year Ended June 30, 2023

	Public Housing	Capital Fund	Total
<b>OPERATING REVENUE</b>			
Dwelling Rent	\$ 137,981	\$ -	\$ 137,981
Excess Utilities/Other Tenant Revenue	5,490	-	5,490
Other Income	3,965	-	3,965
Operating Grants	100,172	145,037	245,209
<b>Total Operating Revenue</b>	<b>247,608</b>	<b>145,037</b>	<b>392,645</b>
<b>OPERATING EXPENSES</b>			
Administrative	113,438	-	113,438
Utilities	22,703	-	22,703
Ordinary Maintenance and Operations	216,517	-	216,517
Insurance	46,880	-	46,880
General	14,305	-	14,305
Depreciation	38,830	746	39,576
<b>Total Operating Expenses</b>	<b>452,673</b>	<b>746</b>	<b>453,419</b>
<b>Net Operating Income (Loss)</b>	<b>(205,065)</b>	<b>144,291</b>	<b>(60,774)</b>
<b>NONOPERATING REVENUES/(EXPENSES)</b>			
Investment Interest	627	-	627
Casualty Loss Proceeds	93,055	-	93,055
<b>Total Nonoperating Revenues/(Expenses)</b>	<b>93,682</b>	<b>-</b>	<b>93,682</b>
<b>Income (Loss) Before Contributions</b>	<b>(111,383)</b>	<b>144,291</b>	<b>32,908</b>
<b>TRANSFERS IN (OUT)</b>	<b>145,037</b>	<b>(145,037)</b>	<b>-</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 33,654</b>	<b>\$ (746)</b>	<b>\$ 32,908</b>

# Burlington Housing Authority

## Schedule of Modernization Cost

Year Ended June 30, 2023

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	74,089	74,089	-	-
CO 01P030501-20	Incomplete	79,655	79,655	79,655	-	-
CO 01P030501-21	Incomplete	84,580	78,662	84,196	5,918	-
CO 01P030501-22	Incomplete	102,271	25,000	66,906	77,271	25,000
CO 01P030501-23	Incomplete	103,929	30,000	-	73,929	30,000
		<b>\$ 514,246</b>	<b>\$ 357,128</b>	<b>\$ 374,568</b>	<b>\$ 157,118</b>	<b>\$ 55,000</b>

# Burlington Housing Authority

## Financial Data Schedule

June 30, 2023

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Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001
	Project Total
111 Cash - Unrestricted	\$79,573
112 Cash - Restricted - Modernization and Development	\$72,440
113 Cash - Other Restricted	
114 Cash - Tenant Security Deposits	\$7,950
115 Cash - Restricted for Payment of Current Liabilities	
100 Total Cash	\$159,963
121 Accounts Receivable - PHA Projects	
122 Accounts Receivable - HUD Other Projects	\$88,846
124 Accounts Receivable - Other Government	
125 Accounts Receivable - Miscellaneous	
126 Accounts Receivable - Tenants	\$4,454
126.1 Allowance for Doubtful Accounts -Tenants	
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	\$93,300
131 Investments - Unrestricted	
132 Investments - Restricted	
135 Investments - Restricted for Payment of Current Liability	

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# Burlington Housing Authority

## Financial Data Schedule

June 30, 2023

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Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001
	Project Total
142 Prepaid Expenses and Other Assets	\$0
143 Inventories	
143.1 Allowance for Obsolete Inventories	
144 Inter Program Due From	
145 Assets Held for Sale	
150 Total Current Assets	\$253,263
161 Land	\$65,337
162 Buildings	\$2,126,638
163 Furniture, Equipment & Machinery - Dwellings	\$59,177
164 Furniture, Equipment & Machinery - Administration	\$20,413
165 Leasehold Improvements	
166 Accumulated Depreciation	-\$1,975,866
167 Construction in Progress	
168 Infrastructure	
160 Total Capital Assets, Net of Accumulated Depreciation	\$295,699
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	\$295,699

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# Burlington Housing Authority

## Financial Data Schedule

June 30, 2023

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Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001
	Project Total
200 Deferred Outflow of Resources	\$0
290 Total Assets and Deferred Outflow of Resources	\$548,962
311 Bank Overdraft	
312 Accounts Payable <= 90 Days	\$1,278
313 Accounts Payable >90 Days Past Due	
321 Accrued Wage/Payroll Taxes Payable	\$16,623
322 Accrued Compensated Absences - Current Portion	\$3,581
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	\$7,950
342 Unearned Revenue	\$74,476
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	\$1,493
347 Inter Program - Due To	
348 Loan Liability - Current	
310 Total Current Liabilities	\$105,401

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# Burlington Housing Authority

## Financial Data Schedule

June 30, 2023

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Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

