

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

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTAL INFORMATION**

Year Ended March 31, 2023

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**REQUIRED SUPPLEMENTAL INFORMATION-
MANAGEMENT'S DISCUSSION AND ANALYSIS**



HOUSING AUTHORITY OF TOWN OF HAXTUN



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MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2023

This section of the Housing Authority of the Town of Haxtun, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on March 31, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2023 was \$796,900. The net position increased by \$24,795, an increase of 3% over the prior year. Of this amount, \$534,450 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$149,595 for the year ended March 31, 2023. This was an increase of \$13,083 or 10% over the prior year.

Operating expenses for the Authority were \$250,790 for the year ended March 31, 2023. This was an increase of \$18,518 or 8% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *management discussion and analysis* report, the *basic financial statements* and the *notes to financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information required by HUD. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

Required Financial Statements

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

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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 final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, 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 Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

Notes to Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2023 is required to be included in the audit reporting package.

FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION

	FY 2023	FY 2022	Dollar Change	Percent Change
Current and other assets	\$ 583,959	\$ 534,264	\$ 49,695	9%
Capital assets	246,903	275,121	(28,218)	-10%
Total Assets	830,862	809,385	21,477	3%
Current liabilities	24,068	21,894	2,174	10%
Noncurrent liabilities	9,894	15,386	(5,492)	-36%
Total Liabilities	33,962	37,280	(3,318)	-9%
Net Position				
Net investment in capital assets	231,956	254,733	(22,777)	-9%
Restricted	30,494	30,580	(86)	-0.3%
Unrestricted	534,450	486,792	47,658	10%
Total Net Position	\$ 796,900	\$ 772,105	\$ 24,795	3%

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2023**

FINANCIAL ANALYSIS (CONT'D)

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$796,900 at the close of the year ended March 31, 2023. This represents an increase of \$24,795 which is an increase of 3% over the prior year and was attributed to capital funds grants and operations for the year end March 31, 2023.

Current and other assets increased by \$49,695. This was attributed to operations before depreciation and offset by funds used for capital improvements and debt service payments which resulted in a net decrease in cash and investments of (\$37,113). This was offset by an increase of \$85,471 in the amount due from HUD which is the result of when funds are requisitioned.

Total liabilities decreased by (\$3,318). There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

A portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation) and less any related debt used to acquire those assets that are still outstanding. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Unrestricted net position as of March 31, 2023 was \$534,450. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had \$30,494 net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen on the next page, total revenues increased by \$21,163 primarily due to the increase in rental income of \$12,915 or 10% and by an increase in Federal operating grants of \$8,064. The increase in rental income was attributed to the change in rent compositions and occupancy from the prior year.

HUD operating subsidy for the Authority was \$58,023 for the year ended March 31, 2023. This was a decrease of (\$13,382) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. In the current year the Authority expended \$70,261 of HUD capital grants for operations compared to \$43,727 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

The Authority also recognized \$5,088 in the prior year from CARES Act funding from HUD as a result of COVID-19.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2023**

FINANCIAL ANALYSIS (CONT'D)

**CONDENSED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

	FY 2023	FY 2022	Dollar Change	Percent Change
Revenues				
Program revenues				
Rental	\$ 145,596	\$ 132,681	\$ 12,915	10%
HUD program contributions	128,284	120,220	8,064	7%
USDA program contributions	2,902	2,688	214	8%
Other	1,097	1,143	(46)	-4%
General revenues				
Interest	1,066	1,050	16	2%
Total Revenues	<u>278,945</u>	<u>257,782</u>	<u>21,163</u>	<u>8%</u>
Expenses				
Depreciation	38,702	38,027	675	2%
Operating	212,088	194,245	17,843	9%
Nonoperating	9,520	9,450	70	1%
Total Expenses	<u>260,310</u>	<u>241,722</u>	<u>18,588</u>	<u>8%</u>
Excess (deficiency) before contributions and special items	18,635	16,060	2,575	
Capital contributions	6,160	-	6,160	
Special Items:				
Nonroutine maintenance	-	(180)	180	
Changes in Net Position	24,795	15,880	8,915	
Beginning Net Position	772,105	756,225	15,880	
Ending Net Position	<u>\$ 796,900</u>	<u>\$ 772,105</u>	<u>\$ 24,795</u>	

Operating expenses for the Authority were \$212,088 for the year ended March 31, 2023. This was an increase of \$17,843 or 9% over the prior year. The most significant increases were in utilities which increased by \$4,593 and maintenance which increased by \$9,256. The expense fluctuations were not attributed to any specific event or unusual circumstance other than the typical variability from year to year.

CAPITAL ASSETS

The Authority's capital assets as of March 31, 2023 were \$246,903. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's capital assets for the fiscal year was 10% in terms of net book value. The actual amount to purchase or construct capital assets was \$10,484 for the year. Depreciation charges for the year totaled \$38,702. Additional information on the Authority's capital assets can be found in Note G of the notes to the financial statements of this report.

**HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended March 31, 2023**

DEBT ADMINISTRATION

The Authority has outstanding notes payable of \$14,947, a decrease of (\$5,441). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended March 31, 2023. Additional information on the Authority's long-term debt can be found in Note K of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2024 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD and Rural Development. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the Town of Haxtun, 136 S. Miller Ave., Haxtun, Colorado 80731.

INDEPENDENT AUDITOR'S REPORT

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Housing Authority of the Town of Haxtun, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the major fund of the Housing Authority of the Town of Haxtun, Colorado, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Haxtun, Colorado'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 financial position of the Housing Authority of the Town of Haxtun, Colorado as of March 31, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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 Housing Authority of the Town of Haxtun, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Haxtun, Colorado's ability to continue as a going concern for twelve months beyond the financial date, including any currently know 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 purposes of expressing an opinion on the effectiveness of the Housing Authority of the Town of Haxtun, Colorado's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the Town of Haxtun, Colorado'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, amount 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 statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the Town of Haxtun, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Program Financial Schedules and Financial Data Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules and Financial Data Schedules are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023 on our consideration of the Housing Authority of the Town of Haxtun, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Housing Authority of the Town of Haxtun, Colorado'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 the Housing Authority of the Town of Haxtun, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
November 6, 2023

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2023

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 219,015
Investments	170,051
Accounts receivable, net	598
Due from other governments	141,695
Accrued interest receivable	79
Prepaid items	14,877
<i>Restricted:</i>	
Cash and cash equivalents	7,150
Investments	30,494
TOTAL CURRENT ASSETS	<u>583,959</u>
 NONCURRENT ASSETS:	
Capital Assets, non-depreciable	2,098
Capital Assets, depreciable, net	244,805
TOTAL NONCURRENT ASSETS	<u>246,903</u>
TOTAL ASSETS	<u>\$ 830,862</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 4,689
Accrued payroll and benefits	382
Accrued interest payable	12
Due to other governments	6,518
Tenant security deposits payable	7,150
Unearned revenue	264
Current portion, notes payable	5,053
TOTAL CURRENT LIABILITIES	<u>24,068</u>
 NONCURRENT LIABILITIES:	
Notes payable	9,894
TOTAL NONCURRENT LIABILITIES	<u>9,894</u>
TOTAL LIABILITIES	<u>33,962</u>
 NET POSITION	
Net investment in capital assets	231,956
Restricted, replacement reserve	30,494
Unrestricted	534,450
TOTAL NET POSITION	<u>\$ 796,900</u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended March 31, 2023

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	145,596
USDA rental assistance		2,902
Other income		<u>1,097</u>
TOTAL OPERATING REVENUES		149,595
OPERATING EXPENSES		
Administrative		78,785
Utilities		47,707
Ordinary maintenance and operations		55,648
General expense		29,948
Depreciation		<u>38,702</u>
TOTAL OPERATING EXPENSES		<u>250,790</u>
OPERATING INCOME (LOSS)		<u>(101,195)</u>
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		58,023
HUD capital fund grants - operations		70,261
Interest income		1,066
Interest/overage expense		<u>(9,520)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>119,830</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS		18,635
CAPITAL FUND CONTRIBUTIONS		
HUD capital fund grants		<u>6,160</u>
INCREASE (DECREASE) IN NET POSITION		24,795
NET POSITION		
Net position, beginning balance		<u>772,105</u>
TOTAL NET POSITION - ENDING BALANCE	\$	<u><u>796,900</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended March 31, 2023

	Housing
CASH FLOWS FROM OPERATING ACTIVITIES:	
Rental receipts	\$ 148,245
USDA rental assistance	2,902
Other receipts	1,097
Tenant security deposits	(650)
Cash payments for goods and services	(132,233)
Cash payments to employees for services	(81,069)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(61,708)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
HUD operating subsidy	22,109
HUD capital fund grants - operations	20,704
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	42,813
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases and construction of capital assets	(10,484)
HUD capital fund grants	6,160
Principal paid on capital debt	(5,441)
Interest paid on capital debt	(9,508)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(19,273)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net (deposits) withdrawals to investments	(408)
Interest received	1,055
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	647
NET INCREASE (DECREASE) IN CASH	(37,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	263,686
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 226,165

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)
Year Ended March 31, 2023

**RECONCILIATION OF INCOME (LOSS) FROM
OPERATIONS TO NET CASH PROVIDED
(USED) BY OPERATING ACTIVITIES:**

	Housing
Operating income (loss)	\$ (101,195)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	38,702
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	2,563
(Increase) decrease in prepaid items	(3,890)
Increase (decrease) in accounts payable	1,564
Increase (decrease) in tenant security deposits	(650)
Increase (decrease) in accrued payroll and benefits	419
Increase (decrease) in due to other governments	693
Increase (decrease) in unearned revenue	86
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (61,708)

See accompanying notes.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the United States Housing Act of 1937 and amendments contained in the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture.

