

**HOUSING AUTHORITY OF THE  
TOWN OF SPRINGFIELD  
Springfield, Colorado**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS'  
REPORT**

**SEPTEMBER 30, 2023**

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**

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Performed in Accordance with *Government Auditing Standards*



## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Audit of Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Housing Authority of the Town of Springfield (the "Housing Authority"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 Housing Authority as of September 30, 2023, and the respective changes in financial position, and where applicable, cash flows there of 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 Auditors' 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 Springfield, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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'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.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 be presented to supplement the basic financial statements. Such information, 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by the missing information.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining financial statements 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 December 5, 2023, on our consideration of the 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 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 the Housing Authority's internal control over financial reporting and compliance.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
December 5, 2023

**HOUSING AUTHORITY OF THE TOWN OF  
SPRINGFIELD  
Springfield, Colorado**

**BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

ASSETS

CURRENT ASSETS

Cash	\$ 159,684
Cash - restricted	47,566
Tenants receivable	281
TOTAL CURRENT ASSETS	207,531

NONCURRENT ASSETS

Land	70,000
Land improvements	16,632
Buildings and improvements	1,522,182
Equipment	69,385
Less accumulated depreciation	(1,479,506)
TOTAL NONCURRENT ASSETS	198,693

**TOTAL ASSETS** **\$ 406,224**

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$ 9,563
Accrued expenses	57,347
Accrued interest payable	685
Tenants' security deposits	8,298
Current portion of notes payable	11,066
TOTAL CURRENT LIABILITIES	86,959

NONCURRENT LIABILITIES

Notes payable	704,410
TOTAL LIABILITIES	791,369

NET POSITION

Net investment in capital assets	(516,783)
Unrestricted	131,638
TOTAL NET POSITION	(385,145)

**TOTAL LIABILITIES AND NET POSITION** **\$ 406,224**

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED SEPTEMBER 30, 2023**

<b>OPERATING REVENUE</b>	
Tenant rents	\$ 112,978
Operating grants	152,001
Other operating revenue	<u>18,074</u>
<b>TOTAL OPERATING REVENUE</b>	<u><b>283,053</b></u>
 <b>OPERATING EXPENSES</b>	
Administration	48,809
Utilities	44,806
Maintenance and operations	87,318
General expenses	16,396
Depreciation	<u>33,685</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>231,014</b></u>
<b>OPERATING INCOME</b>	<u><b>52,039</b></u>
 <b>NONOPERATING REVENUE (EXPENSE)</b>	
Interest income	1,978
Interest expense	<u>(14,438)</u>
<b>NET NONOPERATING (EXPENSE)</b>	<u><b>(12,460)</b></u>
<b>CHANGE IN NET POSITION</b>	<b>39,579</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u><b>(424,724)</b></u>
<b>NET POSITION AT END OF YEAR</b>	<u><b>\$ (385,145)</b></u>

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from tenants/participants	\$ 111,822
Cash received from operating grants	152,001
Other income received	18,074
Cash payments to vendors	(140,002)
Cash payments to employees	(56,451)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>85,444</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(36,260)
Principal payments	(14,287)
Interest paid	(11,982)
<b>NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(62,529)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	1,978
<b>NET INCREASE IN CASH</b>	24,893
<b>CASH AT BEGINNING OF YEAR</b>	<u>182,357</u>
<b>CASH AT END OF YEAR</b>	<u><b>\$ 207,250</b></u>
<u><b>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</b></u>	
Cash	\$ 159,684
Cash - restricted	47,566
<b>CASH PER STATEMENT OF NET POSITION</b>	<u><b>\$ 207,250</b></u>
<u><b>RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b></u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Operating income	\$ 52,039
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	33,685
Accounts receivable	(281)
Increase (decrease) in liabilities	
Accounts payable	876
Tenants' security deposits	(875)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u><b>\$ 85,444</b></u>

The accompanying notes are an integral part of these financial statements.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023

**NOTE 1 - Summary of Significant Accounting Policies**

**Reporting Entity** - The Housing Authority of the Town of Springfield (the "Housing Authority") is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to disabled and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements.

