# HOUSING AUTHORITY OF THE CITY OF WALSENBURG, COLORADO

## Financial Statements

## With Independent Auditor's Report

## March 31, 2026

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Walsenburg, Colorado

### Opinion

We have audited the accompanying financial statements of the Housing Authority of the City of Walsenburg, Colorado as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Walsenburg, Colorado'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 of the City of Walsenburg, Colorado as of March 31, 2026, and the changes in financial position and cash flows thereof 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. 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 City of Walsenburg, 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 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 of the City of Walsenburg, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 of 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 of the City of Walsenburg, 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 City of Walsenburg, 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, 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

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



Fort Collins, CO
November 6, 2026

# Management Discussion and Analysis

Management Discussion and Analysis

As management of the Housing Authority of the City of Walsenburg, Colorado (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended March 31, 2026.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Financial Statements** The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

**Fund Financial Statements** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority consists of one proprietary enterprise fund containing housing and grant programs which are described in Note 1 to Financial Statements.

**Notes to the Financial Statements** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 9.

**Financial Analysis**

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets exceeded liabilities by $6,116,141 at the close of the most recent fiscal year.

The largest portion of the Authority's net position reflects its net investment in capital assets (e.g. land, building, machinery and equipment), less any related outstanding debt used to acquire those assets. The Authority uses these capital assets to provide affordable low rent housing to its tenants, these assets are not available for future spending. Although the Authority's investment in its capital assets are reported net of related debt, it should be noted that resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Condensed Statement of Net Position**

| | 2026 | 2025 | Increase (Decrease) CY vs. PY |
|---|---|---|---|
| ASSETS | | | |
| Cash and equivalents | $ 4,174,594 | $ 4,241,003 | $ (66,409) |
| Other current assets | 211,626 | 207,299 | 4,327 |
| Capital assets | 1,863,789 | 1,737,007 | 126,782 |
| Total Assets | 6,250,009 | 6,185,309 | 64,700 |
| LIABILITIES | | | |
| Current liabilities | 133,868 | 154,881 | (21,013) |
| Total liabilities | 133,868 | 154,881 | (21,013) |
| NET POSITION | | | |
| Net investment in capital assets | 1,863,789 | 1,737,007 | 126,782 |
| Restricted | 2,324,706 | 2,324,706 | - |
| Unrestricted | 1,927,646 | 1,968,715 | (41,069) |
| Total Net Position | $ 6,116,141 | $ 6,030,428 | $ 85,713 |

**Condensed Statement of Revenues, Expenses, and Changes in Net Position** is presented in the following table:

`

| | 2026 | 2025 | Increase (Decrease) CY vs. PY |
|---|---|---|---|
| **Revenue:** | | | |
| Operating Revenue | $ 476,255 | $ 457,519 | $ 18,736 |
| HUD grants | 684,929 | 1,536,646 | (851,717) |
| Interest Income | 500 | 4,611 | (4,111) |
| Total Revenue | 1,161,684 | 1,998,776 | (837,092) |
| **Expenses:** | | | |
| Operating Expenses | 1,046,813 | 991,281 | 55,532 |
| Loss on sale of assets | 29,158 | 1,375 | 27,783 |
| Total Expenses | 1,075,971 | 992,656 | 83,315 |
| Change in Net Position | 85,713 | 1,006,120 | (920,407) |
| NetPosition-Beginning | 6,030,428 | 5,024,308 | 1,006,120 |
| Net Position-Ending | $ 6,116,141 | $ 6,030,428 | $ 85,713 |

As of the current fiscal year, as well as in the previous fiscal year, the Authority is able to report a positive balance in the net position. Cash was decreased due to capital asset purchases as well as cash used to fund operations. Other assets increased due to an increase in receivables. Operating revenue increased in 2026 due to a decrease in the vacancy rate. Operating expenses increased due to a change in wages and utilities. HUD capital contributions decreased during the year.