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.

Financial 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 Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

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 outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present 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.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost 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 nonoperating revenues and expenses. Proprietary Fund Financial Statements include a Statement of Net Position,

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements.

The Authority has one enterprise fund which includes the activities of the following programs:

Public Housing Program. This program accounts for the operation, maintenance, and development of 22 housing units which are owned by the Authority. The developments of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

USDA Rural Development. This program accounts for the operation and maintenance of 10 housing units known as Villa East Apartments which are owned by the Authority and financed by the U.S. Department of Rural Development. The development of the projects were funded primarily by Rural Development through low-interest loans which are subsidized by Rural Development through interest subsidy and rental assistance.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

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 fund, super now accounts, certificate of deposit, repurchase 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.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

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

Use of Restricted/Unrestricted Net Position

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

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date received. The Authority generally capitalized assets with a cost of \$5,000 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-50 years
Building improvements	10-50 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Compensated Absences

The Authority's policy allows employees vacation leave up to a limit of two calendar weeks. Compensation over and above the normal salary paid to such employees for this period shall not be allowed. Sick leave shall be allowed as approved by the Board of Commissioners. Annual and Sick leave may be accumulated but not paid upon termination.

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.

Leases

The leases entered into are considered short-term operating leases. The Authority has not entered into any material leases to be accrued as defined by GASB 87.

Income Taxes

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

Taxpayer's Bill of Rights

In November, 1992, the voters of the State of Colorado approved an amendment to the State's Constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes, all basic operational requirements of TABOR.

NOTE B - DEPOSITS AND INVESTMENTS

At March 31, 2023, the Authority's carrying amount of deposits was \$426,685 and the bank balances were \$432,145. The Authority had cash on hand of \$25 as of March 31, 2023. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the balance, \$382,440 was covered by FDIC insurance and \$49,705 was covered by the Public Deposit Protection Act.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE C – ACCOUNTS RECEIVABLE

A summary of accounts receivable as presented in the Statement of Net Position at March 31, 2023 are as follows:

Tenants	\$	598
Allowance for doubtful accounts		--
	\$	<u>598</u>

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2023 is as follows:

HUD – operating subsidy	\$	74,998
HUD – capital fund grants		66,697
	\$	<u>141,695</u>

NOTE E – PREPAID ITEMS

A summary of prepaid items as presented in the Statement of Net Position at March 31, 2023 is as follows:

Prepaid insurance	\$	11,887
Other prepaid expenses		2,990
	\$	<u>14,877</u>

NOTE F – RESTRICTED ASSETS

A summary of restricted cash and investments as presented in the Statement of Net Position at March 31, 2023 is as follows:

Tenant security deposits		\$	7,150
Replacement Reserve	[1]		<u>30,494</u>
		\$	<u>37,644</u>

[1] – these funds are restricted by the U.S. Department of Agriculture to be used for capital activities. The funds withdrawn from the account is only permitted after Rural Development approval.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

	Balance 4/1/2022	Increases	Decreases	Balance 3/31/2023
Non-depreciable assets:				
Land	\$ 2,098	\$ -	\$ -	\$ 2,098
Construction in progress	-	6,160	(6,160)	-
Total non-depreciable assets	<u>2,098</u>	<u>6,160</u>	<u>(6,160)</u>	<u>2,098</u>
Depreciable assets				
Buildings	1,199,864	10,484	-	1,210,348
Equipment - Dwelling	37,442	-	-	37,442
Equipment - Administration	67,015	-	-	67,015
Total depreciable assets	<u>1,304,321</u>	<u>10,484</u>	<u>-</u>	<u>1,314,805</u>
Total Capital Assets	<u>1,306,419</u>	<u>16,644</u>	<u>(6,160)</u>	<u>1,316,903</u>
Accumulated depreciation				
Buildings	949,769	32,179	-	981,948
Equipment - Dwelling	29,609	1,727	-	31,336
Equipment - Administration	51,920	4,796	-	56,716
Total accumulated depreciation	<u>1,031,298</u>	<u>38,702</u>	<u>-</u>	<u>1,070,000</u>
Depreciable assets, net	<u>273,023</u>	<u>(28,218)</u>	<u>-</u>	<u>244,805</u>
Capital assets, net	<u>\$ 275,121</u>	<u>\$ (22,058)</u>	<u>\$ (6,160)</u>	<u>\$ 246,903</u>

NOTE H – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at March 31, 2023 is as follows:

Vendors and contractors \$ 4,689

NOTE I – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at March 31, 2023 is as follows:

Payments in lieu of taxes \$ 6,518

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE J – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2023 is as follows:

Tenant prepaid rents	\$	264
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NOTE K – NONCURRENT LIABILITIES

The Authority has a Rural Rental Housing loan with the U.S. Department of Agriculture Rural Development. The loan is dated September 23, 1977 and had an original principal amount of \$200,000. The loan requires monthly debt service payments of \$432 through 2026. The outstanding balance as of March 31, 2023 was \$14,947. The loan is secured by the property known as Villa East Apartments and the accounts and revenue of the project. The Loan matures in 2026 at which time the loan agreement shall be subject to the present regulations.