CO030000001  
Project 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	\$895
355 Loan Liability - Non Current	
356 FASB 5 Liabilities	
357 Accrued Pension and OPEB Liabilities	
350 Total Non-Current Liabilities	\$895
300 Total Liabilities	\$106,296
400 Deferred Inflow of Resources	\$0
508.4 Net Investment in Capital Assets	\$295,699
511.4 Restricted Net Position	\$0
512.4 Unrestricted Net Position	\$146,967
513 Total Equity - Net Assets/Position	\$442,666
600 Total Liab., Def. Inflow of Res., and Equity - Net Assets/Position	\$548,962

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# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2023

Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	Elimination	Total
70300 Net Tenant Rental Revenue	\$137,981		\$137,981		\$137,981
70400 Tenant Revenue - Other	\$5,490		\$5,490		\$5,490
70500 Total Tenant Revenue	\$143,471	\$0	\$143,471	\$0	\$143,471
70600 HUD PHA Operating Grants	\$100,172	\$145,037	\$245,209		\$245,209
70610 Capital Grants					
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	\$627		\$627		\$627
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	\$3,965		\$3,965		\$3,965
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$248,235	\$145,037	\$393,272	\$0	\$393,272
91100 Administrative Salaries	\$68,488		\$68,488		\$68,488
91200 Auditing Fees	\$12,000		\$12,000		\$12,000
91300 Management Fee					
91310 Book-keeping Fee					
91400 Advertising and Marketing	\$200		\$200		\$200
91500 Employee Benefit Contributions - Administrative	\$5,984		\$5,984		\$5,984
91600 Office Expenses	\$4,348		\$4,348		\$4,348
91700 Legal Expense					
91800 Travel	\$867		\$867		\$867
91810 Allocated Overhead					
91900 Other	\$21,551		\$21,551		\$21,551

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2023

Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	Elimination	Total
91000 Total Operating - Administrative	\$113,438	\$0	\$113,438	\$0	\$113,438
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
93100 Water	\$5,863		\$5,863		\$5,863
93200 Electricity	\$5,588		\$5,588		\$5,588
93300 Gas	\$9,430		\$9,430		\$9,430
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					
93800 Other Utilities Expense	\$1,822		\$1,822		\$1,822
93000 Total Utilities	\$22,703	\$0	\$22,703	\$0	\$22,703
94100 Ordinary Maintenance and Operations - Labor	\$101,477		\$101,477		\$101,477
94200 Ordinary Maintenance and Operations - Materials and Other	\$95,544		\$95,544		\$95,544
94300 Ordinary Maintenance and Operations Contracts	\$11,254		\$11,254		\$11,254
94500 Employee Benefit Contributions - Ordinary Maintenance	\$8,242		\$8,242		\$8,242
94000 Total Maintenance	\$216,517	\$0	\$216,517	\$0	\$216,517
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
96110 Property Insurance	\$43,413		\$43,413		\$43,413
96120 Liability Insurance					
96130 Workmen's Compensation	\$3,467		\$3,467		\$3,467
96140 All Other Insurance					

# Burlington Housing Authority

## Financial Data Schedule

Year Ended June 30, 2023

Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	Elimination	Total
96100 Total insurance Premiums	\$46,880	\$0	\$46,880	\$0	\$46,880
96200 Other General Expenses					
96210 Compensated Absences	\$3,750		\$3,750		\$3,750
96300 Payments in Lieu of Taxes					
96400 Bad debt - Tenant Rents	\$10,555		\$10,555		\$10,555
96500 Bad debt - Mortgages					
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$14,305	\$0	\$14,305	\$0	\$14,305
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
96900 Total Operating Expenses	\$413,843	\$0	\$413,843	\$0	\$413,843
97000 Excess of Operating Revenue over Operating Expenses	-\$165,608	\$145,037	-\$20,571	\$0	-\$20,571
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non Capitalized					
97300 Housing Assistance Payments					
97350 HAP Portability-In					
97400 Depreciation Expense	\$38,830	\$746	\$39,576		\$39,576
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$452,673	\$746	\$453,419	\$0	\$453,419
10010 Operating Transfer In	\$145,037		\$145,037	-\$145,037	\$0
10020 Operating Transfer Out		-\$145,037	-\$145,037	\$145,037	\$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, 2023

