

**HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
FOUNTAIN, COLORADO**

**INDEPENDENT AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

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# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinions*

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Fountain (Authority), Colorado, as of and for the year ended December 31, 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 my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### *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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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 generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 my 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.

I am 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 I 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 on pages i-vi be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Financial Data Schedule and the PHA's Statement of Certification of Actual Modernization Cost are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis 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 my opinion, the accompanying Financial Data Schedule, PHA's Statement of Certification of Actual Modernization Cost and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated September 6, 2024, on my consideration of the Authority's internal control over financial reporting and on my 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 my 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.

*Audit Solutions, LLC*

Chesterfield, Missouri

September 6, 2024

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**  
December 31, 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.

**Financial Highlights**

The most significant changes on the 2023 financial statements were in the expendable fund balance, Federal Grants & Subsidy revenue, and Housing Assistance Payments (HAP) expense.

**Overview of the Financial Statements**

The annual report includes a Management Discussion and Analysis report, the Basic Financial Statements, the Notes to the Financial Statements, and the Financial Data Schedule (FDS) as referenced in the section of Supplemental Information Required by HUD. The financial statements are presented as fund level financial statements because the Board only has proprietary funds.

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

For accounting purposes, the Board is classified as an enterprise fund. Enterprise funds account for activities like those found in the private business sector where the determination of net position is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which assets and liabilities associated with the operation of these funds are included on the balance sheet. Their focus is on income measurement which, together with the maintenance of equity, is an important financial indicator. Our discussion and analysis provide an overview of the financial activities and performance for year-end December 31, 2023.

All 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 ability of management to meet budgets, maintain property (meets HUD specifications and inspections), and determines whether the Board has successfully recovered costs through its rental fees and other charges. It can also be used to measure profitability and creditworthiness.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It also provides answers to such questions as the source, expenditures, and change in cash 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 Supplemental Information Required by HUD contains the Financial Data Schedule (FDS). HUD has established Uniform Financial Reporting Standards that require the Board to submit financial information electronically to HUD using the FDS format.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
December 31, 2022

**Financial Analysis**

One of the most important questions concerning finances is the following: “Is the Board as a whole better or worse because of the achievements of the reported fiscal year?” The purpose of the information presented in this Management’s Discussion and Analysis is to assist the reader in answering this question.

The basic financial statements are the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The Statement of Net Position provides a summary of assets and liabilities as of the close of business on December 31, 2023. The Statement of Revenues, Expenses, and Changes in Fund Net Position summarizes revenues, sources of those revenues generated, and expenses incurred in operating the Board for the year-ended December 31, 2023.

The following analysis focuses on the net position and the change in net position not the individual programs.

<b>Net Position</b>				
December 31, 2023				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% of Change</u>
Current Assets	\$ 1,740,812	\$ 1,543,412	\$ 197,400	12.79%
Capital Assets, Net	1,410,972	1,383,657	27,315	1.97%
Noncurrent assets	389,271	389,271	0	0.00%
<b>Total Assets</b>	<b>\$ 3,541,055</b>	<b>\$ 3,316,340</b>	<b>\$ 224,715</b>	<b>6.78%</b>
Current Liabilities	125,751	224,573	(98,822)	-44.00%
Noncurrent Liabilities	589,739	721,800	(132,061)	-18.30%
<b>Total Liabilities</b>	<b>\$ 715,490</b>	<b>946,373</b>	<b>(230,883)</b>	<b>-24.21%</b>
Net Position:				
Investment in Capital Assets	894,186	842,995	51,191	6.07%
Restricted Net Position	46,116	199,134	(153,018)	-76.84%
Unrestricted Net Position	1,885,263	1,327,838	557,425	41.98%
<b>Total Net Position</b>	<b>\$ 2,825,565</b>	<b>\$ 2,369,967</b>	<b>\$ 455,598</b>	<b>19.22%</b>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
December 31, 2022

**Financial Analysis – (Continued)**

<b>Capital Assets</b>				
(Net of Accumulated Depreciation)				
December 31, 2023				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% of Change</u>
Land	\$ 259,361	\$ 259,361	\$ 0	0.00%
Infrastructure	0	0	0	0.00%
Buildings	3,893,809	3,893,809	0	0.00%
Furniture & Equipment - Dwell	245,148	240,456	4,692	1.95%
Furniture & Equipment - Admin	183,886	183,886	0	0.00%
Leasehold Improvements	656,283	656,283	0	0.00%
Construction in progress	258,942	161,830	97,112	60.01%
Subtotal	<u>5,497,429</u>	<u>5,395,625</u>	<u>101,804</u>	<u>1.89%</u>
Accumulated Depreciation	<u>(4,086,457)</u>	<u>(4,011,968)</u>	<u>(74,489)</u>	<u>1.86%</u>
<b>Net Capital Assets</b>	<b>\$ <u>1,410,972</u></b>	<b>\$ <u>1,383,657</u></b>	<b>\$ <u>27,315</u></b>	<b><u>1.97%</u></b>

***Net Position***

Total assets consist of current and capital assets. Current assets are resources that are reasonably expected, based on plans and intentions, to be converted into cash or its equivalent during the current operating cycle. Capital assets are long-term tangible assets obtained because of past transactions, events, or circumstances and include buildings, equipment, and improvements to buildings and land.

Total liabilities consist of current and noncurrent payables. Current liabilities are current debts that are owed and due within 12 months. It is expected that current liabilities will consume current financial resources to satisfy debt. Noncurrent liabilities are debts that are owed but not due within 12 months. It is not expected that these liabilities will consume current financial resources to satisfy the debt.

Total assets increased due to revenue exceeding operating expenses. Total liabilities decreased due to vendor payables and accrued wages/payroll taxes. Non-current assets are assets which are not easily convertible to cash or are not expected to become cash within the next fiscal year.

***Total Net Position***

As of December 31, 2023, the Board had \$2,825,565 invested in total net position. Of this amount, \$1,885,263 of unrestricted net position may be used to meet the Board's future ongoing expenses and obligations. A restricted net position of \$46,116 was available. The remainder of \$894,186 represents the investment in furnishings and equipment.

