

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

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

**Year Ended March 31, 2024**

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>Required Supplemental Information:</b>	
Management's Discussion and Analysis	1
<b>Independent Auditor's Report</b>	7
<b>Financial Statements:</b>	
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	11
Statement of Cash Flows – Proprietary Fund	12
Notes to Financial Statements	14
<b>Supplemental Information:</b>	
Financial Data Schedule	20
<b>Government Auditing Standards Section:</b>	
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	23
Summary Schedule of Prior Audit Findings	25
Schedule of Findings and Responses	26
Corrective Action Plan	28
<b>Agreed-Upon Procedure:</b>	
Independent Accountant's Report on Applying Agreed-Upon Procedure	29

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended March 31, 2024

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, 2024. 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, 2024 was \$545,124. The net position increased by \$137,496 an increase of 34% over the prior year. Of this amount, \$300,981 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 \$113,664 for the year ended March 31, 2024. This was an increase of \$8,825 or 8% over the prior year.

Operating expenses for the Authority were \$188,043 for the year ended March 31, 2024. This was a decrease of (\$21,779) or 10% from 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, 2024**

**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, 2024 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, 2024**

**FINANCIAL ANALYSIS (CONT'D)**

**CONDENSED STATEMENT OF NET POSITION**

	FY 2024	FY 2023	Dollar Change	Percent Change
Current and other assets	\$ 329,266	\$ 296,403	\$ 32,863	11%
Capital assets	244,143	137,697	106,446	77%
Total Assets	<u>573,409</u>	<u>434,100</u>	<u>139,309</u>	<u>32%</u>
Current liabilities	21,691	16,836	4,855	29%
Other liabilities	6,594	9,636	(3,042)	-32%
Total Liabilities	<u>28,285</u>	<u>26,472</u>	<u>1,813</u>	<u>7%</u>
Net Position				
Net investment in capital assets	244,143	137,697	106,446	77%
Unrestricted	300,981	269,931	31,050	12%
Total Net Position	<u>\$ 545,124</u>	<u>\$ 407,628</u>	<u>\$ 137,496</u>	<u>34%</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 \$545,124 at the close of the year ended March 31, 2024. This represents an increase of \$137,496 or 34% over the prior year. The majority of the increase was attributed to the receipt of insurance proceeds of \$109,624 from storm damage and from operations for the year ended March 31, 2024.

Current and other assets increased by \$32,863 which was attributed to operations before depreciation, insurance proceeds of \$109,624 from storm damage and capital improvements which resulted in a net increase in cash of \$35,009.

Total liabilities increased by \$1,813 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, 2024 was \$300,981 an increase of \$31,050. 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, 2024**

**FINANCIAL ANALYSIS (CONT'D)**

As can be seen below, total revenues increased by \$21,541, primarily due to the increase in rental income of \$12,417 or 13% and Federal operating grants of \$10,292. 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 \$61,783 for the year ended March 31, 2024 which was an increase of \$717 over 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 \$53,059 of HUD capital grants for operations for the fiscal year ended March 31, 2024 compared to \$43,484 in the previous year.

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

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues:				
Rental	\$ 104,882	\$ 92,465	\$ 12,417	13%
HUD program contributions	114,842	104,550	10,292	10%
Other	8,782	12,374	(3,592)	-29%
General revenue:				
Interest	4,214	1,790	2,424	135%
Total Revenues	<u>232,720</u>	<u>211,179</u>	<u>21,541</u>	<u>10%</u>
<b>Expenses</b>				
Depreciation	16,635	17,251	(616)	-4%
Operating	171,408	192,571	(21,163)	-11%
Nonoperating	16,805	-	16,805	100%
Total Expenses	<u>204,848</u>	<u>209,822</u>	<u>(4,974)</u>	<u>-2%</u>
Excess (deficiency) before special items	27,872	1,357	26,515	1954%
Special Items:				
Casualty loss income-storm damage	109,624	-	109,624	
Changes in Net Position	<u>137,496</u>	<u>1,357</u>	<u>136,139</u>	
Beginning Net Position	407,628	406,271	1,357	
Ending Net Position	<u>\$ 545,124</u>	<u>\$ 407,628</u>	<u>\$ 137,496</u>	

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2024**

**FINANCIAL ANALYSIS (CONT'D)**

Operating expenses for the Authority were \$171,408 for the year ended March 31, 2024. This was a decrease of (\$21,163) or 11% from the prior year. The most significant decrease was in maintenance which decreased by (\$25,609) which will vary from year to year based on unit turnaround and various maintenance projects completed. The other various category fluctuations were not attributed to any specific event or unusual circumstance other than the typical variability from year to year.