A summary of changes in notes payable as of March 31, 2023 is as follows:

Description	Balance 4/1/2022	Retired	Balance 3/31/2023	Due Within One Year
Rural Development Loan	\$ 20,388	\$ (5,441)	\$ 14,947	\$ 5,053
Total	\$ 20,388	\$ (5,441)	\$ 14,947	\$ 5,053
		Less current maturities	(5,053)	
		Long-term portion	\$ 9,894	

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 5,053	\$ 131	\$ 5,184
2025	5,104	80	5,184
2026	4,790	29	4,819
	\$ 14,947	\$ 240	\$ 15,187

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
NOTES TO FINANCIAL STATEMENTS
March 31, 2023

NOTE L—NET POSITION

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$30,494 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note F).

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

NOTE M – CONTINGENCIES

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

NOTE N - RISK MANAGEMENT

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

During the year ended March 31, 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.

**SUPPLEMENTAL INFORMATION –
PROGRAM FINANCIAL SCHEDULES**

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
PROGRAM SCHEDULE OF NET POSITION
March 31, 2023

ASSETS	Public Housing	Rural Development (Villa East)	Totals
CURRENT ASSETS:			
Cash and cash equivalents	\$ 206,094	\$ 12,921	\$ 219,015
Investments	170,051	-	170,051
Accounts receivable, net	148	450	598
Due from other governments	141,695	-	141,695
Accrued interest receivable	75	4	79
Prepaid items	10,813	4,064	14,877
<i>Restricted:</i>			
Cash and cash equivalents	5,050	2,100	7,150
Investments	-	30,494	30,494
TOTAL CURRENT ASSETS	533,926	50,033	583,959
NONCURRENT ASSETS:			
Capital Assets, non-depreciable	1,098	1,000	2,098
Capital Assets, depreciable, net	179,004	65,801	244,805
TOTAL NONCURRENT ASSETS	180,102	66,801	246,903
TOTAL ASSETS	\$ 714,028	\$ 116,834	\$ 830,862
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable	\$ 3,107	\$ 1,582	\$ 4,689
Accrued payroll and benefits	378	4	382
Accrued interest payable	-	12	12
Due to other governments	6,518	-	6,518
Tenant security deposits payable	5,050	2,100	7,150
Unearned revenue	264	-	264
Current portion, notes payable	-	5,053	5,053
TOTAL CURRENT LIABILITIES	15,317	8,751	24,068
NONCURRENT LIABILITIES:			
Notes payable	-	9,894	9,894
TOTAL NONCURRENT LIABILITIES	-	9,894	9,894
TOTAL LIABILITIES	15,317	18,645	33,962
NET POSITION			
Net investment in capital assets	180,102	51,854	231,956
Restricted, replacement reserve	-	30,494	30,494
Unrestricted	518,609	15,841	534,450
TOTAL NET POSITION	\$ 698,711	\$ 98,189	\$ 796,900

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended March 31, 2023

	Public Housing	Rural Development (Villa East)	Totals
OPERATING REVENUES			
Rental income	\$ 98,997	\$ 46,599	\$ 145,596
USDA rental assistance	-	2,902	2,902
Other income	608	489	1,097
TOTAL OPERATING REVENUES	99,605	49,990	149,595
OPERATING EXPENSES			
Administrative	74,631	4,154	78,785
Utilities	32,908	14,799	47,707
Ordinary maintenance and operations	49,360	6,288	55,648
General expense	25,291	4,657	29,948
Depreciation	29,120	9,582	38,702
TOTAL OPERATING EXPENSES	211,310	39,480	250,790
OPERATING INCOME (LOSS)	(111,705)	10,510	(101,195)
NONOPERATING REVENUES (EXPENSES)			
HUD operating subsidy	58,023	-	58,023
HUD capital fund grants - operations	70,261	-	70,261
Interest income	985	81	1,066
Interest/overage expense	-	(9,520)	(9,520)
TOTAL NONOPERATING REVENUES (EXPENSES)	129,269	(9,439)	119,830
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	17,564	1,071	18,635
CAPITAL FUND CONTRIBUTIONS			
HUD capital fund grants	6,160	-	6,160
INCREASE (DECREASE) IN NET POSITION	23,724	1,071	24,795
NET POSITION			
Net position, beginning balance	674,987	97,118	772,105
TOTAL NET POSITION - ENDING BALANCE	\$ 698,711	\$ 98,189	\$ 796,900