<b>Expendable Fund Balance</b>				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% of Change</u>
<b>Expendable Fund Balance</b>	<b>\$ <u>1,568,114</u></b>	<b>\$ <u>1,122,747</u></b>	<b>\$ <u>445,367</u></b>	<b><u>39.67%</u></b>
<b>Number of Months Expendable Fund</b>	<b><u>24.81</u></b>	<b><u>13.39</u></b>	<b><u>11.43</u></b>	<b><u>85.33%</u></b>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**

December 31, 2022

**Financial Analysis – (Continued)**

***Expendable Fund Balance***

If current assets, less materials inventory, were converted to cash and all current liabilities were paid, the Board's cash balance (expendable fund balance) would be \$1,568,114 which increased \$445,367.

***Number of Months Expendable Fund Balance***

The expendable fund balance is divided by average monthly expense (total expenses for the year, less depreciation, divided by twelve (12) to determine the number of months expendable fund balance. This factor indicates the number of months the entity could operate without relying on additional funding. As of the fiscal year-end, the Board could continue operations for 24.81 months.

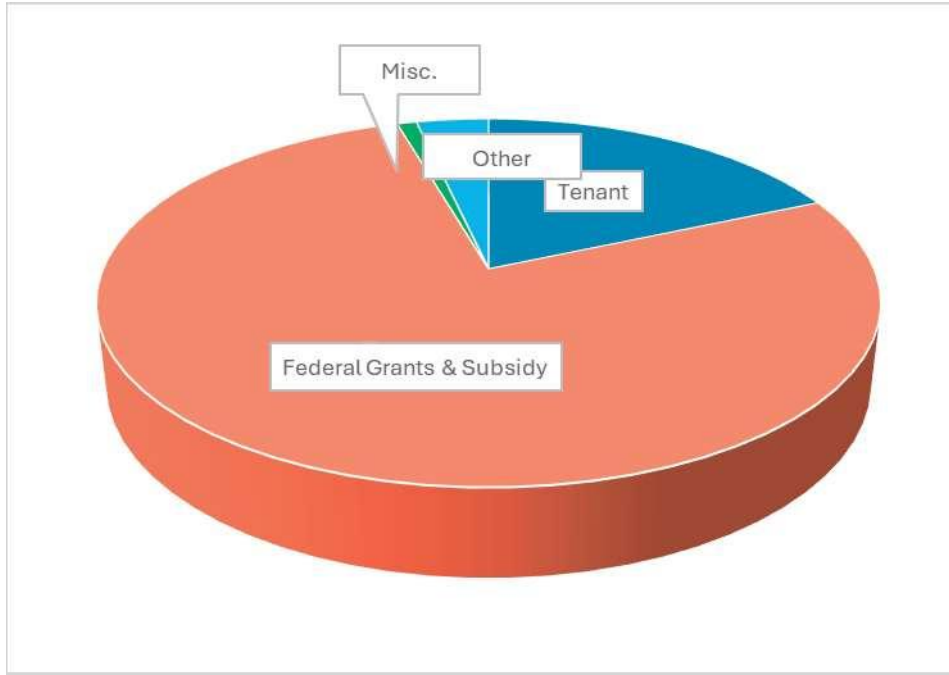
<b>Changes in Net Position</b>				
For the Years Ended December 31				
<b>Changes in Net Position</b>				
	<u>2023</u>	<u>2022</u>	<u>Change</u>	<u>% of Change</u>
<b>Revenue:</b>				
Tenant Revenue	\$ 673,882	\$ 637,539	\$ 36,343	5.70%
Federal Grants & Subsidy	2,810,478	2,496,880	313,598	12.56%
Investment	35,122	12,332	22,790	184.80%
Other Income	129,388	22,381	107,007	478.12%
Gain/Loss on the Sale of Assets	0	0	0	0.00%
<b>Total Revenue</b>	<b><u>3,648,870</u></b>	<b><u>3,169,132</u></b>	<b><u>479,738</u></b>	<b><u>15.14%</u></b>
<b>Expenses:</b>				
Administrative	337,671	438,987	(101,316)	-23.08%
Tenant Services	636	626	10	1.60%
Utilities	115,332	118,094	(2,762)	-2.34%
Routine Maintenance	248,218	330,020	(81,802)	-24.79%
Protective Services	0	325	(325)	-100.00%
General	36,558	83,405	(46,847)	-56.17%
Interest	13,202	32,978	(19,776)	-59.97%
Nonroutine	6,696	1,811	4,885	269.74%
Casualty Loss	0	0	0	0.00%
Housing Assistance Payments	2,360,470	2,009,961	350,509	17.44%
Depreciation	74,489	90,463	(15,974)	-17.66%
Fraud Losses	0	0	0	0.00%
<b>Total Operating Expenses</b>	<b><u>3,193,272</u></b>	<b><u>3,106,670</u></b>	<b><u>86,602</u></b>	<b><u>2.79%</u></b>
<b>Increase (Decrease) in Net Position</b>	<b><u>\$ 455,598</u></b>	<b><u>\$ 62,462</u></b>	<b><u>\$ 393,136</u></b>	<b><u>629.40%</u></b>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