**OCCUPANCY**

Regarding Occupancy for the Fiscal year ending March 31, 2024 at Kersey Housing Authority, the year was successful for occupancy, with most units experiencing 100 percent occupancy during the year. While KHA began the year in April of 2023 with only 1 vacant unit (#9) we had a quick turnaround in leasing practices and the unit was in good physical condition. KHA ended the fiscal year with 2-unit vacancies, one due to 'non-renewal of lease due to habitually late or unpaid rent' (#1) and one tenant voluntary move out (#7). These units still had fairly quick turnaround of leasing activities with in house tenant transfers between units, and an actively maintained Waiting list, and the units in good physical condition.

Kersey Housing Authority continues to have an open waiting list and is actively seeking qualified applicants, that are able to 'move in quickly' when they are offered a unit. From time to time we still find applicants that are hesitant to move to a more rural small town, without public transportation to doctors, grocery stores or other amenities that Kersey doesn't yet have. Applicants are also hesitant to accept some of our smaller apartments, and are not willing to downsize. KHA continues to work with our Contractors for shorter unit turnaround times in the future. KHA also strives to keep maintenance materials and items such as Paint, caulk, flooring, trim, plumbing fixtures such as faucets, shower doors, toilets, furnace motors, etc. on hand, and in stock so as to avoid maintenance materials shortages, or shipping delays.

**CAPITAL ASSETS**

The Authority's net investment in capital assets as of March 31, 2024 amounts to \$244,143. This investment in capital assets includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total increase in the Authority's net investment in capital assets for the current fiscal year was 77% in terms of net book value. The actual amount to purchase or construct capital assets was \$139,886 for the year and the majority was the replacement of the roofs as the result of storm damage. Depreciation charges for the year totaled \$16,635. Additional information on the Authority's capital assets can be found in Note F of the notes to financial statements of this report.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2024**

**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 2025 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**

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

## 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, 2024, 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 major fund of the Housing Authority of the Town of Kersey, Colorado as of March 31, 2024, 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 Schedules are presented for purposes of additional analysis and is not a required part of the basic financial statements. The Financial Data Schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Financial Data Schedules are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024 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  
December 20, 2024

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**STATEMENT OF NET POSITION**  
**March 31, 2024**

<b>ASSETS</b>	<b>Public Housing</b>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 304,438
Accounts receivable, net	20
Due from other governments	4,643
Prepaid insurance	16,165
<i>Restricted:</i>	
Cash and cash equivalents	4,000
<b>TOTAL CURRENT ASSETS</b>	<b>329,266</b>
<b>NONCURRENT ASSETS:</b>	
Capital Assets, non-depreciable	9,788
Capital Assets, depreciable, net	234,355
<b>TOTAL NONCURRENT ASSETS</b>	<b>244,143</b>
<b>TOTAL ASSETS</b>	<b>573,409</b>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	4,186
Accrued payroll and benefits payable	646
Compensated absences payable	12,859
Tenant security deposits payable	4,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,691</b>
<b>NONCURRENT LIABILITIES:</b>	
Compensated absences payable	6,594
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>6,594</b>
<b>TOTAL LIABILITIES</b>	<b>28,285</b>
 <b>NET POSITION</b>	
Net investment in capital assets	244,143
Unrestricted	300,981
<b>TOTAL NET POSITION</b>	<b>\$ 545,124</b>