Based on the application of this criterion, the Housing Authority does not include additional organizations within its reporting entity.

**Programs Administered by the Housing Authority** - The programs of the Housing Authority are recorded in one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include General Fund and Section 8 New Construction.

**Basis of Accounting and Measurement Focus** - The Housing Authority's financial statements are presented on the full accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Housing Authority applies all GASB pronouncements as well as U.S. GAAP, as codified by the Financial Accounting Standards Board.

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority are rents collected from tenants and operating grants. Operating expenses for the proprietary funds include the cost of operating properties owned, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

**Cash** - Cash amounts are segregated into individual accounts as unrestricted resources or resources restricted for tenants' security deposits and a replacement reserve account.

**Accounts Receivable** - Management has elected to record bad debt expense using the direct write-off method when receivables are determined to be uncollectible based on the periodic review of the accounts. U.S. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2023

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

**Property and Equipment** - Property and equipment are stated at cost less accumulated depreciation. The Housing Authority's capitalization threshold is for property and equipment which exceed \$2,000. Replacements, maintenance, and repairs, which do not improve or extend the lives of the assets, are expensed as incurred. When an item is disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is recognized at that time.

The Housing Authority provides for depreciation of buildings and equipment on the straight-line method. The estimated useful lives used in computing the depreciation provisions are as follows:

Buildings and Improvements	30-40 years
Equipment	5-36 years

**Impairment of Long-Lived Assets** - In accordance with U.S. GAAP, the Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended September 30, 2023.

**Deferred Outflows and Inflows of Resources** - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority does not have any items that qualify for reporting in this category.

**Net Position Classifications** - Net position represents the difference between the total assets and total liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Federal Aids** - Federal aids for reimbursable programs are recognized as revenue in the year related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

**Interprogram Transactions** - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

**Rental Income** - Rental income is recognized as rents become due.

**Advertising** - The Housing Authority expenses advertising costs as incurred.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2023

**NOTE 1 - Summary of Significant Accounting Policies - Continued**

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

**Subsequent Events** - The Housing Authority has evaluated subsequent events through December 5, 2023, the date which the financial statements were available to be issued.

**NOTE 2 - Stewardship, Compliance and Accountability**

**Budgetary Information** - Budgets are adopted for all funds as a management control device, but are not legally required. Therefore, budgetary information is not presented in the financial statements.

**Accountability** - At September 30, 2023, the Springfield West Fund had net position of (\$544,372). Revenue of the property has not historically been sufficient to cover operating costs, including depreciation.

**NOTE 3 - Cash**

HUD regulations and statutes authorize the Housing Authority to have deposits in checking accounts, certificates of deposit, money-market funds, United States government securities, and repurchase agreements fully collateralized by United States government securities.

Cash reported in the financial statements at September 30, 2023, consisted of the following:

Unrestricted	\$ 159,684
Restricted - Tenant Security Deposits	8,298
Restricted - Replacement Reserves	<u>39,268</u>
<b>TOTAL CASH</b>	<b><u>\$ 207,250</u></b>

**Fair Value of Deposits** - Deposits are reported at fair value. At September 30, 2023, the fair value of the Housing Authority's deposits approximated original cost; therefore, no fair value adjustments were necessary.

**Determining Fair Value** - Fair value of the Housing Authority's deposits are determined as follows, deposits with stated interest rates (operating and savings accounts) are stated at cost.

**Income Allocation** - Interest income is generally allocated to the program that owns the operating and savings accounts.

**Custodial Credit Risk - Deposits** - Custodial credit is the risk that, in the event of the failure of a depository financial institution; a government will not be able to recover its deposits. The Housing Authority does not have a deposit policy for custodial credit risk. As of September 30, 2023, none of the Housing Authority's bank balance of \$212,764 was exposed to custodial credit risk.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2023

**NOTE 3 - Cash - Continued**

**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 statutes. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 percent of the uninsured deposits.

