

ROCKY FORD HOUSING AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

ROCKY FORD HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rocky Ford Housing Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Rocky Ford Housing Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Rocky Ford Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Rocky Ford Housing Authority, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Rocky Ford Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rocky Ford Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rocky Ford Housing Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Rocky Ford Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rocky Ford Housing Authority's basic financial statements. The accompanying individual major fund financial statements and financial data schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual major fund financial statements and the financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, on our consideration of the Rocky Ford Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Rocky Ford Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rocky Ford Housing Authority's internal control over financial reporting and compliance.



Hancock Froese & Company LLC

March 22, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKY FORD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2023

The following is a narrative overview and analysis of Rocky Ford Housing Authority's (the "Authority") financial activities for the year ended December 31, 2023. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position decreased by \$200,507 from the prior year due to the decrease in operating revenues compared to the prior year and an increase in operating expenses compared to the prior year.
- The assets of the Authority exceeded liabilities at December 31, 2023 by \$659,107 (net position). Of this amount, \$350,518 (unrestricted net position) may be used to meet ongoing obligation and \$308,589 is the net investment in capital assets.
- Net capital assets decreased due to current year depreciation. The buildings and equipment category increased by \$6,500 due to the purchase of equipment. As of December 31, 2023, net capital assets were \$308,589, a decrease of \$39,607 from the prior year.
- Total liabilities decreased by \$1,163 from the prior year due to the decrease in accounts payable.
- Operating revenues increased by \$73,879 in comparison to the prior year due to a increase in non-subsidized and subsidized rent payments.
- Operating expenses increased by \$181,304 in comparison to the prior year. An increase in salaries, repairs and maintenance contributed to the variance.
- Non-operating revenues, net of non-operating expenses, increased by \$2,944. This increase is due to the increase in other income.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The statement of net position presents the Authority's total assets and total liabilities at the end of the year. The difference between the two is reported as net position, which represents the Authority's ownership interest, or net worth, in its total assets as opposed to the creditor's interest (total liabilities). Over time, increases or decreases in net position is a useful indicator as to whether the Authority's financial health is improving or deteriorating.

The statement of activities shows how the Authority's net position changed during the calendar year. All changes in the net position are reported on the accrual basis of accounting, which reports the event as it occurs, rather than when the cash changes hands (cash basis of accounting).

The statement of cash flows reports how the Authority's cash, cash equivalents and restricted cash increased or decreased during the year. The statement shows how cash, cash equivalents and restricted cash were provided by and used in the Authority's operating, non-capital financing, capital and related financing, and investing activities. The net increase or decrease in the Authority's cash, cash equivalents and restricted cash is added to or subtracted from the balance at the beginning of the year to arrive at the cash, cash equivalents and restricted cash balance at the end of the year. These statements are presented on a cash basis and only present cash receipts and cash disbursement information.

The notes to the financial statements are an integral part of the financial statements, disclosing information which is essential to a full understanding of the statements.

FINANCIAL ANALYSIS

The financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The current year financial statements reflect that the Authority has incurred an operating income in providing essential services. In 2023, the net position decreased by \$200,507 and in 2022 the net position decreased by \$96,026 due to normal operating and non-operating activities. Below is a summary of changes in assets and liabilities and net position.

FINANCIAL ANALYSIS (Continued)

Summary of Net Position:

	<u>2023</u>	<u>2022</u>
Current Assets	\$ 402,698	\$ 560,635
Restricted Cash	25,022	29,148
Capital Assets	<u>308,589</u>	<u>348,196</u>
Total Assets	<u>\$ 736,309</u>	<u>\$ 937,979</u>
Current Liabilities	<u>\$ 77,202</u>	<u>\$ 78,365</u>
Net Position		
Net Investment in Capital Assets	308,589	348,196
Restricted	-	4,682
Unrestricted	<u>350,518</u>	<u>506,736</u>
Total Net Position	<u>659,107</u>	<u>859,614</u>
Total Liabilities & Net Position	<u>\$ 736,309</u>	<u>\$ 937,979</u>

The Authority's total assets exceeded total liabilities by \$659,107 as of December 31, 2023 compared to \$859,614 as of December 31, 2022. Of this amount \$308,589 is the net investment in capital assets, \$0 is restricted for future expenses and \$350,518 is unrestricted and may be used to meet ongoing obligations.

The Authority's decrease in total assets of \$201,670 and decrease in total liabilities of \$1,163 resulted in a net position decrease of \$200,507, for the year ended December 31, 2023. The decrease in assets and decrease in liabilities was caused by normal operations and the increase in repairs and maintenance expenses.

