

**HOUSING AUTHORITY OF THE TOWN OF  
KERSEY, 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**

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

This section of the Housing Authority of the Town of Kersey, 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 \$407,628. The net position increased by \$1,357 an increase of .3% over the prior year. Of this amount, \$269,931 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 \$104,839 for the year ended March 31, 2023. This was an increase of \$9,446 or less than 10% over the prior year.

Operating expenses for the Authority were \$209,822 for the year ended March 31, 2023. This was an increase of \$6,752 or 4% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *Management's 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. 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

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

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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.

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's Public Housing Program is the only major proprietary fund for presentation purposes. 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.

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

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 296,403	\$ 288,914	\$ 7,489	3%
Capital assets	137,697	145,852	(8,155)	-6%
Total Assets	<u>434,100</u>	<u>434,766</u>	<u>(666)</u>	<u>-0.2%</u>
Current liabilities	16,836	19,467	(2,631)	-14%
Other liabilities	9,636	9,028	608	7%
Total Liabilities	<u>26,472</u>	<u>28,495</u>	<u>(2,023)</u>	<u>-7%</u>
<b>Net Position</b>				
Net investment in capital assets	137,697	145,852	(8,155)	-6%
Unrestricted	269,931	260,419	9,512	4%
Total Net Position	<u>\$ 407,628</u>	<u>\$ 406,271</u>	<u>\$ 1,357</u>	<u>0.3%</u>

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 \$407,628 at the close of the year ended March 31, 2023. This represents an increase of \$1,357 or less than 1% over the prior year. The majority of the increase was attributed to operations for the year ended March 31, 2023.

Current and other assets increased by \$7,489 which was attributed to operations before depreciation and capital improvements which resulted in a net decrease in cash of (\$6,624). This was offset by an increase in prepaid insurance of \$9,489 as the result in the change of when the premium was paid. In addition, the amount due from other governments increased by \$3,894 which is the result of when funds are requisitioned.

Total liabilities decreased by (\$2,023) which was 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). 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 \$269,931. 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 no restricted net position that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

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.

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

**FINANCIAL ANALYSIS**

As can be seen below, total revenues increased by \$51,052, primarily due to the increase in Federal operating grants of \$39,901 and rental income of \$6,540 or 8%. The increase in rental revenue was due to the fluctuation in rent composition and occupancy for the year.

HUD operating subsidy for the Authority was \$61,066 for the year ended March 31, 2023 which was a decrease of (\$3,583) 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. The Authority also expended \$43,484 of HUD capital grants for operations for the fiscal year ended March 31, 2023 compared to zero in the previous year.

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

	FY 2023	FY 2022	Dollar Change	Percent Change
<b>Revenues</b>				
Program revenues:				
Rental	\$ 92,465	\$ 85,925	\$ 6,540	8%
HUD program contributions	104,550	64,649	39,901	62%
Other	12,374	9,468	2,906	31%
General revenue:				
Interest	1,790	85	1,705	2006%
Total Revenues	211,179	160,127	51,052	32%
<b>Expenses</b>				
Depreciation	17,251	17,614	(363)	-2%
Operating	192,571	185,456	7,115	4%
Total Expenses	209,822	203,070	6,752	3%
Changes in Net Position	1,357	(42,943)	44,300	-103%
Beginning Net Position	406,271	449,214	(42,943)	
Ending Net Position	\$ 407,628	\$ 406,271	\$ 1,357	

Operating expenses for the Authority were \$192,571 for the year ended March 31, 2023. This was an increase of \$7,115 or 4% over the prior year. The following expense categories had significant changes from the prior year:

- Administrative increased by \$6,243
- Utilities increased by \$8,039

Regarding increased Operating expenses for the Fiscal year ending March 31, 2023 the Kersey Housing Authority faced different challenges that ultimately affected KHA finances. Administrative cost increases can be attributed to increased administrative salaries paid. The Executive Director of the Authority is paid on a part time, hourly wage base. During the Fiscal year, Maintenance staff illnesses and the unexpected Death of KHA Maintenance Staff required the Director to be on site working longer hours, more than normal days per week, managing day to day Maintenance

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

**FINANCIAL ANALYSIS (CONT'D)**

operations, hiring of contractors etc. all in addition to the Regular duties of the Director. The Authority has since hired new part time maintenance staff and all KHA staff has resumed to a more typical part time work week, and hourly schedules, so we anticipate 'normal operations and expenses' in the new fiscal year.