**NOTE 4 - HUD Regulations and Restrictions**

Some of the regulations and restrictions that HUD imposes on the Housing Authority include the following:

**Tenant Security Deposits** - Tenant security deposits are held in trust in a separate account under the Housing Authority's name.

**Replacement Reserve** - The Housing Authority is required to set aside amounts for the replacement of property and other Housing Authority expenditures approved by HUD. These deposits are held in a separate account and generally are not available for operating purposes.

**Distributions** - The Housing Authority's regulatory agreement with HUD stipulates, among other things, that the Housing Authority will not make distributions of assets or income to any of its officers or directors.

**Rent Increases** - Under the regulatory agreement, the Housing Authority may not increase rents charged to tenants without HUD approval.

**Management Fee** - The Housing Authority paid a HUD-approved flat rate management fee of \$52 for each unit (32) during each month of year, totaling an annual fee of \$19,968. Fees were transferred internally across funds to their General program, for the management of their Springfield West property.

**NOTE 5 - Capital Assets**

A summary of changes in capital assets is as follows:

	<u>BALANCE</u> 10/01/22	<u>ADDITIONS</u>	<u>RETIREMENTS</u>	<u>BALANCE</u> 09/30/23
<i>Capital assets not being depreciated:</i>				
Land	\$ 70,000	\$ -	\$ -	\$ 70,000
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,500,891	21,290	-	1,522,181
Land improvements	16,633	-	-	16,633
Equipment	54,415	14,970	-	69,385
Total capital assets being depreciated	1,571,939	36,260	-	1,608,199
Less accumulated depreciation	1,445,821	(33,685)	-	1,479,506
Total capital assets being depreciated, net of accumulated depreciation	126,118	2,575	-	128,693
<b>NET CAPITAL ASSETS</b>	<b>\$ 196,118</b>	<b>\$ 2,575</b>	<b>\$ -</b>	<b>\$ 198,693</b>

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2023

**NOTE 6 - Long-Term Debt**

Details of the Housing Authority's long-term obligations are set forth below:

	BALANCE 10/01/22	ADDITIONS	REDUCTIONS	BALANCE 9/30/23	AMOUNT DUE WITHIN ONE YEAR
Notes payable	<b><u>\$ 729,763</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 14,287</u></b>	<b><u>\$ 715,476</u></b>	<b><u>\$ 11,066</u></b>

At September 30, 2023, long-term obligations consisted of:

Note payable to Colorado Housing and Finance Authority for the rehabilitation of the Springfield West Apartments, interest at 6.5 percent, monthly payments of \$1,580, including interest, matures July 1, 2032. Collateralized by a first deed of trust and security agreement on the land, improvements, and personal property comprising Springfield West Apartments.	\$ 126,495
Note payable to HUD for mortgage restructuring, interest at 1.0 percent per annum, annual principal and interest payments due January 1 if the property generates surplus cash, matures July 1, 2032. Collateralized by a deed of trust.	335,076
Note payable to HUD for mortgage restructuring, interest at 1.0 percent per annum, annual principal and interest payments due January 1 if the property generates surplus cash, matures July 1, 2032. Collateralized by a deed of trust.	<u>253,905</u>
<b>TOTAL</b>	<b><u>\$ 715,476</u></b>

The aggregate maturities of long-term obligations following September 30, 2023, are as follows:

Year Ended September 30,	Principal	Interest	Total
2024	\$ 11,066	\$ 7,896	\$ 18,962
2025	11,807	7,155	18,962
2026	12,598	6,364	18,962
2027	13,441	5,521	18,962
2028	14,341	4,621	18,962
2029 - 2032	<u>652,223</u>	<u>126,636</u>	<u>778,861</u>
<b>Total</b>	<b><u>\$ 715,476</u></b>	<b><u>\$ 158,195</u></b>	<b><u>\$ 873,671</u></b>

**Total Interest Expense**

For the fiscal year ending September 30, 2023, interest expense was \$14,438 and interest paid on long-term debt totaled \$11,982.