Summary of Activities:

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Rent	\$ 365,105	\$ 343,418
Government Subsidy	661,055	608,863
Total Operating Revenues	<u>1,026,160</u>	<u>952,281</u>
Operating Expenses		
Administrative	1,002,967	858,735
Depreciation	46,107	46,354
Assistance Payments	<u>194,943</u>	<u>157,624</u>
Total Operating Expenses	<u>1,244,017</u>	<u>1,062,713</u>
Operating Income (Loss)	(217,857)	(110,432)
Non-Operating Revenues (Expenses)	<u>17,350</u>	<u>14,406</u>
Change in Net Position	(200,507)	(96,026)
Net Position January 1	<u>859,614</u>	<u>955,640</u>
Net Position December 31	<u>\$ 659,107</u>	<u>\$ 859,614</u>

The operating revenues increased by \$73,879 compared to 2022. The increase is primarily due to an increase in non-subsidized and subsidized rent payments received.

The operating expenses decreased by \$181,304 compared to 2022. This is primarily due to an increase in salary, repairs and maintenance expense.

FINANCIAL ANALYSIS (Continued)

The non-operating revenues (expenses) consists of interest earned on the cash equivalents as well as cable TV, laundry and other miscellaneous revenues.

Summary of Cash Flows:

	<u>2023</u>	<u>2022</u>
Cash Flows From (Used In) Operations	\$ (174,847)	\$ (66,283)
Cash Flows From (Used In) Capital and Financing	(5,944)	(2,312)
Cash Flows From Investing	<u>17,350</u>	<u>14,406</u>
Net Change in Cash/Restricted Cash	(163,441)	(54,189)
Cash/Restricted Cash - Beginning	<u>561,957</u>	<u>616,146</u>
Cash/Restricted Cash - Ending	<u>\$ 398,516</u>	<u>\$ 561,957</u>

The cash flows used in capital and related financing activities are for the changes in security deposits by tenants and the purchase of capital assets.

The difference between cash flows from operations and operating income is due to depreciation a non-cash expense.

The ending cash balance includes the restricted cash accounts.

Capital Assets

Capital Assets mainly include the costs involved in constructing buildings for tenants and the land purchased. The Capital Assets less depreciation was \$308,589 as of December 31, 2023.

CONTACTING THE AUTHORITY

This financial report is designed to provide those interested with a general overview of the Authority's finances and accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Authority at 702 Sandia Drive, Rocky Ford, Colorado 81067, or telephone at 719-254-6902.

BASIC FINANCIAL STATEMENTS

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 373,494	\$ 532,809
Accounts receivable - tenants	4,244	2,866
Inventory	5,995	5,995
Prepays	<u>18,965</u>	<u>18,965</u>
TOTAL CURRENT ASSETS	<u>402,698</u>	<u>560,635</u>
NONCURRENT ASSETS		
Restricted cash	<u>25,022</u>	<u>29,148</u>
PROPERTY AND EQUIPMENT		
Land	159,200	159,200
Buildings and equipment	2,657,609	2,651,109
Accumulated depreciation	<u>(2,508,220)</u>	<u>(2,462,113)</u>
NET PROPERTY AND EQUIPMENT	<u>308,589</u>	<u>348,196</u>
TOTAL ASSETS	<u><u>\$ 736,309</u></u>	<u><u>\$ 937,979</u></u>
CURRENT LIABILITIES		
Accounts payable	\$ 47,860	\$ 50,268
Accrued expenses	4,320	3,631
Security deposits	<u>25,022</u>	<u>24,466</u>
TOTAL CURRENT LIABILITIES	<u>77,202</u>	<u>78,365</u>
NET POSITION		
Net investment in capital assets	308,589	348,196
Restricted for future expenses	-	4,682
Unrestricted	<u>350,518</u>	<u>506,736</u>
TOTAL NET POSITION	<u>659,107</u>	<u>859,614</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 736,309</u></u>	<u><u>\$ 937,979</u></u>