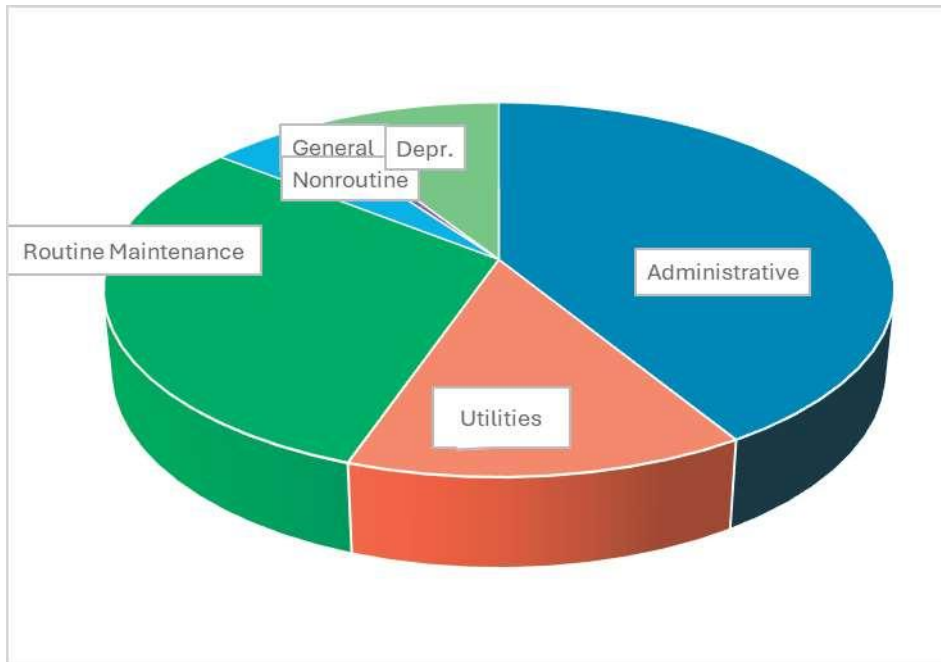
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)  
December 31, 2022

Financial Analysis – (Continued)

2023 Total Revenue



2023 Total Operating Expenses



HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)**  
December 31, 2022

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**Financial Analysis – (Continued)**

Total revenue increased due to Tenant Revenue, Federal Grants & Subsidy, Investments, and Other Income. Total operating expenses increased due to changes in Housing Assistance Payments rent expense are generally due to the number of Section 8 applicants assisted with housing needs and costs per unit leased. The net effect was an increase in changes in net position.

**Economic Factors**

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Authority's finances and to show accountability for the money it receives. If you have questions or need further clarification regarding the financial statements, contact Ms. Ashlei Reeder, Executive Director, Housing Authority of Fountain, 501 East Iowa Ave, Fountain, CO 80817, telephone number (719)382-5639.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**STATEMENT OF NET POSITION**  
December 31, 2023

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**ASSETS**

Current Assets:

Cash and cash equivalents	\$	1,383,022
Cash - restricted		102,171
Receivables - net of allowances		23,678
Inventory - net of allowances		19,129
Prepaid expenses		<u>212,812</u>

Total Current Assets 1,740,812

Non-current Assets:

Long term receivables		389,271
Capital assets:		
Land and construction in progress		518,303
Other capital assets, net of depreciation		<u>892,669</u>

Total capital assets - net 1,410,972

Total Non-current Assets 1,800,243

Total Assets \$ 3,541,055

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**STATEMENT OF NET POSITION - (Continued)**  
December 31, 2023

**LIABILITIES**

Current Liabilities:

Accounts payable	\$ 18,119
Tenant security deposit liability	56,055
Accrued compensated absences	10,140
Current portion of long term debt	18,298
Unearned revenues	<u>23,139</u>

Total Current Liabilities 125,751

Non-current Liabilities:

Long term debt, net of current portion	498,488
Compensated absences	<u>91,251</u>

Total Non-current Liabilities 589,739

Total Liabilities 715,490

**NET POSITION**

Net investment in capital assets	894,186
Restricted	46,116
Unrestricted	<u>1,885,263</u>

Total Net Position 2,825,565

Total Liabilities and Net Position \$ 3,541,055

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Year Ended December 31, 2023

<b>OPERATING REVENUES</b>	
Tenant revenue	\$ 673,882
Governmental grants and subsidy	2,713,366
Miscellaneous	<u>129,388</u>
Total operating revenue	<u>3,516,636</u>
<b>OPERATING EXPENSES</b>	
Administrative	337,671
Tenant services	636
Utilities	115,332
Ordinary maintenance and operations	248,218
Insurance	25,216
General	11,342
Non routine maintenance	6,696
Housing assistance payment	2,360,470
Depreciation expense	<u>74,489</u>
Total operating expenses	<u>3,180,070</u>
Operating income (loss)	<u>336,566</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	35,122
Interest expense	<u>(13,202)</u>
Net non-operating revenues (expenses)	<u>21,920</u>
Income (loss) before contributions and transfers	<u>358,486</u>
Capital contributions	<u>97,112</u>
Change in net position	455,598
Total net position - beginning of year	<u>2,369,967</u>
Total net position - end of year	<u>\$ 2,825,565</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2023

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Received from tenants	\$ 683,743
Received from governmental grants and subsidy	2,701,706
Received from other operating activities	129,388
Payments for goods and services	(649,869)
Payments to employees	(512,418)
Payment in lieu of taxes	(2,360)
Payment for housing assistance	<u>(2,360,470)</u>
Net cash provided by (used in) operating activities	<u>(10,280)</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital contributions	97,112
Purchases of capital assets	(101,804)
Principal paid on capital debt	(23,876)
Interest paid on capital debt	<u>(13,202)</u>
Net cash provided by (used in) capital and related financing activities	<u>(41,770)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Receipts of interest and dividends	<u>35,122</u>
Net cash provided by (used in) investing activities	<u>35,122</u>
Net increase (decrease) in cash and cash equivalents	(16,928)
Cash and cash equivalents at beginning of year	<u>1,502,121</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,485,193</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**STATEMENT OF CASH FLOWS - (Continued)**  
For the Year Ended December 31, 2023

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**Reconciliation of operating income (loss) to net cash provided (used) by operating activities**

Operating income (loss)	\$	336,566
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		74,489
Change in assets and liabilities:		
Receivables, net		(13,081)
Inventories, net		3,137
Prepaid expenses		(204,384)
Accounts and other payables		(33,655)
Tenant security deposit		4,062
Unearned revenues		15,933
Compensated absences		(127,994)
Accrued expenses		<u>(65,353)</u>
Net cash provided by (used) by operating activities	\$	<u><u>(10,280)</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Housing Authority of the City of Fountain (Authority) is a public body and a body corporate and politic organized under the laws of the State of Colorado that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1A. Financial Reporting Entity**