Utilities consumption and expense increases can be attributed to several factors such as unit occupancy, resident and staff habits, as well as utilities base rate and tariff increases. The Authority had near 100% occupancy of its units during the fiscal year and residents enjoy different habits where Heating, water/sewer use and lighting of their homes are concerned. New Maintenance staff will have had different requirements surrounding their use of buildings and Maintenance shop heat, lighting and overhead doors, etc. All of these 'HABITS' will be expected to fluctuate from year to year, however the Authority does have policies in place to reduce 'wasting' of KHA supplied utilities and re-coup some 'excess utilities costs.

The largest contributing factor to increased utilities for the Authority was that of Gas utilities. Both the gas consumption, as well as the cost of commodities has increased when compared to the previous Fiscal year. Some contributing factors will again always be 'habits' of residents and staff, as well as unforeseen or uncontrollable factors re: weather, mechanical breakdown of heat systems, and costs/fees/tariffs increases; for instance, ATMOS Energy increased its Commercial volumetric SSIR (system safety and integrity rider) rates effective January 1, 2023 by 6.9% (this was a 8.9% increase in 2022), as Well as ATMOS Energy is required to update its 'current gas costs' at least Quarterly as required by the Colorado Utilities commission. Overlapping and ever-changing utilities expenses are not in the immediate control of the Authority and can be expected to continue to increase in years to come with inflation and other outside economic factors.

**OCCUPANCY**

Regarding Occupancy for the Fiscal year ending March 31, 2023 Kersey Housing Authority began the year in April of 2022 with 2 vacant units (#1 AND #16) undergoing updates to all flooring and paint as well as other misc. repairs to window blinds, ceiling fans and replacement of closet doors. During the early months of the Fiscal year, April and May 2022 KHA long time Maintenance Manager faced serious health complications and was once again hospitalized and passed away May 13, 2023. In his absence KHA hired out licensed Contractors such as Plumbers, electricians, HVAC Technicians and also Maintenance Contract labor for hire to complete unit turnarounds and small projects of improvement or repairs to expedite unit turnarounds and keep day to day operations of the Authority on track. Upon completion of unit turnarounds, the Authority maintained 100% occupancy for the months of June 2022 through January 2023.

KHA ended the fiscal year with 1 vacant unit (#9), which was unpreventable and on short notice due to unexpected tenant mental health concerns, drug and alcohol addictions and the need for the tenant to enter a 'sober living facility'.

Since this time Kersey Housing Authority has again maintained 100% occupancy and continues to have an open waiting list and is actively seeking qualified applicants, who may be able to 'move in quickly' in hopes of shorter unit turnaround times in the future. KHA Maintenance staff position has been filled and new maintenance staff maintains day to day operations, maintenance and upkeep as well as misc. small projects of improvement throughout the Property, units and buildings.

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

**CAPITAL ASSETS**

The Authority's net investment in capital assets as of March 31, 2023 amounts to \$137,697. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 6% in terms of net book value. The actual amount to purchase or construct capital assets was \$9,097 for the year. Depreciation charges for the year totaled \$17,251. Additional information on the Authority's capital assets can be found in Note F of the notes to 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. 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 Kersey, P.O. Box 117, Kersey, Colorado 80644.

## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of the Town of Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, Colorado's basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedule 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 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 Financial Data Schedule is 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 Kersey, 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 Kersey, 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 Kersey, 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 KERSEY, COLORADO**  
**STATEMENT OF NET POSITION**  
**March 31, 2023**

<b>ASSETS</b>	<u><b>Public Housing</b></u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 269,379
Accounts receivable, net	730
Due from other governments	4,257
Prepaid insurance	17,987
<i>Restricted:</i>	
Cash and cash equivalents	4,050
<b>TOTAL CURRENT ASSETS</b>	<u>296,403</u>
<b>NONCURRENT ASSETS:</b>	
Capital Assets, non-depreciable	9,788
Capital Assets, depreciable, net	127,909
<b>TOTAL NONCURRENT ASSETS</b>	<u>137,697</u>
<b>TOTAL ASSETS</b>	<u>434,100</u>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	4,805
Accrued payroll and benefits payable	2,312
Compensated absences payable	5,640
Unearned revenue	29
Tenant security deposits payable	4,050
<b>TOTAL CURRENT LIABILITIES</b>	<u>16,836</u>
<b>NONCURRENT LIABILITIES:</b>	
Compensated absences payable	9,636
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>9,636</u>
<b>TOTAL LIABILITIES</b>	<u>26,472</u>
 <b>NET POSITION</b>	
Net investment in capital assets	137,697
Unrestricted	269,931
<b>TOTAL NET POSITION</b>	<u>\$ <u>407,628</u></u>

See accompanying notes.