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, 2024**

		<u>Public Housing</u>
<b>OPERATING REVENUES</b>		
Rental income	\$	104,882
Other income		8,782
<b>TOTAL OPERATING REVENUES</b>		<u>113,664</u>
<b>OPERATING EXPENSES</b>		
Administrative		46,124
Tenant services		165
Utilities		41,951
Ordinary maintenance and operations		55,710
General expense		27,458
Depreciation		16,635
<b>TOTAL OPERATING EXPENSES</b>		<u>188,043</u>
<b>OPERATING INCOME (LOSS)</b>		<u>(74,379)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		61,783
HUD capital grants - operations		53,059
Interest income		4,214
Loss on capital asset dispositions		(16,805)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		<u>102,251</u>
<b>INCOME (LOSS) BEFORE SPECIAL ITEMS</b>		<u>27,872</u>
<b>SPECIAL ITEMS</b>		
Casualty loss income - storm damage		109,624
<b>INCREASE (DECREASE) IN NET POSITION</b>		<u>137,496</u>
<b>NET POSITION:</b>		
Net position, beginning balance		407,628
<b>TOTAL NET POSITION - ENDING BALANCE</b>	<b>\$</b>	<u><u>545,124</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended March 31, 2024**

		<u>Public Housing</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Rental receipts	\$	105,563
Other receipts		8,782
Tenant security deposits		(50)
Cash payments for goods and services		(106,531)
Cash payments to employees for services		(61,164)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>(53,400)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
HUD operating subsidy		61,397
HUD capital grants - operations		53,059
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		<u>114,456</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases and construction of capital assets		(139,886)
Casualty loss, insurance proceeds - storm damage		109,624
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		<u>(30,262)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received		4,215
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		<u>4,215</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		35,009
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>273,429</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	<u><u>308,438</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, 2024**

		<u>Public Housing</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET</b>		
<b>CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$	(74,379)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		16,635
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		710
(Increase) decrease in prepaid insurance		1,822
Increase (decrease) in accounts payable		(620)
Increase (decrease) in tenant security deposits payable		(50)
Increase (decrease) in salaries and benefits payable		(1,666)
Increase (decrease) in accrued absences payable		4,177
Increase (decrease) in unearned revenue		(29)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$</b>	<b><u>(53,400)</u></b>

See accompanying notes.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

**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, 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.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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

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.

Prepaid Items

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

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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

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.

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.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

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

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.

Subscription-Based Information Technology Arrangements

The Authority has not entered into any material subscription-based information technology arrangements to be accrued as defined by GASB 96.

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, 2024, the Authority's carrying amount of deposits was \$308,438 and the bank balances were \$311,759. 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, 2024 are as follows:

Tenants	\$	20
Allowance for doubtful accounts		--
	\$	20

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2024 is as follows:

HUD – operating subsidy	\$ <u>4,643</u>
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**NOTE E – RESTRICTED ASSETS**

Cash and cash equivalents of \$4,000 as presented in the Statement of Net Position at March 31, 2024 is restricted for Tenant Security Deposits.

**NOTE F – CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2024 was as follows:

	Balance <u>4/1/2023</u>	Increases	Decreases	Balance <u>3/31/2024</u>
<b>Non-depreciable assets:</b>				
Land	\$ 4,300	\$ -	\$ -	\$ 4,300
Intangible assets	5,488	-	-	5,488
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>9,788</u>	<u>-</u>	<u>-</u>	<u>9,788</u>
<b>Depreciable assets</b>				
Buildings	746,478	139,886	(41,288)	845,076
Equipment - Administration	15,705	-	-	15,705
<b>Total depreciable assets</b>	<u>762,183</u>	<u>139,886</u>	<u>(41,288)</u>	<u>860,781</u>
<b>Total Capital Assets</b>	<u>771,971</u>	<u>139,886</u>	<u>(41,288)</u>	<u>870,569</u>
<b>Accumulated depreciation</b>				
Buildings	622,366	15,740	(24,483)	613,623
Equipment - Administration	11,907	895	-	12,802
<b>Total accumulated depreciation</b>	<u>634,273</u>	<u>16,635</u>	<u>(24,483)</u>	<u>626,426</u>
<b>Depreciable assets, net</b>	<u>127,910</u>	<u>123,251</u>	<u>(16,805)</u>	<u>234,355</u>
<b>Capital assets, net</b>	<u>\$ 137,698</u>	<u>\$ 123,251</u>	<u>\$ (16,805)</u>	<u>\$ 244,143</u>