The Authority's financial reporting entity comprises the following:

Primary Government:	Housing Authority
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In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

**1B. Basis of Presentation**

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

**Proprietary Fund Types** - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are the determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

**Enterprise Fund** - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)  
December 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**1B. Basis of Presentation - (Continued)**

The Authority operates the following programs in the enterprise fund:

**Public and Indian Housing** – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

**Public Housing Capital Fund** – The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

**Section 8 Housing Choice Vouchers** – The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses HAP funds to the amount needed by the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

**Section 8 New Construction (Fountain Townhomes)** – The organization operates 14-unit apartment project located in Fountain, Colorado under Colorado Housing and Finance Authority (CHFA) Insured Project. Under this program, HUD provides Section 8 project-based assistance to the housing authorities to help bridge the gap between the rents needed to make a project feasible and the rents affordable to the tenants.

**State & Local (Fountain Mesa Court Townhomes)** – The organization operates 64-unit apartment project located in Fountain, Colorado under Colorado Housing and Finance Authority (CHFA) Insured Project.

**1C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**1D. Budgets**

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)  
December 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**1E. Estimates and assumptions**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

**1F. Assets, Liabilities, and Equity**

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of HUD, miscellaneous and tenant accounts receivable.

Inventories

Inventories are accounted for under the consumption method and recorded at lower of cost or market. Inventories consist primarily of maintenance materials and supplies held for consumption. The cost of these supplies is regarded as an expenditure at the time the items are consumed. Inventories are classified as current assets on the Statement of Net Position, net of an allowance for obsolete inventory.

Prepaid Expenses

Prepaid expenditures, such as insurance premiums and deferred costs, which are expected to be written off within the next fiscal year, are included in net current assets.

Capital Assets

Capital assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)  
December 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**1F. Assets, Liabilities, and Equity - (Continued)**

Capital Assets - (Continued)

Depreciation of all exhaustible capital assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-40 years
Furniture, equipment and machinery - dwelling	5 years
Furniture, equipment and machinery - administrative	3-7 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the security deposit fund and reserve accounts under the Public and Indian Housing, Section 8 N/C S/R and State & Local programs.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Equity Classifications

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

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$46,116 of restricted net position which consists of maintenance reserves relating to Section 8 N/C program.
- 3) Unrestricted net position - All other net position 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 are available, the Authority's policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)  
December 31, 2023

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**1G. Revenues, Expenditures, and Expenses**

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

**2A. Program Accounting Requirements**

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Section 8 New Construction	
- (Fountain Townhomes)	U.S. Department of Housing and Urban Development
State & Local	
- (Fountain Mesa Court Townhomes)	State of Colorado

**2B. Deposits and Investments Laws and Regulations**

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (Continued)**

**2C. Revenue Restrictions**

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
HAP Grant	Housing Assistance Payments

For the year ended December 31, 2023, the Authority complied, in all material respects, with these revenue restrictions.

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS**

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3A. Cash and Investments**

As of December 31, 2023, the Authority had the following cash deposits and investments:

Cash deposits	\$ <u>1,485,193</u>
Total	\$ <u>1,485,193</u>

Following is a reconciliation of the Authority’s deposit balances as of December 31, 2023:

Cash and cash equivalents	\$ 1,383,022
Restricted assets	<u>102,171</u>
Total	\$ <u>1,485,193</u>

**Deposits**

Custodial Credit Risk - Deposits

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2023, the Authority’s bank balances of \$1,699,632 were entirely covered by FDIC insurance or by the State of Colorado's (the State) Public Deposit Protection Act (PDPA) which precludes the Authority from requiring banks to hold securities in the Authority's name. The Authority deposits are subject to and in accordance with the PDPA. Under this act, all uninsured deposits are fully collateralized. The eligible collateral pledged is held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner prescribed by rule and regulation or is segregated from other trust department securities. All collateral so held must be clearly identified as being securities maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The depository has the right at any time to make substitutions of eligible collateral maintained or pledged and must at all times be entitled to collect and retain all income derived from those investments without restriction.

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)**

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**3B. Restricted Assets**

Restricted assets at December 31, 2023 consist of the following:

Type of Restricted Assets	Cash Including Time Deposits	Investments	Accrued Interest	Total
Reserve account	\$ 46,116	\$ ----	\$ ----	\$ 46,116
Security deposit	56,055	----	----	56,055
 Total	 \$ 102,171	 \$ ----	 \$ ----	 \$ 102,171

**3C. Accounts Receivable**

Receivables at December 31, 2023, consist of the following:

Tenants	\$ 12,554	
Less: Allowance for doubtful account - tenants	(2,008)	\$ 10,546
Miscellaneous	8,709	
Less: Allowance for doubtful account – miscellaneous	(7,791)	918
Accounts receivable – PHA projects		12,214
Total Accounts Receivable		\$ 23,678

**3D. Long Term Receivable**

The Authority has provided a note receivable to Fountain Ridge South Apartments, LLP in the amount of \$389,271. The maturity date of the note is July 1, 2044. The interest rate is 1%.

The Authority is a special limited partner in Fountain Ridge South Apartments, LLP. The ownership interest is .05%. The partnership is a tax credit partnership that has 75 units in Fountain, Colorado. The partnership interest is recorded on an equity basis and is presently (\$675). The notes receivable is \$389,271 and is secured by a lien on the property. The notes are classified as long term because current payments are not expected. The notes receivable is part of the financing from the Colorado Division of Housing that were provided to the Partnership but are required to be given to a non-profit organization such as the Housing Authority.

**3E. Inventory**

Inventory at December 31, 2023 comprised of the following:

Inventory	\$ 20,135
Less: Allowance for obsolete inventory	(1,006)
Inventory - net of allowance	\$ 19,129

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)**

**3F. Prepaid Expenses**

Prepaid expenses totaled \$212,812 at December 31, 2023, and consisted of primarily prepaid insurances and deferred costs (HAP).