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF ACTIVITIES

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Rent	\$ 365,105	\$ 343,418
Government rent - subsidy	661,055	608,863
	<u>1,026,160</u>	<u>952,281</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Salary - administrative	139,800	144,477
Salary - other	111,756	85,275
Utilities	338,033	354,948
Repairs and maintenance	239,357	119,484
Office expense	5,254	4,137
Property insurance	52,194	46,568
Payments in lieu of taxes	15,960	15,960
Professional fees	21,906	21,701
Employee benefits	71,066	59,952
Other	7,641	6,233
Depreciation	46,107	46,354
Assistance payments	194,943	157,624
	<u>1,244,017</u>	<u>1,062,713</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>(217,857)</u>	<u>(110,432)</u>
NON OPERATING REVENUES (EXPENSES)		
Interest income	1,683	174
Other	15,667	14,232
	<u>17,350</u>	<u>14,406</u>
TOTAL NON OPERATING REVENUES (EXPENSES)		
CHANGE IN NET POSITION	(200,507)	(96,026)
NET POSITION - JANUARY 1	<u>859,614</u>	<u>955,640</u>
NET POSITION - DECEMBER 31	<u>\$ 659,107</u>	<u>\$ 859,614</u>

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	\$ 1,024,782	\$ 949,152
Cash payment to suppliers for goods and services	(861,736)	(710,006)
Cash payments to employees for services	(321,933)	(289,469)
Payment in lieu of taxes	(15,960)	(15,960)
	<u>(174,847)</u>	<u>(66,283)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital purchases	(6,500)	-
Security deposits	556	(2,312)
	<u>(5,944)</u>	<u>(2,312)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings and other	17,350	14,406
	<u>(163,441)</u>	<u>(54,189)</u>
CASH BEGINNING OF YEAR - INCLUDING RESTRICTED CASH	<u>561,957</u>	<u>616,146</u>
CASH END OF YEAR - INCLUDING RESTRICTED CASH	<u>\$ 398,516</u>	<u>\$ 561,957</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FOR OPERATING ACTIVITIES		
Operating income (loss)	\$ (217,857)	\$ (110,432)
Adjustments to reconcile operating income (loss) to net cash provided for operating activities		
Depreciation	46,107	46,354
Change in assets and liabilities:		
Accounts receivable	(1,378)	-
Inventories	-	(1,175)
Prepays	-	(18,965)
Accounts payable	(2,408)	17,700
Accrued expenses	689	235
	<u>(174,847)</u>	<u>(66,283)</u>

NOTES TO FINANCIAL STATEMENTS

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE -1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Rocky Ford Housing Authority (the "Authority") provides low-income housing to farm laborers, rural inhabitants and the elderly in the Rocky Ford, Colorado area. Approximately 70% of the tenants receive assistance payments from the federal government for the difference in the fair market value of the rentals and their individual income levels.

Accounting Policies

The accounting policies of the Rocky Ford Housing Authority conform to governmental accounting principles generally accepted in the United States.

The Authority is accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes. Enterprise funds are accounted for using accrual basis of accounting; revenues are recognized when earned, and expenses are recognized when incurred. The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is charges to tenants and government subsidized rent. Operating expenses for the enterprise fund include the cost of rent and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Program revenues consist of government subsidized rent from the Section 8 Housing Choice Vouchers Program and the Section 8 Housing Assistance Payments Program.

The Authority does not have any indirect expenses. Direct expenses are those that are clearly identifiable with a specific function or segment.

Reporting Entity

The Rocky Ford Housing Authority is governed by a five-member board affirmed by the council of the City of Rocky Ford. The Authority provides housing to certain qualified residents and is principally funded through Federal grants and rental charges. Because these appointments are administrative in nature and control over the organization is at the Federal Government level, the Authority is treated as a related organization of the City of Rocky Ford rather than a component unit. Currently no component units have been included in the Authority's reporting entity because of a lack of operational relationships or financial accountability to the Authority.

Budgets

The Rocky Ford Housing Authority is not legally required to adopt budgets nor are there legal requirements to hold public hearings. However, the Authority adopts budgets for administrative controls. The budgets are not compatible with the GAAP financial presentation included in this report. Therefore, the budgetary data is not included in the financial statements. All annual appropriations lapse at fiscal year-end. The Authority does not use encumbrance accounting procedures.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are represented by cash on hand as well as demand deposits and certificate of deposits held in banks. For purposes of the statement of cash flows, the Authority considers all certificates of deposit to be cash equivalents.

Restricted Cash

Restricted cash accounts are maintained to account for resources to repay tenant security deposits and to account for overfunded Housing Assistance Payments, if applicable.

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE -1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The inventory of appliances and supplies is reported at cost, using the first-in, first-out method.

Property and Equipment

Property and equipment are stated at cost. Depreciation is determined using the straight-line method based on the estimated useful lives of three to twenty-five years for equipment and fifty years for buildings. The capitalization limit is \$5,000.

Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments are generally capitalized. Gains or losses due to disposal are charged or credited to income.

Net Position

In the proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

The Authority applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE -2 DEPOSITS

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial credit risk is that in the event of a bank failure, the Authority’s deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. The following discloses the credit risk of the Authority.

At December 31, 2023, the Rocky Ford Housing Authority cash deposits had a bank balance of \$411,557 and a corresponding carrying balance as follows:

Insured deposits (FDIC)	\$ 360,175
Uninsured, Collateralized under PDPA	<u>38,341</u>
Total	<u>\$ 398,516</u>

The following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash	\$ 373,494
Restricted cash	<u>25,022</u>
Total	<u>\$ 398,516</u>

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE -3 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2023, is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 159,200	\$ -	\$ -	\$ 159,200
Capital assets being depreciated				
Buildings	2,355,066	-	-	2,355,066
Equipment	296,043	6,500	-	302,543
Less accumulated depreciation for buildings & equipment	<u>(2,462,113)</u>	<u>(46,107)</u>	<u>-</u>	<u>(2,508,220)</u>
TOTAL	<u>\$ 348,196</u>	<u>\$ (39,607)</u>	<u>\$ -</u>	<u>\$ 308,589</u>

For the year ending December 31, 2023, the total amount of depreciation charged to expense was \$46,107.

NOTE -4 CONTINGENT LIABILITIES

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 or claims which may be disallowed by the grantor cannot be determined at this time although the Rocky Ford Housing Authority expects such amounts, if any, to be immaterial.

NOTE -5 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. The Authority manages its risk by purchasing commercial insurance for all risks of loss, including health insurance for its employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE -6 GENERAL INFORMATION

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 governments for years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Authority believes that it is exempt from the provisions of TABOR because it qualifies as an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenues from state and local government grants) as defined by in the constitutional amendment.

Additionally, the Board believes that 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.

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE -7 INCOME TAXES

The Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Authority's tax-exempt purpose is subject to taxation as unrelated business income.

The Authority adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Authority has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Authority believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Authority's financial condition, results of operations or cash flows. Accordingly, the Authority has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2023.

The Authority is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE -8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

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

HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
601 SOUTH EIGHTH STREET
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Rocky Ford Housing Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Rocky Ford Housing Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Rocky Ford Housing Authority's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rocky Ford Housing Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rocky Ford Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Rocky Ford Housing Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rocky Ford Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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.



Hancock Froese & Company LLC

March 22, 2024

FINANCIAL DATA SCHEDULES

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2023

	14.871 Housing Choice Vouchers	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Total
111 Cash - Unrestricted		\$150,763	\$222,731	\$373,494
112 Cash - Restricted - Modernization and Development				
113 Cash - Other Restricted	\$0			\$0
114 Cash - Tenant Security Deposits		\$6,656	\$18,366	\$25,022
115 Cash - Restricted for Payment of Current Liabilities				
100 Total Cash	\$0	\$157,419	\$241,097	\$398,516
121 Accounts Receivable - PHA Projects				
122 Accounts Receivable - HUD Other Projects				
124 Accounts Receivable - Other Government				
125 Accounts Receivable - Miscellaneous				
126 Accounts Receivable - Tenants		\$2,701	\$1,543	\$4,244
126.1 Allowance for Doubtful Accounts -Tenants		\$0	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other				
127 Notes, Loans, & Mortgages Receivable - Current				
128 Fraud Recovery				
128.1 Allowance for Doubtful Accounts - Fraud				
129 Accrued Interest Receivable				
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$2,701	\$1,543	\$4,244
131 Investments - Unrestricted				
132 Investments - Restricted				
135 Investments - Restricted for Payment of Current Liability				
142 Prepaid Expenses and Other Assets			\$18,965	\$18,965
143 Inventories			\$5,995	\$5,995
143.1 Allowance for Obsolete Inventories			\$0	\$0
144 Inter Program Due From				
145 Assets Held for Sale				
150 Total Current Assets	\$0	\$160,120	\$267,600	\$427,720
161 Land				
162 Buildings			\$2,816,809	\$2,816,809
163 Furniture, Equipment & Machinery - Dwellings				
164 Furniture, Equipment & Machinery - Administration				
165 Leasehold Improvements				
166 Accumulated Depreciation			-\$2,508,220	-\$2,508,220
167 Construction in Progress				
168 Infrastructure				
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$308,589	\$308,589
171 Notes, Loans and Mortgages Receivable - Non-Current				
172 Notes, Loans, & Mortgages Receivable - Non Current - Past				
173 Grants Receivable - Non Current				
174 Other Assets				
176 Investments in Joint Ventures				
180 Total Non-Current Assets	\$0	\$0	\$308,589	\$308,589
200 Deferred Outflow of Resources				
290 Total Assets and Deferred Outflow of Resources	\$0	\$160,120	\$576,189	\$736,309