**Condensed Statement of Cash Flows** is presented in the following table:

| | 2026 | 2025 | Change |
|---|---|---|---|
| Cash from (for) Operating Activities | $ (484,627) | $ 22,643 | $ (507,270) |
| Cash from Non Capital Financing Activities | 447,018 | 1,378,094 | (931,076) |
| Cash from (for) Capital and Related Financing Activities | (28,494) | (436,385) | 407,891 |
| Cash from (for) Investing Activities | (306) | 3,809 | (4,115) |
| Increase (Decrease) | (66,409) | 968,161 | (1,034,570) |
| Cash and Cash Equivalents, Beginning of Year | 4,241,003 | 3,272,842 | 968,161 |
| Cash and Cash Equivalents, End of Year | $ 4,174,594 | $ 4,241,003 | $ (66,409) |

## Capital Asset and Debt Administration

**Capital Assets.** The Authority's investment in capital assets as of March 31, 2026, amounts to $1,863,789 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditures during fiscal year 2026 were $268,754 relating to the upgrades to the facilities. The Authority replaced roofing, gutters, cabinetry, flooring, and countertops in various units. The Authority disposed of various items that were part of the capital upgrades to the buildings. The remaining activity related to capital assets were the normal depreciation capital additions. Additional information on capital assets can be found in note 4 to the accompanying financial statements.

### Long Term Debt

At the end of the year, the Authority had no long-term debt

### Economic Factors and Next Year's Revenue

The Housing Authority expects a slight increase in rents as well as utilities. Occupancy will continue to be steady as the extensive renovations are completed which will finish by the end of the 3rd quarter. The Authority is working toward purchasing property and building 15 new units.

### Request for Information

This financial report is designed to provide an overview of the Walsenburg Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to The Housing Authority of the City of Walsenburg, Colorado, 220 Russell Avenue, Walsenburg, CO 81089.

# Basic Financial Statements

**Housing Authority of the City of Walsenburg, Colorado**
**Statement of Net Position**
**March 31, 2026**

| | |
|---|---|
| **ASSETS** | |
| Current Assets | |
| Cash and cash equivalents | $ 1,802,202 |
| Prepaid expenses | 18,357 |
| Accounts receivable- tenants, net | 1,637 |
| Accrued interest | 229 |
| Investments | 191,403 |
| Restricted cash - security deposits | 47,686 |
| Total Current Assets | 2,061,514 |
| Noncurrent Assets | |
| Restricted cash - other | 2,324,706 |
| Capital assets | |
| Nondepreciable | 763,087 |
| Depreciable | 8,521,526 |
| Less: accumulated depreciation | (7,420,824) |
| Net Capital Assets | 1,863,789 |
| Total Noncurrent Assets | 4,188,495 |
| **Total Assets** | 6,250,009 |
| **LIABILITIES** | |
| Current Liabilities | |
| Accounts payable | 19,712 |
| Other accrued liabilities | 44,477 |
| Tenant security deposits | 47,686 |
| Unearned revenue | 3,605 |
| Accrued compensated absences | 18,388 |
| Total Current Liabilities | 133,868 |
| **Net Position** | |
| Net investment in capital assets | 1,863,789 |
| Restricted | 2,324,706 |
| Unrestricted | 1,927,646 |
| **Total Net Position** | $ 6,116,141 |


The accompanying notes are an integral part of these financial statements

## Housing Authority of the City of Walsenburg, Colorado
## Statement of Revenues, Expenses and Changes in Net Position
## For the Year Ended March 31, 2026

| | | |
|---|---|---|
| **Operating Revenues** | | |
| Dwelling rental | $ | 464,685 |
| Other | | 11,570 |
| Total Operating Revenues | | 476,255 |
| **Operating Expenses** | | |
| General and administrative | | 459,605 |
| Utilities | | 150,876 |
| Maintenance and operation | | 323,518 |
| Depreciation | | 112,814 |
| Total Operating Expenses | | 1,046,813 |
| Operating (Loss) | | (570,558) |
| Non-Operating Revenues (Expenses) | | |
| HUD contributions and grants | | 444,669 |
| Loss on disposal of assets | | (29,158) |
| Interest income | | 500 |
| Total Non-Operating Revenues (Expenses) | | 416,011 |
| Income (Loss) Before Capital Contributions | | (154,547) |
| Capital contributions | | 240,260 |
| Change in Net Position | | 85,713 |
| Net Position, Beginning of Year | | 6,030,428 |
| Net Position, End of Year | $ | 6,116,141 |