**3G. Capital Assets**

A summary of capital asset activity for the year ended December 31, 2023 is as follows:

	<b>Balance January 1, 2023</b>	<b>Additions</b>	<b>(Retirement)</b>	<b>Balance December 31, 2023</b>
<b>Non-depreciable assets:</b>				
Land	\$ 259,361	\$ -	\$ -	\$ 259,361
Construction in progress	161,830	97,112	-	258,942
<b>Total non-depreciable assets</b>	421,191	97,112	-	518,303
<b>Depreciable assets:</b>				
Building	3,893,809	-	-	3,893,809
Equipment - dwelling	240,456	4,692	-	245,148
Equipment - administration	183,886	-	-	183,886
Leasehold improvements	656,283	-	-	656,283
<b>Total depreciable assets</b>	4,974,434	4,692	-	4,979,126
<b>Accumulated depreciation</b>	(4,011,968)	(74,489)	-	(4,086,457)
<b>Total depreciable assets, net</b>	962,466	(69,797)	-	892,669
<b>Capital assets, net</b>	\$ 1,383,657	\$ 27,315	\$ -	\$ 1,410,972

Depreciation expense is charged to programs as follows:

	<b>Business-type Activities</b>
Public and Indian Housing	\$ 34,045
Housing Choice Vouchers	2,001
State & Local	36,073
S8 N/C S/R	2,370
<b>Total depreciation expense</b>	\$ 74,489

**3H. Accounts Payable**

Accounts payable at December 31, 2023, consist of the following:

PILOT	\$ 400
Other current liabilities	1,573
Accrued utilities	16,146
<b>Total Accounts Payable</b>	\$ 18,119

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)**

**3I. Non-current Liabilities**

Non-current liabilities at December 31, 2023, consist of the following:

Accrued compensated absences	\$	91,251
Mortgage payable		498,488
Total Non-Current Liabilities	\$	589,739

The following is the summary of changes in long-term liabilities:

	<u>Balance</u> <u>Jan 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec 31, 2023</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued compensated absences	\$ 206,446	\$ ---	\$ 115,195	\$ 91,251	\$ 10,140
Mortgage payable	515,354	---	16,866	498,488	18,298
Total Non-Current Liabilities	\$ 721,800	\$ ---	\$ 132,061	\$ 589,739	\$ 28,438

**Annual Debt Service Requirements**

The long-term debt consists of the following mortgages:

**Fountain Townhomes:**

The Authority has a mortgage payable to Colorado Housing and Finance Authority (CHFA) which is due in monthly installments of \$2,642, including principal and interest, with final maturity scheduled for December 1, 2033, at an interest rate of 5.75%. The balance due as of December 31, 2023, is \$240,731 (including current portion). The apartment project serves as collateral for this loan.

Additionally, the Authority has a second mortgage payable to Federal Housing Administration obtained through the Mark to Market program, consisting of a mortgage restructuring in the amount of \$140,399. This mortgage has a maturity date of December 1, 2033, at an interest rate of 4.00%. Principal is due in full at maturity, however, if the Authority operates Fountain Townhomes as affordable housing until maturity, the second mortgage will be forgiven. The apartment project serves as collateral for this loan.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**NOTE 3 – DETAILED NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)**

**3I. Non-current Liabilities - (Continued)**

Annual Debt Service Requirements – (Continued)

Fountain Townhomes – (Continued):

The annual debt service requirements to maturity for long-term debt as of December 31, 2023, are as follows:

Year Ending Dec 31,	Principal	Interest	Total
2024	\$ 18,298	\$ 13,410	\$ 31,708
2025	19,284	12,424	31,708
2026	20,300	11,408	31,708
2027	21,346	10,362	31,708
2028	22,422	9,286	31,708
2029-2033	279,480	19,459	298,939
	\$ 381,130	\$ 76,349	\$ 457,479

Fountain Mesa Court Townhomes:

The Project has a first and second mortgage payable to Colorado Division of Housing in the amount of \$78,802 and \$56,854. The note is due in one balloon payment on June 1, 2054. The apartment project serves as collateral for this loan.

The annual debt service requirements to maturity for long-term debt as of December 31, 2023, are as follows:

Year Ending Dec 31,	Principal	Interest	Total
2054	135,656	-	135,656
	\$ 135,656	\$ -	\$ 135,656

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

**NOTE 4 – OTHER NOTES**

**4A. Commitments – Construction**

At December 31, 2023, the Authority had the following pending Public Housing Capital Fund projects in progress:

		<b>Funds Approved</b>		<b>Funds Expended - Project to Date</b>
CFP 501-20	\$	83,122	\$	66,949
CFP 501-22	\$	105,945	\$	35,000

**4B. Contingencies**

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

**4C. Risk Management**

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with State Farm Insurance.
b. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000 deductibles.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

**4D. Financial Data Schedule**

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense, interest expense, extraordinary maintenance and Housing Assistance Payment (HAP) and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

**4E. Related Party**

The Authority is a special limited partner in the Fountain Ridge South Apartments, a tax-credit project. The equity interest owned in the partnership is not material to the financial statements. The Authority has voucher clients housed in the tax credit project.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)**  
December 31, 2023

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**NOTE 4 – OTHER NOTES - (Continued)**

**4F. Subsequent Events**

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through September 6, 2024, and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

**4G. Economic Dependency**

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2024 federal budget.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST**  
December 31, 2023

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1. Actual Capital Fund Program costs are as follows:

	<u>501-19</u>
Funds approved	\$ 77,287
Funds expended	<u>77,287</u>
Excess of Funds Approved	<u>\$ ---</u>
Funds advanced	\$ 77,287
Funds expended	<u>77,287</u>
Excess (deficiency) of Funds Advanced	<u>\$ ---</u>

2. The costs as shown on the Actual Cost Certificate dated September 27, 2023, submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2023.