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2024**

**NOTE G – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at March 31, 2024 is as follows:

Vendors and contractors	\$ <u>4,186</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, 2024 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>15,276</u>	\$ <u>4,664</u>	\$ <u>(487)</u>	\$ <u>19,453</u>	\$ <u>12,859</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, 2024, 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: 03/31/2024

	Project Total	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$304,438	\$304,438		\$304,438
114 Cash - Tenant Security Deposits	\$4,000	\$4,000		\$4,000
100 Total Cash	\$308,438	\$308,438		\$308,438
122 Accounts Receivable - HUD Other Projects	\$4,643	\$4,643		\$4,643
126 Accounts Receivable - Tenants	\$20	\$20		\$20
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	\$4,663	\$4,663		\$4,663
142 Prepaid Expenses and Other Assets	\$16,165	\$16,165		\$16,165
150 Total Current Assets	\$329,266	\$329,266		\$329,266
161 Land	\$9,788	\$9,788		\$9,788
162 Buildings	\$845,076	\$845,076		\$845,076
164 Furniture, Equipment & Machinery - Administration	\$15,705	\$15,705		\$15,705
165 Leasehold Improvements	\$0	\$0		\$0
166 Accumulated Depreciation	-\$626,426	-\$626,426		-\$626,426
160 Total Capital Assets, Net of Accumulated Depreciation	\$244,143	\$244,143		\$244,143
180 Total Non-Current Assets	\$244,143	\$244,143		\$244,143
290 Total Assets and Deferred Outflow of Resources	\$573,409	\$573,409		\$573,409
312 Accounts Payable <= 90 Days	\$1,008	\$1,008		\$1,008
321 Accrued Wage/Payroll Taxes Payable	\$646	\$646		\$646
322 Accrued Compensated Absences - Current Portion	\$12,859	\$12,859		\$12,859
341 Tenant Security Deposits	\$4,000	\$4,000		\$4,000
346 Accrued Liabilities - Other	\$3,180	\$3,180		\$3,180
310 Total Current Liabilities	\$21,691	\$21,691		\$21,691
354 Accrued Compensated Absences - Non Current	\$6,594	\$6,594		\$6,594
350 Total Non-Current Liabilities	\$6,594	\$6,594		\$6,594
300 Total Liabilities	\$28,285	\$28,285		\$28,285
508.4 Net Investment in Capital Assets	\$244,143	\$244,143		\$244,143
511.4 Restricted Net Position	\$0	\$0		\$0
512.4 Unrestricted Net Position	\$300,981	\$300,981		\$300,981
513 Total Equity - Net Assets / Position	\$545,124	\$545,124		\$545,124
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$573,409	\$573,409		\$573,409