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2023

	14.871 Housing Choice Vouchers	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Total
311 Bank Overdraft				
312 Accounts Payable <= 90 Days			\$47,860	\$47,860
313 Accounts Payable >90 Days Past Due				
321 Accrued Wage/Payroll Taxes Payable			\$4,320	\$4,320
322 Accrued Compensated Absences - Current Portion				
324 Accrued Contingency Liability				
325 Accrued Interest Payable				
331 Accounts Payable - HUD PHA Programs				
332 Account Payable - PHA Projects				
333 Accounts Payable - Other Government				
341 Tenant Security Deposits		\$6,656	\$18,366	\$25,022
342 Unearned Revenue				
343 Current Portion of Long-term Debt - Capital				
344 Current Portion of Long-term Debt - Operating Borrowings				
345 Other Current Liabilities				
346 Accrued Liabilities - Other				
347 Inter Program - Due To				
348 Loan Liability - Current				
310 Total Current Liabilities	\$0	\$6,656	\$70,546	\$77,202
351 Long-term Debt, Net of Current - Capital Projects/Mortgage				
352 Long-term Debt, Net of Current - Operating Borrowings				
353 Non-current Liabilities - Other				
354 Accrued Compensated Absences - Non Current				
355 Loan Liability - Non Current				
356 FASB 5 Liabilities				
357 Accrued Pension and OPEB Liabilities				
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0
300 Total Liabilities	\$0	\$6,656	\$70,546	\$77,202
400 Deferred Inflow of Resources				
508.4 Net Investment in Capital Assets			\$308,589	\$308,589
511.4 Restricted Net Position	\$0			\$0
512.4 Unrestricted Net Position	\$0	\$153,464	\$197,054	\$350,518
513 Total Equity - Net Assets / Position	\$0	\$153,464	\$505,643	\$659,107
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$0	\$160,120	\$576,189	\$736,309

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2023

	14.871 Housing Choice Vouchers	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Total
70300 Net Tenant Rental Revenue		\$232,340	\$832,375	\$1,064,715
70400 Tenant Revenue - Other				
70500 Total Tenant Revenue	\$0	\$232,340	\$832,375	\$1,064,715
70600 HUD PHA Operating Grants	\$221,461	\$439,594		\$661,055
70610 Capital Grants				
70710 Management Fee				
70720 Asset Management Fee				
70730 Book Keeping Fee				
70740 Front Line Service Fee				
70750 Other Fees				
70700 Total Fee Revenue				
70800 Other Government Grants				
71100 Investment Income - Unrestricted	\$27	\$1,631	\$25	\$1,683
71200 Mortgage Interest Income				
71300 Proceeds from Disposition of Assets Held for Sale				
71310 Cost of Sale of Assets				
71400 Fraud Recovery				
71500 Other Revenue			\$15,667	\$15,667
71600 Gain or Loss on Sale of Capital Assets				
72000 Investment Income - Restricted				
70000 Total Revenue	\$221,488	\$673,565	\$848,067	\$1,743,120
91100 Administrative Salaries	\$31,200	\$50,220	\$58,380	\$139,800
91200 Auditing Fees	\$2,250	\$3,500	\$7,955	\$13,705
91300 Management Fee				
91310 Book-keeping Fee	\$2,400	\$1,440	\$3,720	\$7,560
91400 Advertising and Marketing				
91500 Employee Benefit contributions - Administrative	\$2,387	\$15,652	\$18,196	\$36,235
91600 Office Expenses			\$5,254	\$5,254
91700 Legal Expense			\$641	\$641
91800 Travel				
91810 Allocated Overhead				
91900 Other				
91000 Total Operating - Administrative	\$38,237	\$70,812	\$94,146	\$203,195
92000 Asset Management Fee				
92100 Tenant Services - Salaries		\$71,117	\$40,639	\$111,756
92200 Relocation Costs				
92300 Employee Benefit Contributions - Tenant Services		\$22,165	\$12,666	\$34,831
92400 Tenant Services - Other				
92500 Total Tenant Services	\$0	\$93,282	\$53,305	\$146,587
93100 Water			\$109,129	\$109,129
93200 Electricity			\$126,869	\$126,869
93300 Gas			\$77,146	\$77,146
93400 Fuel				
93500 Labor				