3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2023

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>		<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Public and Indian Housing	14.850	\$	95,163
Public Housing Capital Fund	14.872		100,922
Housing Voucher Cluster:			
Section 8 Housing Choice Vouchers	14.871		2,505,123
Section 8 Project-Based Cluster:			
Section 8 New Construction & Substantial Rehabilitation	14.182		109,270
Multifamily Assisted Housing Reform and Affordability Act	14.197	*	381,130
Home Investment Partnerships Program	14.239	*	<u>135,656</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$</b>	<b><u><u>3,327,264</u></u></b>

\* Consists of principal loan balance at December 31, 2023.

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Fountain (Authority) under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – SOURCES OF FUNDING**

The schedule includes all grants and contracts entered into directly between the Authority and agencies and departments of the federal government, as well as federal funds passed through to the Authority by primary recipients. The Authority provided no part of its direct grant federal dollars to sub-recipients.

**NOTE 4 – SUB-RECIPIENTS**

There were no sub-recipients for the year ended December 31, 2023.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**FINANCIAL DATA SCHEDULE**

Year Ended December 31, 2023

	Project Total	2 State/Local	14,182 N/C S/R Section 8 Programs	14,871 Housing Choice Vouchers	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$540,285	\$593,944	\$3,431	\$245,362	\$1,383,022		\$1,383,022
113 Cash - Other Restricted	\$0		\$46,116	\$0	\$46,116		\$46,116
114 Cash - Tenant Security Deposits	\$3,825	\$45,788	\$6,442	\$0	\$56,055		\$56,055
100 Total Cash	\$544,110	\$639,732	\$55,989	\$245,362	\$1,485,193	\$0	\$1,485,193
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$503	\$503		\$503
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$0	\$11,711	\$11,711		\$11,711
125 Accounts Receivable - Miscellaneous	\$8,709	\$0	\$0	\$0	\$8,709		\$8,709
126 Accounts Receivable - Tenants	\$3,618	\$5,996	\$2,940	\$0	\$12,554		\$12,554
126.1 Allowance for Doubtful Accounts - Tenants	-\$362	-\$600	-\$1,046	\$0	-\$2,008		-\$2,008
126.2 Allowance for Doubtful Accounts - Other	-\$7,791	\$0	\$0	\$0	-\$7,791		-\$7,791
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,174	\$5,396	\$1,894	\$12,214	\$23,678	\$0	\$23,678
142 Prepaid Expenses and Other Assets	\$9,940	\$0	\$0	\$202,872	\$212,812		\$212,812
143 Inventories	\$7,047	\$10,068	\$3,020	\$0	\$20,135		\$20,135
143.1 Allowance for Obsolete Inventories	-\$352	-\$503	-\$151	\$0	-\$1,006		-\$1,006
150 Total Current Assets	\$564,919	\$654,693	\$60,752	\$460,448	\$1,740,812	\$0	\$1,740,812
161 Land	\$26,742	\$182,432	\$50,187	\$0	\$259,361		\$259,361
162 Buildings	\$2,195,328	\$1,041,852	\$656,629	\$0	\$3,893,809		\$3,893,809
163 Furniture, Equipment & Machinery - Dwellings	\$131,262	\$87,449	\$26,437	\$0	\$245,148		\$245,148
164 Furniture, Equipment & Machinery - Administration	\$87,625	\$76,305	\$5,005	\$14,951	\$183,886		\$183,886
165 Leasehold Improvements	\$521,669	\$84,766	\$49,848	\$0	\$656,283		\$656,283
166 Accumulated Depreciation	-\$2,388,795	-\$999,882	-\$684,498	-\$13,282	-\$4,086,457		-\$4,086,457
167 Construction in Progress	\$258,942	\$0	\$0	\$0	\$258,942		\$258,942
160 Total Capital Assets, Net of Accumulated Depreciation	\$832,773	\$472,922	\$103,608	\$1,669	\$1,410,972	\$0	\$1,410,972
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$389,271	\$0	\$0	\$389,271		\$389,271
180 Total Non-Current Assets	\$832,773	\$862,193	\$103,608	\$1,669	\$1,800,243	\$0	\$1,800,243
290 Total Assets and Deferred Outflow of Resources	\$1,397,692	\$1,516,886	\$164,360	\$462,117	\$3,541,055	\$0	\$3,541,055

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**FINANCIAL DATA SCHEDULE - (Continued)**  
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
322 Accrued Compensated Absences - Current Portion	\$2,459	\$4,108	\$1,329	\$2,244	\$10,140		\$10,140
333 Accounts Payable - Other Government	\$400	\$0	\$0	\$0	\$400		\$400
341 Tenant Security Deposits	\$3,825	\$45,788	\$6,442	\$0	\$56,055		\$56,055
342 Unearned Revenue	\$17,257	\$5,395	\$487	\$0	\$23,139		\$23,139
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0		\$18,298	\$0	\$18,298		\$18,298
345 Other Current Liabilities	\$0	\$675	\$898	\$0	\$1,573		\$1,573
346 Accrued Liabilities - Other	\$8,976	\$2,085	\$0	\$0	\$11,061		\$11,061
347 Inter Program - Due To	\$0	\$0	\$5,085	\$0	\$5,085		\$5,085
310 Total Current Liabilities	\$32,917	\$58,051	\$32,539	\$2,244	\$125,751	\$0	\$125,751
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$135,656	\$362,832	\$0	\$498,488		\$498,488
354 Accrued Compensated Absences - Non Current	\$22,128	\$36,970	\$11,957	\$20,196	\$91,251		\$91,251
350 Total Non-Current Liabilities	\$22,128	\$172,626	\$374,789	\$20,196	\$589,739	\$0	\$589,739
300 Total Liabilities	\$55,045	\$230,677	\$407,328	\$22,440	\$715,490	\$0	\$715,490
508.4 Net Investment in Capital Assets	\$832,773	\$337,266	-\$277,522	\$1,669	\$894,186		\$894,186
511.4 Restricted Net Position	\$0	\$0	\$46,116	\$0	\$46,116		\$46,116
512.4 Unrestricted Net Position	\$509,874	\$948,943	-\$11,562	\$438,008	\$1,848,566		\$1,848,566
513 Total Equity - Net Assets / Position	\$1,342,647	\$1,286,209	-\$242,968	\$439,677	\$2,825,565	\$0	\$2,825,565
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,397,692	\$1,516,886	\$164,360	\$462,117	\$3,541,055	\$0	\$3,541,055