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

		<u>Public Housing</u>
<b>OPERATING REVENUES</b>		
Rental income	\$	92,465
Other income		12,374
<b>TOTAL OPERATING REVENUES</b>		<u>104,839</u>
<b>OPERATING EXPENSES</b>		
Administrative		45,754
Tenant services		1,396
Utilities		46,261
Ordinary maintenance and operations		81,319
General expense		17,841
Depreciation		17,251
<b>TOTAL OPERATING EXPENSES</b>		<u>209,822</u>
<b>OPERATING INCOME (LOSS)</b>		<u>(104,983)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		61,066
HUD capital grants - operations		43,484
Interest income		1,790
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		<u>106,340</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>		<u>1,357</u>
<b>NET POSITION:</b>		
Net position, beginning balance		406,271
<b>TOTAL NET POSITION - ENDING BALANCE</b>	<b>\$</b>	<u><u>407,628</u></u>

See accompanying notes.

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

		<u>Public Housing</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Rental receipts	\$	91,764
Other receipts		12,374
Tenant security deposits		950
Cash payments for goods and services		(132,396)
Cash payments to employees for services		(72,666)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>(99,974)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
HUD operating subsidy		57,172
HUD capital grants - operations		43,484
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		<u>100,656</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases and construction of capital assets		(9,096)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		<u>(9,096)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received		1,790
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>1,790</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(6,624)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>280,053</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u><u>273,429</u></u>

See accompanying notes.

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

	<b>Public Housing</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ (104,983)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	17,251
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(730)
(Increase) decrease in prepaid insurance	(9,489)
Increase (decrease) in accounts payable	(95)
Increase (decrease) in tenant security deposits payable	950
Increase (decrease) in salaries and benefits payable	(508)
Increase (decrease) in accrued absences payable	(2,399)
Increase (decrease) in unearned revenue	29
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ <u>(99,974)</u></b>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, 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).

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 consists 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 KERSEY, 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 reports the following major enterprise fund:

***Public Housing Program.*** This fund accounts for the operation, maintenance, and development of housing units which are owned by the Authority. The development 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.

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.

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.

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

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

Prepaid Items

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

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Intangible assets with indefinite useful lives are reported at cost. Contributions of assets are recorded at acquisition value at the date received. The Authority generally capitalized assets with cost of \$2,000 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Inexhaustible intangible assets with indefinite useful lives are not amortized. Estimated useful lives are as follows:

Buildings	20-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

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 the restricted component of net position first.

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, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

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.

Compensated Absences

The Authority's policy allows employees to accumulate unused vacation leave up to 240 hours and sick leave up to a maximum of 720 hours.

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

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

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 \$273,429 and the bank balances were \$276,998. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC threshold (including accrued interest) 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. All of the bank balances were covered by federal depository insurance.

**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	\$	730
Allowance for doubtful accounts		--
	\$	730



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

**NOTE G – 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		\$	<u>4,805</u>
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**NOTE H—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of March 31, 2023 is as follows:

		<u>Beginning Balance</u>		<u>Increases</u>		<u>Decreases</u>		<u>Ending Balance</u>		<u>Due within One Year</u>
Compensated absences	\$	<u>17,675</u>	\$	<u>608</u>	\$	<u>(3,007)</u>	\$	<u>15,276</u>	\$	<u>5,640</u>

**NOTE I – 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 J - 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**