Submission Type: Audited/Non Single Audit

Fiscal Year End: 6/30/2023

	CO030000001 14.850 Low Rent Public Housing	CO030000001 14.872 Capital Fund Program	CO030000001 Project Total	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)	\$93,055		\$93,055		\$93,055
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)	\$238,092	-\$145,037	\$93,055	\$0	\$93,055
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$33,654	-\$746	\$32,908	\$0	\$32,908
11020 Required Annual Debt Principal Payments					
11030 Beginning Equity	\$383,425	\$26,333	\$409,758		\$409,758
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$17,353	-\$17,353	\$0		\$0
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
11210 Number of Unit Months Leased	361		361		361
11270 Excess Cash	\$40,936		\$40,936		\$40,936
11610 Land Purchases	\$0	\$0	\$0		\$0
11620 Building Purchases	\$0	\$0	\$0		\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0	\$0		\$0
11650 Leasehold Improvements Purchases	\$0	\$0	\$0		\$0
11660 Infrastructure Purchases	\$0	\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$0	\$0	\$0		\$0
13901 Replacement Housing Factor Funds	\$0	\$0	\$0		\$0

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

Board of Commissioners  
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, 2023, 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 March 16, 2024.

**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 2023-001 and 2023-004 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 2023-002 and 2023-003.

**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.



March 16, 2024

# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2023

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### FINDING 2023-001:

#### Material Weakness in Internal Control over Financial Reporting – 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 2023-002:

#### 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 interest on payroll tax payments were paid during the fiscal year.

**Context:** The Authority was not fully aware of the restrictions regarding the federal cash being used to pay for the expenses.

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

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# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2023

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

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

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

### FINDING 2023-003:

#### Compliance with Federal Regulations – Federal Awards Compliance – Cash Management

**Criteria:** Under the Code of Federal Regulations Title 2, Part 225, Subtitle A, Part 85.20. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

**Condition:** During the current fiscal year, the Authority drew down more capital funds than it had expended within a reasonable time.

**Context:** The Authority had excess capital funds that were not expended within 3 days of drawing down.

**Effect:** The Authority is out of compliance in regards to cash management of federal awards.

**Cause:** The Executive Director drew down an excess of \$29,261.78 and \$66,906.00 of the Authority's 2021 and 2022 capital funds during the year and had not expended the funds within 3 days.

**Recommendation:** The Authority should review 2 CFR Part 225, Subtitle A, Part 85.20 to familiarize themselves with the regulations.

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

### FINDING 2023-004:

#### Material Weakness in Internal Control over Financial Reporting – Inadequate Monitoring of Cash Distribution

**Criteria:** Proper internal controls require that an organization has adequate segregation of duties within a significant account process. Ideally, the following account processes should be segregated so there is at least a reasonable possibility that a material misstatement of the organization's financial statements would be prevented or detected: initiation, authorizing, recording, processing, and reporting.

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# Burlington Housing Authority

## Schedule of Findings and Responses

June 30, 2023

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

**Context:** The Authority has a limited number of personnel, and therefore is unable to segregate the cash distribution process.

**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. Accordingly, the following issue was noted:

- We identified expenditures without any supporting documentation, therefore, costs are being questioned. Known questioned costs of \$2,062.72 were identified.

**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 cash disbursements, while seeking ways to continue to strengthen compensating controls.

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

# Burlington Housing Authority

## Summary Schedule of Prior Audit Findings

June 30, 2023

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**Identifying Number: 2022-001**

**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: 2022-002**

**Audit Finding:** Application of Rent Rates

**Current Status:** Rent rates have been appropriately applied. Tenants are being charged an amount for which they were recertified.

**Identifying Number: 2022-003**

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

**Current Status:** This is a repeat finding. Management will need to familiarize itself with Title 2, Part 200, Subpart E.

**Identifying Number: 2022-004**

**Audit Finding:** Tenant Reexamination

**Current Status:** The Authority is performing annual tenant reexaminations and is in compliance with HUD Notice PIH 2018-18.

**Identifying Number: 2022-005**

**Audit Finding:** Tenant Unit Inspections

**Current Status:** The Authority is performing tenant unit inspections and is in compliance with 24 CFR 960.257 and HUD Notice PIH 2018-18.

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

**Finding 2023-001**

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 2023-002**

The board has hired a new Executive Director who will review the findings and assess the controls surrounding the failures and implement improvements. Estimated time to implement is the current fiscal year.

**Finding 2023-003**

The board has hired a new Executive Director who will review the findings and assess the controls surrounding the failures and implement improvements. Estimated time to implement is the current fiscal year.

**Finding 2023-004**

The board has hired a new Executive Director who will review the findings and assess the controls surrounding the failures and implement improvements. Estimated time to implement is the current fiscal year.

## INDEPENDENT ACCOUNTANT'S 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, 2023. 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, 2023. 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.

*Core CPAs PC*

March 16, 2024

# Burlington Housing Authority

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

June 30, 2023

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PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable	Yes	
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Yes	
3	Type of opinion on FDS (data element G3100-040)	Auditors' supplementary report on FDS	Yes	
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Yes	