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**FINANCIAL DATA SCHEDULE - (Continued)**

Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$160,427	\$460,961	\$43,253	\$0	\$664,641		\$664,641
70400 Tenant Revenue - Other	\$190	\$7,000	\$2,051	\$0	\$9,241		\$9,241
70500 Total Tenant Revenue	\$160,617	\$467,961	\$45,304	\$0	\$673,882	\$0	\$673,882
70600 HUD PHA Operating Grants	\$98,973	\$0	\$109,270	\$2,505,123	\$2,713,366		\$2,713,366
70610 Capital Grants	\$97,112	\$0	\$0	\$0	\$97,112		\$97,112
71100 Investment Income - Unrestricted	\$15,185	\$13,066	\$32	\$6,486	\$34,769		\$34,769
71400 Fraud Recovery	\$0	\$0	\$0	\$598	\$598		\$598
71500 Other Revenue	\$4,376	\$122,348	\$2,024	\$42	\$128,790		\$128,790
72000 Investment Income - Restricted	\$0	\$77	\$276	\$0	\$353		\$353
70000 Total Revenue	\$376,263	\$603,452	\$156,906	\$2,512,249	\$3,648,870	\$0	\$3,648,870
91100 Administrative Salaries	\$10,978	\$89,042	\$2,344	\$32,010	\$134,374		\$134,374
91200 Auditing Fees	\$1,206	\$6,030	\$603	\$4,221	\$12,060		\$12,060
91500 Employee Benefit contributions - Administrative	\$7,220	\$71,155	\$9,788	\$23,991	\$112,154		\$112,154
91600 Office Expenses	\$4,816	\$7,027	\$451	\$3,768	\$16,062		\$16,062
91700 Legal Expense	\$0	\$150	\$0	\$0	\$150		\$150
91900 Other	\$4,235	\$23,810	\$23,200	\$11,626	\$62,871		\$62,871
91000 Total Operating - Administrative	\$28,455	\$197,214	\$36,386	\$75,616	\$337,671	\$0	\$337,671
92400 Tenant Services - Other	\$636	\$0	\$0	\$0	\$636		\$636
92500 Total Tenant Services	\$636	\$0	\$0	\$0	\$636	\$0	\$636
93100 Water	\$12,642	\$10,023	\$15,732	\$0	\$38,397		\$38,397
93200 Electricity	\$22,751	\$1,341	\$13,353	\$0	\$37,445		\$37,445
93300 Gas	\$13,653	\$2,715	\$7,460	\$0	\$23,828		\$23,828
93600 Sewer	\$7,471	\$1,059	\$7,132	\$0	\$15,662		\$15,662
93000 Total Utilities	\$56,517	\$15,138	\$43,677	\$0	\$115,332	\$0	\$115,332

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**FINANCIAL DATA SCHEDULE - (Continued)**

Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$12,985	\$41,370	\$2,718	\$0	\$57,073		\$57,073
94200 Ordinary Maint. and Operations - Materials and Other	\$13,216	\$19,511	\$2,702	\$1,016	\$36,445		\$36,445
94300 Ordinary Maintenance and Operations Contracts	\$39,711	\$64,899	\$35,021	\$0	\$139,631		\$139,631
94500 Employee Benefit Contributions - Ordinary Maintenance	\$15,069	\$0	\$0	\$0	\$15,069		\$15,069
94000 Total Maintenance	\$80,981	\$125,780	\$40,441	\$1,016	\$248,218	\$0	\$248,218
96110 Property Insurance	\$19,667	\$3,012	\$398	\$398	\$23,475		\$23,475
96130 Workmen's Compensation	\$2	\$5	\$1		\$8		\$8
96140 All Other Insurance	\$749	\$0	\$0	\$984	\$1,733		\$1,733
96100 Total insurance Premiums	\$20,418	\$3,017	\$399	\$1,382	\$25,216	\$0	\$25,216
96200 Other General Expenses	\$0	\$0	\$0	\$669	\$669		\$669
96300 Payments in Lieu of Taxes	\$400	\$1,280	\$280	\$0	\$1,960		\$1,960
96400 Bad debt - Tenant Rents	\$720	\$3,555	\$4,438	\$0	\$8,713		\$8,713
96000 Total Other General Expenses	\$1,120	\$4,835	\$4,718	\$669	\$11,342	\$0	\$11,342
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$46	\$13,156	\$0	\$13,202		\$13,202
96700 Total Interest Expense and Amortization Cost	\$0	\$46	\$13,156	\$0	\$13,202	\$0	\$13,202
96900 Total Operating Expenses	\$188,127	\$346,030	\$138,777	\$78,683	\$751,617	\$0	\$751,617
97000 Excess of Operating Revenue over Operating Expenses	\$188,136	\$257,422	\$18,129	\$2,433,566	\$2,897,253	\$0	\$2,897,253
97100 Extraordinary Maintenance	\$0	\$6,407	\$289	\$0	\$6,696		\$6,696
97300 Housing Assistance Payments	\$0	\$0	\$0	\$2,360,470	\$2,360,470		\$2,360,470
97400 Depreciation Expense	\$34,045	\$36,073	\$2,370	\$2,001	\$74,489		\$74,489
90000 Total Expenses	\$222,172	\$388,510	\$141,436	\$2,441,154	\$3,193,272	\$0	\$3,193,272
10010 Operating Transfer In	\$3,810	\$0	\$0	\$0	\$3,810	-\$3,810	\$0
10020 Operating transfer Out	-\$3,810	\$0	\$0	\$0	-\$3,810	\$3,810	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$154,091	\$214,942	\$15,470	\$71,095	\$455,598	\$0	\$455,598