Housing Authority of the Town of Kersey (CO018)  
Kersey, CO  
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$269,379	\$269,379		\$269,379
114 Cash - Tenant Security Deposits	\$4,050	\$4,050		\$4,050
100 Total Cash	\$273,429	\$273,429		\$273,429
122 Accounts Receivable - HUD Other Projects	\$4,257	\$4,257		\$4,257
126 Accounts Receivable - Tenants	\$730	\$730		\$730
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$4,987	\$4,987		\$4,987
142 Prepaid Expenses and Other Assets	\$17,987	\$17,987		\$17,987
150 Total Current Assets	\$296,403	\$296,403		\$296,403
161 Land	\$9,788	\$9,788		\$9,788
162 Buildings	\$746,478	\$746,478		\$746,478
164 Furniture, Equipment & Machinery - Administration	\$15,705	\$15,705		\$15,705
166 Accumulated Depreciation	-\$634,274	-\$634,274		-\$634,274
160 Total Capital Assets, Net of Accumulated Depreciation	\$137,697	\$137,697		\$137,697
180 Total Non-Current Assets	\$137,697	\$137,697		\$137,697
290 Total Assets and Deferred Outflow of Resources	\$434,100	\$434,100		\$434,100
312 Accounts Payable <= 90 Days	\$777	\$777		\$777
321 Accrued Wage/Payroll Taxes Payable	\$2,312	\$2,312		\$2,312
322 Accrued Compensated Absences - Current Portion	\$5,640	\$5,640		\$5,640
341 Tenant Security Deposits	\$4,050	\$4,050		\$4,050
342 Unearned Revenue	\$29	\$29		\$29
346 Accrued Liabilities - Other	\$4,028	\$4,028		\$4,028
310 Total Current Liabilities	\$16,836	\$16,836		\$16,836
354 Accrued Compensated Absences - Non Current	\$9,636	\$9,636		\$9,636
350 Total Non-Current Liabilities	\$9,636	\$9,636		\$9,636
300 Total Liabilities	\$26,472	\$26,472		\$26,472
508.4 Net Investment in Capital Assets	\$137,697	\$137,697		\$137,697
512.4 Unrestricted Net Position	\$269,931	\$269,931		\$269,931
513 Total Equity - Net Assets / Position	\$407,628	\$407,628		\$407,628
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$434,100	\$434,100		\$434,100

Housing Authority of the Town of Kersey (CO018)  
Kersey, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 03/31/2023

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$89,928	\$89,928		\$89,928
70400 Tenant Revenue - Other	\$2,537	\$2,537		\$2,537
70500 Total Tenant Revenue	\$92,465	\$92,465	\$0	\$92,465
70600 HUD PHA Operating Grants	\$104,550	\$104,550		\$104,550
71100 Investment Income - Unrestricted	\$1,790	\$1,790		\$1,790
71500 Other Revenue	\$12,374	\$12,374		\$12,374
70000 Total Revenue	\$211,179	\$211,179	\$0	\$211,179
91100 Administrative Salaries	\$25,124	\$25,124		\$25,124
91200 Auditing Fees	\$3,350	\$3,350		\$3,350
91400 Advertising and Marketing	\$749	\$749		\$749
91500 Employee Benefit contributions - Administrative	\$2,204	\$2,204		\$2,204
91600 Office Expenses	\$9,928	\$9,928		\$9,928
91800 Travel	\$622	\$622		\$622
91900 Other	\$3,777	\$3,777		\$3,777
91000 Total Operating - Administrative	\$45,754	\$45,754	\$0	\$45,754
92400 Tenant Services - Other	\$1,396	\$1,396		\$1,396
92500 Total Tenant Services	\$1,396	\$1,396	\$0	\$1,396
93100 Water	\$15,935	\$15,935		\$15,935
93200 Electricity	\$14,513	\$14,513		\$14,513
93300 Gas	\$15,813	\$15,813		\$15,813
93000 Total Utilities	\$46,261	\$46,261	\$0	\$46,261
94100 Ordinary Maintenance and Operations - Labor	\$30,248	\$30,248		\$30,248
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,826	\$9,826		\$9,826
94300 Ordinary Maintenance and Operations Contracts	\$38,551	\$38,551		\$38,551
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,694	\$2,694		\$2,694
94000 Total Maintenance	\$81,319	\$81,319	\$0	\$81,319
96110 Property Insurance	\$15,234	\$15,234		\$15,234
96130 Workmen's Compensation	\$1,684	\$1,684		\$1,684
96140 All Other Insurance	\$315	\$315		\$315
96100 Total Insurance Premiums	\$17,233	\$17,233	\$0	\$17,233
96210 Compensated Absences	\$608	\$608		\$608
96000 Total Other General Expenses	\$608	\$608	\$0	\$608
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$192,571	\$192,571	\$0	\$192,571
97000 Excess of Operating Revenue over Operating Expenses	\$18,608	\$18,608	\$0	\$18,608
97400 Depreciation Expense	\$17,251	\$17,251		\$17,251
90000 Total Expenses	\$209,822	\$209,822	\$0	\$209,822
10010 Operating Transfer In	\$43,484	\$43,484	-\$43,484	\$0
10020 Operating transfer Out	-\$43,484	-\$43,484	\$43,484	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,357	\$1,357	\$0	\$1,357
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$408,271	\$408,271		\$408,271
11190 Unit Months Available	240	240		240
11210 Number of Unit Months Leased	235	235		235
11270 Excess Cash	\$245,533	\$245,533		\$245,533
11620 Building Purchases	\$9,096	\$9,096		\$9,096