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: 03/31/2024

	Project Total	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$102,589	\$102,589		\$102,589
70400 Tenant Revenue - Other	\$2,293	\$2,293		\$2,293
70500 Total Tenant Revenue	\$104,882	\$104,882	\$0	\$104,882
70600 HUD PHA Operating Grants	\$114,842	\$114,842		\$114,842
71100 Investment Income - Unrestricted	\$4,214	\$4,214		\$4,214
71500 Other Revenue	\$8,782	\$8,782		\$8,782
71600 Gain or Loss on Sale of Capital Assets	-\$16,805	-\$16,805		-\$16,805
70000 Total Revenue	\$215,915	\$215,915	\$0	\$215,915
91100 Administrative Salaries	\$24,007	\$24,007		\$24,007
91200 Auditing Fees	\$3,490	\$3,490		\$3,490
91500 Employee Benefit contributions - Administrative	\$1,888	\$1,888		\$1,888
91600 Office Expenses	\$7,716	\$7,716		\$7,716
91700 Legal Expense	\$2,500	\$2,500		\$2,500
91800 Travel	\$1,927	\$1,927		\$1,927
91900 Other	\$4,598	\$4,598		\$4,598
91000 Total Operating - Administrative	\$46,124	\$46,124	\$0	\$46,124
92400 Tenant Services - Other	\$165	\$165		\$165
92500 Total Tenant Services	\$165	\$165	\$0	\$165
93100 Water	\$16,857	\$16,857		\$16,857
93200 Electricity	\$14,004	\$14,004		\$14,004
93300 Gas	\$11,090	\$11,090		\$11,090
93000 Total Utilities	\$41,951	\$41,951	\$0	\$41,951
94100 Ordinary Maintenance and Operations - Labor	\$30,707	\$30,707		\$30,707
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,421	\$6,421		\$6,421
94300 Ordinary Maintenance and Operations Contracts	\$16,170	\$16,170		\$16,170
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,412	\$2,412		\$2,412
94000 Total Maintenance	\$55,710	\$55,710	\$0	\$55,710
96110 Property Insurance	\$19,042	\$19,042		\$19,042
96130 Workmen's Compensation	\$1,689	\$1,689		\$1,689
96140 All Other Insurance	\$2,063	\$2,063		\$2,063
96100 Total insurance Premiums	\$22,794	\$22,794	\$0	\$22,794
96210 Compensated Absences	\$4,664	\$4,664		\$4,664
96000 Total Other General Expenses	\$4,664	\$4,664	\$0	\$4,664
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$171,408	\$171,408	\$0	\$171,408
97000 Excess of Operating Revenue over Operating Expenses	\$44,507	\$44,507	\$0	\$44,507
97400 Depreciation Expense	\$16,635	\$16,635		\$16,635
90000 Total Expenses	\$188,043	\$188,043	\$0	\$188,043
10010 Operating Transfer In	\$53,059	\$53,059	-\$53,059	\$0
10020 Operating transfer Out	-\$53,059	-\$53,059	\$53,059	\$0
10080 Special Items (Net Gain/Loss)	\$109,624	\$109,624		\$109,624
10100 Total Other financing Sources (Uses)	\$109,624	\$109,624	\$0	\$109,624
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$137,496	\$137,496	\$0	\$137,496
11020 Required Annual Debt Principal Payments	\$0	\$0		\$0
11030 Beginning Equity	\$407,628	\$407,628		\$407,628
11190 Unit Months Available	240	240		240
11210 Number of Unit Months Leased	235	235		235
11270 Excess Cash	\$277,126	\$277,126		\$277,126
11620 Building Purchases	\$11,693	\$11,693		\$11,693

Housing Authority of the Town of Kersey (CO018)

Kersey, CO

Single Project Revenue and Expense

Submission Type: Audited/Non Single  
Audit

Fiscal Year End: 03/31/2024

Project: CO018000001 Ft. Latham Manor

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$102,589		\$102,589
70400 Tenant Revenue - Other	\$2,293		\$2,293
70500 Total Tenant Revenue	\$104,882	\$0	\$104,882
70600 HUD PHA Operating Grants	\$61,783	\$53,059	\$114,842
71100 Investment Income - Unrestricted	\$4,214		\$4,214
71500 Other Revenue	\$8,782		\$8,782
71600 Gain or Loss on Sale of Capital Assets	-\$16,805		-\$16,805
70000 Total Revenue	\$162,856	\$53,059	\$215,915
91100 Administrative Salaries	\$24,007		\$24,007
91200 Auditing Fees	\$3,490		\$3,490
91500 Employee Benefit contributions - Administrative	\$1,886		\$1,886
91600 Office Expenses	\$7,716		\$7,716
91700 Legal Expense	\$2,500		\$2,500
91800 Travel	\$1,927		\$1,927
91900 Other	\$4,598		\$4,598
91000 Total Operating - Administrative	\$46,124	\$0	\$46,124
92400 Tenant Services - Other	\$165		\$165
92500 Total Tenant Services	\$165	\$0	\$165
93100 Water	\$16,857		\$16,857
93200 Electricity	\$14,004		\$14,004
93300 Gas	\$11,090		\$11,090
93000 Total Utilities	\$41,951	\$0	\$41,951
94100 Ordinary Maintenance and Operations - Labor	\$30,707		\$30,707
94200 Ordinary Maintenance and Operations - Materials and Other	\$6,421		\$6,421
94300 Ordinary Maintenance and Operations Contracts	\$16,170		\$16,170
94500 Employee Benefit Contributions - Ordinary Maintenance	\$2,412		\$2,412
94000 Total Maintenance	\$55,710	\$0	\$55,710
95000 Total Protective Services	\$0	\$0	\$0
96110 Property Insurance	\$19,042		\$19,042
96130 Workmen's Compensation	\$1,689		\$1,689
96140 All Other Insurance	\$2,063		\$2,063
96100 Total Insurance Premiums	\$22,794	\$0	\$22,794
96210 Compensated Absences	\$4,664		\$4,664
96000 Total Other General Expenses	\$4,664	\$0	\$4,664
95700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$171,408	\$0	\$171,408
97000 Excess of Operating Revenue over Operating Expenses	-\$8,552	\$53,059	\$44,507
97400 Depreciation Expense	\$16,635		\$16,635
90000 Total Expenses	\$188,043	\$0	\$188,043
10010 Operating Transfer In	\$53,059		\$53,059
10020 Operating transfer Out		-\$53,059	-\$53,059
10080 Special Items (Net Gain/Loss)	\$109,624		\$109,624
10100 Total Other financing Sources (Uses)	\$162,683	-\$53,059	\$109,624
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$137,496	\$0	\$137,496
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$407,628	\$0	\$407,628
11180 Unit Months Available	240		240
11210 Number of Unit Months Leased	235		235
11270 Excess Cash	\$277,128		\$277,128
11620 Building Purchases	\$11,693	\$0	\$11,693