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2023

	14.871 Housing Choice Vouchers	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Total
93600 Sewer				
93700 Employee Benefit Contributions - Utilities				
93800 Other Utilities Expense			\$24,889	\$24,889
93000 Total Utilities	\$0	\$0	\$338,033	\$338,033
94100 Ordinary Maintenance and Operations - Labor				
94200 Ordinary Maintenance and Operations - Materials and			\$239,357	\$239,357
94300 Ordinary Maintenance and Operations Contracts				
94500 Employee Benefit Contributions - Ordinary Maintenance				
94000 Total Maintenance	\$0	\$0	\$239,357	\$239,357
95100 Protective Services - Labor				
95200 Protective Services - Other Contract Costs				
95300 Protective Services - Other				
95500 Employee Benefit Contributions - Protective Services				
95000 Total Protective Services	\$0	\$0	\$0	\$0
96110 Property Insurance			\$52,194	\$52,194
96120 Liability Insurance				
96130 Workmen's Compensation				
96140 All Other Insurance				
96100 Total insurance Premiums	\$0	\$0	\$52,194	\$52,194
96200 Other General Expenses			\$7,641	\$7,641
96210 Compensated Absences				
96300 Payments in Lieu of Taxes			\$15,960	\$15,960
96400 Bad debt - Tenant Rents				
96500 Bad debt - Mortgages				
96600 Bad debt - Other				
96800 Severance Expense				
96000 Total Other General Expenses	\$0	\$0	\$23,601	\$23,601
96710 Interest of Mortgage (or Bonds) Payable				
96720 Interest on Notes Payable (Short and Long Term)				
96730 Amortization of Bond Issue Costs				
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$38,237	\$164,094	\$800,636	\$1,002,967
97000 Excess of Operating Revenue over Operating Expenses	\$183,251	\$509,471	\$47,431	\$740,153
97100 Extraordinary Maintenance				
97200 Casualty Losses - Non-capitalized				
97300 Housing Assistance Payments	\$194,943	\$699,610		\$894,553
97350 HAP Portability-In				
97400 Depreciation Expense			\$46,107	\$46,107
97500 Fraud Losses				
97600 Capital Outlays - Governmental Funds				
97700 Debt Principal Payment - Governmental Funds				

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2023

	14.871 Housing Choice Vouchers	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Total
97800 Dwelling Units Rent Expense				
90000 Total Expenses	\$233,180	\$863,704	\$846,743	\$1,943,627
10010 Operating Transfer In	\$7,010		\$0	\$7,010
10020 Operating transfer Out	\$0		-\$7,010	-\$7,010
10030 Operating Transfers from/to Primary Government				
10040 Operating Transfers from/to Component Unit				
10050 Proceeds from Notes, Loans and Bonds				
10060 Proceeds from Property Sales				
10070 Extraordinary Items, Net Gain/Loss				
10080 Special Items (Net Gain/Loss)				
10091 Inter Project Excess Cash Transfer In				
10092 Inter Project Excess Cash Transfer Out				
10093 Transfers between Program and Project - In				
10094 Transfers between Project and Program - Out				
10100 Total Other financing Sources (Uses)	\$7,010	\$0	-\$7,010	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	-\$4,682	-\$190,139	-\$5,686	-\$200,507
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$4,682	\$343,603	\$511,329	\$859,614
11040 Prior Period Adjustments, Equity Transfers and				
11050 Changes in Compensated Absence Balance				
11060 Changes in Contingent Liability Balance				
11070 Changes in Unrecognized Pension Transition Liability				
11080 Changes in Special Term/Severance Benefits Liability				
11090 Changes in Allowance for Doubtful Accounts - Dwelling				
11100 Changes in Allowance for Doubtful Accounts - Other				
11170 Administrative Fee Equity	\$0			\$0
11180 Housing Assistance Payments Equity	\$0			\$0
11190 Unit Months Available	600	840	480	1920
11210 Number of Unit Months Leased	476	760	460	1696
11270 Excess Cash				
11610 Land Purchases				
11620 Building Purchases				
11630 Furniture & Equipment - Dwelling Purchases				
11640 Furniture & Equipment - Administrative Purchases				
11650 Leasehold Improvements Purchases				
11660 Infrastructure Purchases				
13510 CFFP Debt Service Payments				
13901 Replacement Housing Factor Funds				