Housing Authority of the Town of Kersey (CO018)  
Kersey, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single  
Audit

Fiscal Year End: 03/31/2023

Project: CO018000001 Ft. Latham Manor

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$89,928		\$89,928
70400 Tenant Revenue - Other	\$2,537		\$2,537
70500 Total Tenant Revenue	\$92,465	\$0	\$92,465
70600 HUD PHA Operating Grants	\$61,066	\$43,484	\$104,550
71100 Investment Income - Unrestricted	\$1,790		\$1,790
71500 Other Revenue	\$12,374		\$12,374
70000 Total Revenue	\$167,695	\$43,484	\$211,179
91100 Administrative Salaries	\$25,124		\$25,124
91200 Auditing Fees	\$3,350		\$3,350
91400 Advertising and Marketing	\$749		\$749
91500 Employee Benefit contributions - Administrative	\$2,204		\$2,204
91600 Office Expenses	\$9,928		\$9,928
91800 Travel	\$622		\$622
91900 Other	\$3,777		\$3,777
91000 Total Operating - Administrative	\$45,754	\$0	\$45,754
92400 Tenant Services - Other	\$1,396		\$1,396
92500 Total Tenant Services	\$1,396	\$0	\$1,396
93100 Water	\$15,935		\$15,935
93200 Electricity	\$14,513		\$14,513
93300 Gas	\$15,813		\$15,813
93000 Total Utilities	\$46,261	\$0	\$46,261
94100 Ordinary Maintenance and Operations - Labor	\$30,248		\$30,248
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,826		\$9,826
94300 Ordinary Maintenance and Operations Contracts	\$38,551		\$38,551
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,694		\$2,694
94000 Total Maintenance	\$81,319	\$0	\$81,319
96110 Property Insurance	\$15,234		\$15,234
96130 Workmen's Compensation	\$1,684		\$1,684
96140 All Other Insurance	\$315		\$315
96100 Total insurance Premiums	\$17,233	\$0	\$17,233
96210 Compensated Absences	\$608		\$608
96000 Total Other General Expenses	\$608	\$0	\$608
96900 Total Operating Expenses	\$192,571	\$0	\$192,571
97000 Excess of Operating Revenue over Operating Expenses	-\$24,876	\$43,484	\$18,608
97400 Depreciation Expense	\$17,251		\$17,251
90000 Total Expenses	\$209,822	\$0	\$209,822
10010 Operating Transfer In	\$43,484		\$43,484
10020 Operating transfer Out		-\$43,484	-\$43,484
10100 Total Other financing Sources (Uses)	\$43,484	-\$43,484	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$1,357	\$0	\$1,357
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$406,271	\$0	\$406,271
11190 Unit Months Available	240		240
11210 Number of Unit Months Leased	235		235
11270 Excess Cash	\$245,533		\$245,533
11620 Building Purchases	\$9,096	\$0	\$9,096

**GOVERNMENT AUDITING STANDARDS SECTION**

**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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the Town of Kersey, 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 a deficiency in internal control that we consider to be a material weakness and are described in the accompanying schedule of findings and responses as Finding 2023-1.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the Town of Kersey, 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*.

**Housing Authority of the Town of Kersey, Colorado Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the Town of Kersey, Colorado's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Housing Authority of the Town of Kersey, 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 response.

**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 KERSEY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**March 31, 2023**

The audit report for the year ended March 31, 2022 contained one finding 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.

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

**Finding 2023-1: Internal Control System/Financial Reporting**  
**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.

In addition, the Authority should have effective controls over the monitoring of the period-end financial reporting process, including controls over procedures used for general ledger maintenance.

**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.

In addition, during our audit we noted the operating subsidy accrual of \$363 had not been reversed in the prior year and the current year accrual of \$4,257 for the year ended March 31, 2023 had not been recorded.

**Cause:** The Authority has limited staff and does not have the resources to properly segregate duties. For the second item, the Authority's internal controls over financial reporting did not identify the error.

**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. Also prior to the adjustment prepaid expense were overstated as noted above.

**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. The Authority should review the accrual error with the fee accountant.

Housing Authority of the Town of Kersey  
P.O. Box 117  
Kersey, CO. 80644  
Phone: (970) 351-8229  
Fax: (970) 336-1178  
Email: Kerseyha@mindspring.com

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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 finding 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. We will review the accrual of operating subsidy comment with the fee accountant.

Contact Person: Shelby Marcum, Executive Director  
P.O. Box 117  
Kersey, CO 80644  
970-351-8229

## **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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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 Kersey, 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