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended March 31, 2023

	<u>Public Housing</u>	<u>Rural Development (Villa East)</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Rental receipts	\$ 101,633	\$ 46,612	\$ 148,245
USDA rental assistance	-	2,902	2,902
Other receipts	608	489	1,097
Tenant security deposits	(300)	(350)	(650)
Cash payments for goods and services	(107,772)	(24,461)	(132,233)
Cash payments to employees for services	(76,585)	(4,484)	(81,069)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(82,416)	20,708	(61,708)
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
HUD operating subsidy	22,109	-	22,109
HUD capital fund grants - operations	20,704	-	20,704
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	42,813	-	42,813
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchases and construction of capital assets	(10,484)	-	(10,484)
HUD capital fund grants	6,160	-	6,160
Principal paid on capital debt	-	(5,441)	(5,441)
Interest paid on capital debt	-	(9,508)	(9,508)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(4,324)	(14,949)	(19,273)
 CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (deposits) withdrawals to investments	(494)	86	(408)
Interest received	974	81	1,055
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	480	167	647
NET INCREASE (DECREASE) IN CASH	(43,447)	5,926	(37,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	254,591	9,095	263,686
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 211,144	\$ 15,021	\$ 226,165

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)
Year Ended March 31, 2023

	<u>Public Housing</u>	<u>Rural Development (Villa East)</u>	<u>Totals</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (111,705)	\$ 10,510	\$ (101,195)
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Depreciation	29,120	9,582	38,702
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	2,550	13	2,563
(Increase) decrease in prepaid items	(3,257)	(633)	(3,890)
Increase (decrease) in accounts payable	(18)	1,582	1,564
Increase (decrease) in tenant security deposits	(300)	(350)	(650)
Increase (decrease) in accrued payroll and benefits	415	4	419
Increase (decrease) in due to other governments	693	-	693
Increase (decrease) in unearned revenue	86	-	86
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (82,416)</u>	<u>\$ 20,708</u>	<u>\$ (61,708)</u>

**SUPPLEMENTAL INFORMATION –
FINANCIAL DATA SCHEDULE**

Housing Authority of the Town of Haxtun (CO017)
HAXTUN, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2023

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELJM	Total
111 Cash - Unrestricted	\$206,094	\$12,921		\$219,015		\$219,015
114 Cash - Tenant Security Deposits	\$5,050	\$2,100		\$7,150		\$7,150
100 Total Cash	\$211,144	\$15,021	\$0	\$226,165		\$226,165
122 Accounts Receivable - HUD Other Projects	\$141,695			\$141,695		\$141,695
126 Accounts Receivable - Tenants	\$148	\$450		\$598		\$598
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0
129 Accrued Interest Receivable	\$75	\$4		\$79		\$79
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$141,818	\$454	\$0	\$142,372		\$142,372
131 Investments - Unrestricted	\$170,051			\$170,051		\$170,051
132 Investments - Restricted		\$30,494		\$30,494		\$30,494
142 Prepaid Expenses and Other Assets	\$10,813	\$4,094		\$14,877		\$14,877
150 Total Current Assets	\$533,926	\$50,033	\$0	\$583,959		\$583,959
161 Land	\$1,098	\$1,000		\$2,098		\$2,098
162 Buildings	\$854,855	\$355,492		\$1,210,347		\$1,210,347
163 Furniture, Equipment & Machinery - Dwellings	\$37,442			\$37,442		\$37,442
164 Furniture, Equipment & Machinery - Administration	\$67,015			\$67,015		\$67,015
166 Accumulated Depreciation	-\$780,308	-\$269,691		-\$1,069,999		-\$1,069,999
160 Total Capital Assets, Net of Accumulated Depreciation	\$180,102	\$66,801	\$0	\$246,903		\$246,903
180 Total Non-Current Assets	\$180,102	\$66,801	\$0	\$246,903		\$246,903
290 Total Assets and Deferred Outflow of Resources	\$714,028	\$116,834	\$0	\$830,862		\$830,862
312 Accounts Payable <= 90 Days	\$2,109	\$390		\$2,499		\$2,499
321 Accrued Wage/Payroll Taxes Payable	\$378	\$4		\$382		\$382
325 Accrued Interest Payable		\$12		\$12		\$12
333 Accounts Payable - Other Government	\$6,518			\$6,518		\$6,518
341 Tenant Security Deposits	\$5,050	\$2,100		\$7,150		\$7,150
342 Unearned Revenue	\$264			\$264		\$264
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$5,053		\$5,053		\$5,053
346 Accrued Liabilities - Other	\$998	\$1,192		\$2,190		\$2,190
310 Total Current Liabilities	\$15,317	\$8,751	\$0	\$24,068		\$24,068
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$9,894		\$9,894		\$9,894
350 Total Non-Current Liabilities	\$0	\$9,894	\$0	\$9,894		\$9,894
300 Total Liabilities	\$15,317	\$18,645	\$0	\$33,962		\$33,962
508.4 Net Investment in Capital Assets	\$180,102	\$51,854		\$231,956		\$231,956
511.4 Restricted Net Position		\$30,494		\$30,494		\$30,494
512.4 Unrestricted Net Position	\$518,609	\$15,841	\$0	\$534,450		\$534,450
513 Total Equity - Net Assets / Position	\$698,711	\$98,189	\$0	\$796,900		\$796,900
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$714,028	\$116,834	\$0	\$830,862		\$830,862