**GOVERNMENT AUDITING STANDARDS SECTION**

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

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

**Independent Auditors Report**

To the Board of Commissioners  
Housing Authority of the Town of 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, 2024, 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 December 20, 2024.

**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 deficiencies in internal control that we consider to be material weaknesses and are described in the accompanying schedule of findings and responses as Findings 2024-1 and 2024-2.

## **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 Responses to Findings**

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

## **Purpose of this Report**

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
December 20, 2024

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**March 31, 2024**

The audit report for the year ended March 31, 2023 contained one finding and no questioned costs.

**Finding 2023-1: 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, 2024**

**Finding 2024-1: Internal Control Structure**  
**Material Weakness**

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

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

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

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

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

**Finding 2024-2: Ineffective Oversight over Financial Reporting**  
**Material Weakness**

**Criteria:** The Authority should have effective controls over the monitoring of the period-end financial reporting process and the application of generally accepted accounting principles.

**Condition:** During our audit we noted misstatements that we consider material in the Authority's year-end general ledger balances that were not initially identified by the Authority's internal control. These items are summarized as follows:

- During our audit we noted the Authority had over accrued operating subsidy in the amount of \$7,350 for the year ended March 31, 2024.
- During our audit of accrued leave we noted the Authority had provided the accrual amount to the fee accountant for long-term accrued leave of \$6,594, however the long-term leave recorded in the general ledger was \$11,706 as of March 31, 2024, a variance of \$5,112.
- During our audit of capital asset transactions, we noted the Authority had a hail storm and, in the Spring of 2024, had replaced the roofs. The Authority's fee accountant had provided us an adjustment of \$24,448.61 to capitalize part of the roofs but there was an additional \$103,744.39 had been expensed as casualty losses. According to generally accepted accounting principles, it would have been more appropriate to capitalize all the costs and to maintain consistency.

**HOUSING AUTHORITY OF THE TOWN OF KERSEY, COLORADO**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**March 31, 2024**

**Finding 2024-2 (cont'd):**

Related to the hail storm above, the roofs should have been removed from the general ledger and depreciation schedule however costs of \$41,288 and accumulated depreciation of \$26,177.79 had not been removed.

**Cause:** The Authority does hire a Fee Accountant to maintain the general ledger in accordance with generally accepted accounting principles however, the Authority should also have controls in place to identify various accounting errors.

**Effect or Potential Effect:** The unadjusted financial statements and subsidiary records were misstated as noted above. The accompanying financial statements have been adjusted accordingly.

**Recommendation:** We recommend the Authority review these items with the Fee Accountant to identify the procedures that are not being completed that resulted in the errors and to identify and implement controls at the Authority to ensure accounting errors can be identified and corrected in the future.

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, 2024**

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, 2024:

ITEM

**2024-1** 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.

**2024-2** We will review the financial reporting errors 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, 2024. 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, 2024. 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, 2024, and have issued our report thereon dated December 20, 2024. 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 December 20, 2024, 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  
December 20, 2024