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued  
SEPTEMBER 30, 2023

**NOTE 7 - Commitments and Contingencies**

**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 and activities from the limitations. The Board of Commissioners of the Housing Authority believes it is exempt from the provisions of the Taxpayer's Bill of Rights (TABOR) because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10 percent 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 which are all the basic operational requirements of TABOR. However, many provisions of the TABOR Amendment are complex and subject to further interpretation and will require judicial interpretation.

**NOTE 8 - Risk Management**

The Housing Authority is exposed to various risks of loss due to torts; theft, damage, and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. There has been no significant reduction in insurance coverage from the previous year. In addition, there have been no material settlements in excess of coverage in any of the prior three fiscal years.

**NOTE 9 - Economic Dependency**

The Housing Authority received approximately 53 percent of its total revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

**HOUSING AUTHORITY OF THE TOWN OF  
SPRINGFIELD  
Springfield, Colorado**

**SUPPLEMENTARY INFORMATION**

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 123,879	\$ 35,805	\$ -	\$ 159,684
Cash - restricted	-	47,566	-	47,566
Tenants receivable	-	281	-	281
Due from other programs	8,026	-	(8,026)	-
TOTAL CURRENT ASSETS	<u>131,905</u>	<u>83,652</u>	<u>(8,026)</u>	<u>207,531</u>
<b>NONCURRENT ASSETS</b>				
Land	-	70,000	-	70,000
Land improvements	-	16,632	-	16,632
Buildings and improvements	15,479	1,506,703	-	1,522,182
Equipment	39,452	29,933	-	69,385
Less accumulated depreciation	(27,609)	(1,451,897)	-	(1,479,506)
TOTAL NONCURRENT ASSETS	<u>27,322</u>	<u>171,371</u>	<u>-</u>	<u>198,693</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 159,227</u></b>	<b><u>\$ 255,023</u></b>	<b><u>\$ (8,026)</u></b>	<b><u>\$ 406,224</u></b>
<b><u>LIABILITIES AND NET POSITION</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ 9,563	\$ -	\$ 9,563
Due to other programs	-	8,026	(8,026)	-
Accrued interest payable	-	685	-	685
Accrued expenses	-	57,347	-	57,347
Tenants' security deposits	-	8,298	-	8,298
Current portion of notes payable	-	11,066	-	11,066
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>94,985</u>	<u>(8,026)</u>	<u>86,959</u>
<b>NONCURRENT LIABILITIES</b>				
Notes payable	-	704,410	-	704,410
TOTAL LIABILITIES	<u>-</u>	<u>799,395</u>	<u>(8,026)</u>	<u>791,369</u>
<b>NET POSITION</b>				
Net investment in capital assets	27,322	(544,105)	-	(516,783)
Unrestricted	131,905	(267)	-	131,638
TOTAL NET POSITION	<u>159,227</u>	<u>(544,372)</u>	<u>-</u>	<u>(385,145)</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 159,227</u></b>	<b><u>\$ 255,023</u></b>	<b><u>\$ (8,026)</u></b>	<b><u>\$ 406,224</u></b>