Housing Authority of the Town of Haxtun (CO017)
HAXTUN, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2023

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$96,532	\$45,318		\$141,848		\$141,848
70400 Tenant Revenue - Other	\$2,465	\$1,283		\$3,748		\$3,748
70500 Total Tenant Revenue	\$98,997	\$46,599	\$0	\$145,598	\$0	\$145,598
70800 HUD PHA Operating Grants	\$128,284			\$128,284		\$128,284
70610 Capital Grants	\$8,160			\$8,160		\$8,160
70700 Total Fee Revenue				\$0	\$0	\$0
70800 Other Government Grants			\$2,902	\$2,902		\$2,902
71100 Investment Income - Unrestricted	\$985	\$60		\$1,085		\$1,085
71500 Other Revenue	\$608	\$489		\$1,097		\$1,097
72000 Investment Income - Restricted		\$1		\$1		\$1
70000 Total Revenue	\$235,034	\$47,189	\$2,902	\$285,105	\$0	\$285,105
91100 Administrative Salaries	\$37,849	\$2,388		\$40,214		\$40,214
91200 Auditing Fees	\$3,975	\$1,275		\$5,250		\$5,250
91500 Employee Benefit Contributions - Administrative	\$23,481	\$202		\$23,683		\$23,683
91600 Office Expenses	\$3,415			\$3,415		\$3,415
91800 Travel	\$1,125			\$1,125		\$1,125
91800 Other	\$4,789	\$309		\$5,098		\$5,098
91000 Total Operating - Administrative	\$74,831	\$4,154	\$0	\$78,785	\$0	\$78,785
92500 Total Tenant Services	\$0	\$0	\$0	\$0	\$0	\$0
93100 Water	\$2,486	\$766		\$3,272		\$3,272
93200 Electricity	\$12,289	\$8,533		\$18,822		\$18,822
93300 Gas	\$15,288	\$6,310		\$21,598		\$21,598
93800 Sewer	\$2,845	\$1,170		\$4,015		\$4,015
93000 Total Utilities	\$32,908	\$14,789	\$0	\$47,707	\$0	\$47,707
94100 Ordinary Maintenance and Operations - Labor	\$14,457	\$1,767		\$16,224		\$16,224
94200 Ordinary Maintenance and Operations - Materials and Other	\$8,098			\$8,098		\$8,098
94300 Ordinary Maintenance and Operations Contracts	\$27,590	\$4,370		\$31,880		\$31,880
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,215	\$151		\$1,366		\$1,366
94000 Total Maintenance	\$49,360	\$8,288	\$0	\$55,648	\$0	\$55,648
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0
98110 Property Insurance	\$12,660	\$3,603		\$16,663		\$16,663
98120 Liability Insurance	\$1,563			\$1,563		\$1,563
98130 Workmen's Compensation	\$780	\$216		\$996		\$996
98140 All Other Insurance	\$890	\$71		\$961		\$961
98100 Total Insurance Premiums	\$18,093	\$4,090	\$0	\$20,183	\$0	\$20,183
98300 Payments in Lieu of Taxes	\$8,518			\$8,518		\$8,518
98400 Bad debt - Tenant Rents	\$2,880	\$587		\$3,247		\$3,247
96000 Total Other General Expenses	\$9,198	\$567	\$0	\$9,765	\$0	\$9,765
96710 Interest of Mortgage (or Bonds) Payable		\$9,520		\$9,520		\$9,520
96700 Total Interest Expense and Amortization Cost	\$0	\$9,520	\$0	\$9,520	\$0	\$9,520
96900 Total Operating Expenses	\$182,190	\$39,418	\$0	\$221,608	\$0	\$221,608
97000 Excess of Operating Revenue over Operating Expenses	\$52,844	\$7,751	\$2,902	\$63,497	\$0	\$63,497
97400 Depreciation Expense	\$29,120	\$9,582		\$38,702		\$38,702
90000 Total Expenses	\$211,310	\$49,000	\$0	\$260,310	\$0	\$260,310
10010 Operating Transfer In	\$70,261	\$2,902		\$73,163	-\$73,163	\$0
10020 Operating transfer Out	-\$70,261		-\$2,902	-\$73,163	\$73,163	\$0
10100 Total Other financing Sources (Uses)	\$0	\$2,902	-\$2,902	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$23,724	\$1,071	\$0	\$24,795	\$0	\$24,795
11020 Required Annual Debt Principal Payments	\$0	\$5,006	\$0	\$5,006		\$5,006
11030 Beginning Equity	\$674,067	\$97,118	\$0	\$772,105		\$772,105
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0		\$0		\$0
11190 Unit Months Available	264	120		384		384
11210 Number of Unit Months Leased	251	119		370		370
11270 Excess Cash	\$492,614			\$492,614		\$492,614
11820 Building Purchases	\$10,484			\$10,484		\$10,484