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**FINANCIAL DATA SCHEDULE - (Continued)**

Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	ELIM	Total
11020 Required Annual Debt Principal Payments	\$0	\$7,966	\$15,910	\$0	\$23,876		\$23,876
11030 Beginning Equity	\$1,188,556	\$1,071,267	-\$258,438	\$368,582	\$2,369,967		\$2,369,967
11170 Administrative Fee Equity	\$0			\$439,677	\$439,677		\$439,677
11190 Unit Months Available	480	768	168	2087	3503		3503
11210 Number of Unit Months Leased	417	737	152	2087	3393		3393
11270 Excess Cash	\$499,690				\$499,690		\$499,690
11620 Building Purchases	\$97,112				\$97,112		\$97,112
11630 Furniture & Equipment - Dwelling Purchases	\$702				\$702		\$702



# Audit Solutions, LLC.

Certified Public Accountant

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Fountain (Authority), Colorado, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated September 6, 2024.

### **Report on Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that I consider to be significant deficiencies as finding #2023-001 and #2023-002.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding #2023-002.

**Authority's Response to Finding**

The Authority's response to the finding identified in my audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

**Purpose of this Report**

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

*Audit Solutions, LLC*

Chesterfield, Missouri  
September 6, 2024



# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

I have audited Housing Authority of the City of Fountain (Authority), Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Authority's major federal programs for the year ended December 31, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

#### *Basis for Opinion on Each Major Federal Program*

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

#### *Auditor's Responsibilities for the Audit of Compliance*

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

#### ***Other Matters***

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as finding #2023-003. My opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on Authority's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

#### **Report on Internal Control over Compliance**

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as finding #2023-003 to be a significant deficiency.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on Authority's response to the internal control over compliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subject to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Audit Solutions, LLC***

Chesterfield, Missouri

September 6, 2024



# Audit Solutions, LLC.

Certified Public Accountant

## INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Fountain and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

I compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of the performance of my agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the chart below.

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2023, and have issued my report thereon dated September 6, 2024. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated September 6, 2024, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. I have not performed any additional procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

This report is intended solely for the information and use of the Authority and the U.S. Department of Housing and Urban Development, PIH-REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*Audit Solutions, LLC*

Chesterfield, Missouri  
September 6, 2024

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**AGREED UPON PROCEDURES**

December 31, 2023

<b>Procedure</b>	<b>UFRS Rule Information</b>	<b>Hard Copy Document(s)</b>	<b>Agrees</b>
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
December 31, 2023

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**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
<u>Identification of Major programs:</u>	
➤ ALN #14.871            Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)**  
December 31, 2023

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**Section II - Financial Statement Findings**

The current audit report for the year ended December 31, 2023, disclosed the following Financial Statement audit findings:

2023-001. Significant Audit Adjustments

Criteria:

The Authority should take the steps necessary to ensure accuracy and completeness of the financial statements.

Condition:

This audit required a number of significant adjusting journal entries. These entries were necessary because certain unadjusted general ledger accounts were incorrect and/or not recorded correctly.

Questioned Costs:

None noted.

Effect:

The PHA's financial statements before any adjusting entries contained errors and/or were not properly recorded.

Cause:

This appears to be an oversight by the Authority.

Recommendation:

I recommend that the Authority exercise more care in processing and recording transactions and that more care be taken to ensure the completeness of financial reporting.

Management's Response:

Management hired a new Executive Director mid-October 2024. Management and Executive Director will strive to maintain correct financial entries and will conduct monthly reviews to ensure adjusting entries are correct and properly recorded. The Housing Authority will review transactions on a monthly basis to verify accuracy and meet compliance requirements.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)**  
December 31, 2023

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**Section II - Financial Statement Findings – (Continued)**

2023-002 Tenant Files – HCV Program

Criteria:

HUD guidelines on tenant file documentation and maintenance must be followed at all times.

Condition:

During my review of ten (10) HCV program tenant files, I noted the following deficiencies:

- One file did not have HUD form 50058.
- Six files did not contain independent income verification.

Questioned Costs:

None noted.

Effect:

Tenant files are incomplete and could have incorrect rent calculation.

Cause:

It appears that no supervisory review was performed to ensure completeness of the tenant files.

Recommendation:

I recommend that the Authority ensure that all tenant files are maintained properly, and supervisory reviews are performed to ensure completeness and accuracy.

Management's Response:

Management hired a new Executive Director mid-October 2024. Management and the Executive Director will strive to conduct random tenant/participant file audits while meeting SEMAP guidelines on a monthly basis to ensure and verify compliance with HUD regulations. Documentation will be reviewed for accuracy and completeness and maintained monthly. The Housing Authority will document monthly audits completed until all files have been audited for accuracy and correct information.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS – (Continued)**  
December 31, 2023

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**Section III - Federal Award Findings and Questioned Costs**

The current audit report for the year ended December 31, 2023, disclosed the following Federal Awards audit findings and questioned costs:

2023-003 Tenant Files – HCV Program (same as financial finding #2023-002).

Federal Awards:

14.871 – Housing Choice Vouchers

*Type:*

Significant deficiency

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN  
Fountain, Colorado

**CORRECTIVE ACTION PLAN**  
December 31, 2023

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The following is the corrective action plan for FY 2023 findings:

**Financial Statement Finding:**

2023-001. Significant Audit Adjustments

Corrective action planned: Complete quality audits for financial transactions, monthly review and training with AP/AR staff.

Contact person: Ashlei Reeder, Executive Director.

Anticipated completion date: 12/31/2024

2023-002. Tenant Files – HCV Program

Corrective action planned: Complete quality audits for tenant / participant files following HUD SEMAP guidelines, file audits for PIC information and financials, minimum 3 audits until complete.

Contact person: Ashlei Reeder, Executive Director.

Anticipated completion date: 03/31/2025

**Federal Award Finding:**

2023-003. Significant Audit Adjustments (same as financial finding # 2023-002).