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2023

	GENERAL FUND	SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST	ELIMINATING ENTRY	TOTAL
<b>OPERATING REVENUE</b>				
Tenant rents	\$ -	\$ 112,978	\$ -	\$ 112,978
Management fee	19,968	-	(19,968)	-
Operating grants	-	152,001	-	152,001
Other operating revenue	15,523	2,551	-	18,074
<b>TOTAL OPERATING REVENUE</b>	<u>35,491</u>	<u>267,530</u>	<u>(19,968)</u>	<u>283,053</u>
<b>OPERATING EXPENSES</b>				
Administration	-	68,777	(19,968)	48,809
Utilities	-	44,806	-	44,806
Maintenance and operations	-	87,318	-	87,318
General expenses	-	16,396	-	16,396
Depreciation	3,961	29,724	-	33,685
<b>TOTAL OPERATING EXPENSES</b>	<u>3,961</u>	<u>247,021</u>	<u>(19,968)</u>	<u>231,014</u>
<b>OPERATING INCOME</b>	<u>31,530</u>	<u>20,509</u>	<u>-</u>	<u>52,039</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Interest income	1,485	493	-	1,978
Operating transfers in (out)	1,688	(1,688)	-	-
Interest expense	-	(14,438)	-	(14,438)
<b>NET NONOPERATING REVENUE (EXPENSE)</b>	<u>3,173</u>	<u>(15,633)</u>	<u>-</u>	<u>(12,460)</u>
<b>CHANGE IN NET POSITION</b>	<u>34,703</u>	<u>4,876</u>	<u>-</u>	<u>39,579</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>124,524</u>	<u>(549,248)</u>	<u>-</u>	<u>(424,724)</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 159,227</u>	<u>\$ (544,372)</u>	<u>\$ -</u>	<u>\$ (385,145)</u>

**HOUSING AUTHORITY OF THE TOWN OF SPRINGFIELD**  
**Springfield, Colorado**  
**COMBINING STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2023**

	GENERAL FUND	SECTION 8 NEW CONSTRUCTION SPRINGFIELD WEST	ELIMINATING ENTRY	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from tenants/participants	\$ -	\$ 111,822	\$ -	\$ 111,822
Cash received from operating grants	-	152,001	-	152,001
Other income received	35,491	2,551	(19,968)	18,074
Cash received from interprogram services (used) provided	(8,026)	8,026	-	-
Cash payments to vendors	-	(159,970)	19,968	(140,002)
Cash payments to employees	-	(56,451)	-	(56,451)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>27,465</b>	<b>57,979</b>	<b>-</b>	<b>85,444</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(30,449)	(5,811)	-	(36,260)
Principal payments	-	(14,287)	-	(14,287)
Interest paid	-	(11,982)	-	(11,982)
<b>NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(30,449)</b>	<b>(32,080)</b>	<b>-</b>	<b>(62,529)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating transfers in (out)	1,688	(1,688)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,485	493	-	1,978
<b>NET INCREASE IN CASH</b>	<b>189</b>	<b>24,704</b>	<b>-</b>	<b>24,893</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b>123,690</b>	<b>58,667</b>	<b>-</b>	<b>182,357</b>
<b>CASH AT END OF YEAR</b>	<b>\$ 123,879</b>	<b>\$ 83,371</b>	<b>\$ -</b>	<b>\$ 207,250</b>
<b><u>RECONCILIATION OF CASH PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION</u></b>				
Cash	\$ 123,879	\$ 35,805	\$ -	\$ 159,684
Cash - restricted	-	47,566	-	47,566
<b>CASH PER STATEMENT OF NET POSITION</b>	<b>\$ 123,879</b>	<b>\$ 83,371</b>	<b>\$ -</b>	<b>\$ 207,250</b>
<b><u>RECONCILIATION OF NET INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>				
Operating income	\$ 31,530	\$ 20,509	\$ -	\$ 52,039
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	3,961	29,724	-	33,685
Changes in assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	-	(281)	-	(281)
Due from other programs	(8,026)	-	8,026	-
Increase (decrease) in liabilities				
Accounts payable	-	876	-	876
Due to other programs	-	8,026	(8,026)	-
Tenants' security deposits	-	(875)	-	(875)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 27,465</b>	<b>\$ 57,979</b>	<b>\$ -</b>	<b>\$ 85,444</b>

**HOUSING AUTHORITY OF THE TOWN OF  
SPRINGFIELD  
Springfield, Colorado**

**OTHER REPORTS**



**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**

To the Board of Commissioners  
Housing Authority of the Town of Springfield  
Springfield, 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 Housing Authority of the Town of Springfield (the "Housing Authority"), as of and for the year ended September 30, 2023, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated December 5, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Housing Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hawkins Ash CPAs, LLP*

La Crosse, Wisconsin  
December 5, 2023