Housing Authority of the Town of Haxtun (CO017)

HAXTUN, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2023

Project: CO017070772 HAXTUN MANOR

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$96,532		\$96,532
70400 Tenant Revenue - Other	\$2,465		\$2,465
70500 Total Tenant Revenue	\$98,997	\$0	\$98,997
70600 HUD PHA Operating Grants	\$58,023	\$70,281	\$128,284
70610 Capital Grants		\$6,160	\$6,160
71100 Investment Income - Unrestricted	\$985		\$985
71500 Other Revenue	\$608		\$608
70000 Total Revenue	\$158,813	\$76,421	\$235,034
91100 Administrative Salaries	\$37,846		\$37,846
91200 Auditing Fees	\$3,975		\$3,975
91500 Employee Benefit contributions - Administrative	\$23,481		\$23,481
91600 Office Expenses	\$3,415		\$3,415
91800 Travel	\$1,125		\$1,125
91900 Other	\$4,789		\$4,789
91000 Total Operating - Administrative	\$74,631	\$0	\$74,631
92500 Total Tenant Services	\$0	\$0	\$0
93100 Water	\$2,486		\$2,486
93200 Electricity	\$12,289		\$12,289
93300 Gas	\$15,288		\$15,288
93600 Sewer	\$2,845		\$2,845
93000 Total Utilities	\$32,908	\$0	\$32,908
94100 Ordinary Maintenance and Operations - Labor	\$14,457		\$14,457
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,098		\$6,098
94300 Ordinary Maintenance and Operations Contracts	\$27,590		\$27,590
94500 Employee Benefit Contributions - Ordinary Maintenance	\$1,215		\$1,215
94000 Total Maintenance	\$49,360	\$0	\$49,360
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$12,860		\$12,860
96120 Liability Insurance	\$1,563		\$1,563
96130 Workmen's Compensation	\$780		\$780
96140 All Other Insurance	\$890		\$890
96100 Total insurance Premiums	\$16,093	\$0	\$16,093
96300 Payments in Lieu of Taxes	\$6,518		\$6,518
96400 Bad debt - Tenant Rents	\$2,680		\$2,680
96000 Total Other General Expenses	\$9,198	\$0	\$9,198
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$182,190	\$0	\$182,190
97000 Excess of Operating Revenue over Operating Expenses	-\$23,577	\$76,421	\$52,844
97400 Depreciation Expense	\$29,120		\$29,120
90000 Total Expenses	\$211,310	\$0	\$211,310
10010 Operating Transfer In	\$70,261		\$70,261
10020 Operating transfer Out		-\$70,261	-\$70,261
10100 Total Other financing Sources (Uses)	\$70,261	-\$70,261	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$17,564	\$6,160	\$23,724
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$674,987	\$0	\$674,987
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$6,160	-\$6,160	\$0
11190 Unit Months Available	264		264
11210 Number of Unit Months Leased	251		251
11270 Excess Cash	\$492,614		\$492,614
11620 Building Purchases	\$4,324	\$6,160	\$10,484

GOVERNMENT AUDITING STANDARDS SECTION

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

**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***

Independent Auditors Report

To the Board of Commissioners
Housing Authority of the Town of Haxtun, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the major fund of the Housing Authority of the Town of Haxtun, Colorado, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the Town of Haxtun, Colorado's basic financial statements, and have issued our report thereon dated November 6, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Authority of the Town of Haxtun, Colorado's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the Town of Haxtun, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Haxtun, Colorado's internal control.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control 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 did identify deficiencies in internal control that we consider to be material weaknesses and are described in the accompanying schedule of findings and responses as Findings 2023-1 and 2023-2.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Haxtun, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported in the accompanying schedule of findings and responses as Finding 2023-2.

Housing Authority of the Town of Haxtun, Colorado Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Housing Authority of the Town of Haxtun, Colorado's responses to the findings identified in our audit and are described in the accompanying schedule of findings and responses. The Housing Authority of the Town of Haxtun, Colorado's response was not subjected to the other auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Niewedde & Wiens, CPA's

York, Nebraska
November 6, 2023

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
March 31, 2023

The audit report for the year ended March 31, 2022 contained three findings and no questioned costs.

Finding 2022-1: Internal Controls – This finding is repeated because the Authority is a small entity and it is not financially feasible to correct this finding.

Finding 2022-2: Ineffective Oversight over Financial Reporting – This finding has been cleared.

Finding 2022-3: REAC Submission – This finding has been cleared.

HOUSING AUTHORITY OF THE TOWN OF HAXTUN, COLORADO
SCHEDULE OF FINDINGS AND RESPONSES
March 31, 2023

Finding 2023-1: Internal Control Structure
Material Weakness

Criteria: A properly designed internal control structure relies greatly on a proper segregation of duties between several individuals. The duties related to initiating, authorizing, recording, processing and reporting financial data would be segregated so there is less likelihood that a misstatement of the entity's financial statements would occur.

Condition: The Authority consists of one administrative employee and as a result does not have personnel assigned responsibilities in such a way that different employees handle different parts of the same transaction. The limited number of employees results in an inadequate overall internal control structure design.

Cause: The Authority has limited staff and does not have the resources to properly segregate duties.

Effect or Potential Effect: The lack of segregation of duties related to the controls over the categories above are significant deficiencies that could result in a material misstatement in the financial statements.

Recommendation: The Authority has limited resources and additional controls are not financially feasible in the hiring of additional staff. The Authority is a small entity and the lack of segregation of duties is common among entities with minimal employees and should be recognized as such. However, it is not our intent to establish internal controls as the Authority's Board should make the final determination in the cost versus benefit.

Finding 2023-2: Flat Rents
Material Weakness/Non-material Noncompliance

Criteria: As required by the 2014 Appropriations Act, paragraph (2)(b)(i) Section 3(a) of the United States Housing Act of 1937, as amended by Section 201, establishes new parameters that PHAs must use when determining the flat rent amounts. Specifically, flat rents must now be set at no less than 80 percent of the applicable Fair Market Rent (FMR) and adjusted annually.

In addition, most recently HUD issued Notice: PIH 2021-27 which clarifies HUD's interpretation of the statutory amendment to flat rents and procedures to obtain specific exemptions.

Condition: During our audit we noted the Authority did adjust the flat rents for 2022 but did not increase to the required amount of 80% of the FMR. There were no tenants that were affected for two- and three-bedroom apartments but did affect one-bedroom tenants. The one-bedroom apartments should have been set at \$623 for 2022 but the Authority had set the rent at \$558. This resulted in six tenants not paying the appropriate amount of rent and resulted in a projected loss of income for the Authority of \$4,680 for the year ended March 31, 2023.

Cause: The Authority did not adjust the flat rents annually as required or obtain an appropriate exemption to reflect current market conditions.

Effect or Potential Effect: Because the flat rents were not adjusted correctly, this resulted in an estimated loss of rental income of \$4,680 and affected six tenants.

Recommendation: We recommend the Authority review the flat rents and adopt according to the flat rent regulations on an annual basis. The Authority should review HUD Notice PIH 2021-27 for the updated procedures on flat rents and exemptions and to implement accordingly.



HOUSING AUTHORITY OF TOWN OF HAXTUN



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CORRECTIVE ACTION PLAN Year Ended March 31, 2023

The following are responses to and the corrective action to be taken in regard to the findings as reported in the accompanying Schedule of Findings and Responses for the fiscal year ended March 31, 2023:

ITEM

- 2023-1** The Authority is a small entity and recognizes the lack of segregation of duties associated with the limited number of personnel. Due to our small size the cost of adding employees to implement these controls, the expected benefit would be a significant increase in the cost and at this time we feel the cost would exceed the benefit.
- 2023-2** The Housing Authority plans to adopt the flat rent regulations on an annual basis and adjust the rents accordingly.

Contact Person: Julie Angleton, Executive Director
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Haxtun, CO 80731
970-774-7251

AGREED-UPON PROCEDURE

Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA

Independent Accountant's Report on Applying Agreed-Upon Procedure

To the Board of Commissioners
Housing Authority of the Town of Haxtun, Colorado

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended March 31, 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.

The Housing Authority of the Town of Haxtun, Colorado 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 PHA financial data for the year ended March 31, 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 for their purposes.

The procedures and the associated findings are as follows:

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

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue and Revenue and Expense (account numbers 111 to 13901)	Financial Data Schedule, all Federal Assistance Listing Numbers, if applicable.	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (date element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

We were engaged by the Housing Authority of the Town of Haxtun, Colorado to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Housing Authority of the Town of Haxtun, Colorado and REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

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

We were engaged to perform an audit of the financial statements of the Housing Authority of the Town of Haxtun, Colorado as of and for the year ended March 31, 2023, and have issued our report thereon dated November 6, 2023. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the Town of Haxtun, Colorado's Financial Data Schedule dated November 6, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the Financial Data Schedule, which includes the auditor's report, is available in its entirety from the Housing Authority of the Town of Haxtun, Colorado. We have not performed any additional auditing procedures since the date of the aforementioned audit report.

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

Niewedde & Wiens, CPA's

York, Nebraska
November 6, 2023