The accompanying notes are an integral part of these financial statements

**Housing Authority of the City of Walsenburg, Colorado**
**Statement of Cash Flows**
**For the Year Ended March 31, 2026**

| | | |
|---|---|---|
| **Cash Flows From Operating Activities:** | | |
| Cash received from tenants | $ | 474,324 |
| Cash payments to tenants and suppliers | | (594,508) |
| Cash payments to employees | | (364,443) |
| Net Cash (Used) For Operating Activities | | (484,627) |
| **Cash Flows From Noncapital Financing Activities:** | | |
| HUD contributions and grants | | 447,018 |
| Net Cash Provided by Noncapital Financing Activities | | 447,018 |
| **Cash Flows From Capital and Related Financing Activities:** | | |
| Purchase of property, plant and equipment | | (268,754) |
| Capital contributions | | 240,260 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | | (28,494) |
| **Cash Flows from Investing Activities:** | | |
| Purchases of investments | | (803) |
| Interest income | | 497 |
| Net Cash Provided (Used) by Investing Activities | | (306) |
| **Net decrease in Cash and Cash Equivalents** | | (66,409) |
| Cash and Cash Equivalents, Beginning | | 4,241,003 |
| Cash and Cash Equivalents, Ending | $ | 4,174,594 |
| **Detail of cash and cash equivalents:** | | |
| Cash - Unrestricted | | 1,802,202 |
| Cash - Restricted Other | | 2,324,706 |
| Cash-Restricted Security Deposits | | 47,686 |
| **Total** | $ | 4,174,594 |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | | |
| Operating (Loss) | | (570,558) |
| Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities: | | |
| Depreciation | | 112,814 |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable - Tenants | | (952) |
| Prepaid expenses | | (4,918) |
| Accounts payable | | (34,864) |
| Accrued liabilities | | 8,633 |
| Accrued compensated absences | | 6,197 |
| Unearned revenue | | (1,461) |
| Tenant security deposits | | 482 |
| Net Cash Used for Operating Activities | | (484,627) |



The accompanying notes are an integral part of these financial statements

## Note 1 Summary of Significant Accounting Policies

The Housing Authority of the City of Walsenburg, Colorado (the Authority) was established by the City of Walsenburg, Colorado in order to administer the public housing programs subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD). The Authority provides 114 units of housing under the program. The Authority is operated by a Board of Commissioners. The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority follows all pronouncements issued by GASB. The more significant of the Authority's policies are described below.

### Financial Reporting Entity

The Authority follows the pronouncements of the Governmental Accounting Standards Board (GASB), which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based upon the application of these criteria, no entities will be included in the Authority's reporting entity. The Housing Authority of the City of Walsenburg, Colorado is not a component unit of any other entities.

### Basis of Accounting

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Costs for capital assets are capitalized and recognized as increases in capital assets.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business, or where the Board has decided the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. All assets, deferred outflows, liabilities, deferred inflows associated with the operation of the Authority are included in the statement of net position.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues 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 revenues of the Authority's enterprises fund is charges for providing low-income housing. Operating expenses for the enterprise fund include the cost of providing low-income housing, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses. The Authority presents its activities as a single enterprise proprietary fund.

**Note 1 Summary of Significant Accounting Policies (Continued)**

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments a*s amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* These statements establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

**Assets, Liabilities and Net Position**

*Investments* - Investments are recorded at fair value for those subject to market fluctuations. CD's are shown at amortized cost.

*Receivables* - All receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid expenses* – Prepaid balances are for payments made by the Authority in the current year for items to be consumed in subsequent years.

*Capital assets* - These consist of all property, plant and equipment. The Authority defines capital assets as assets with an initial individual cost of more than $500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|---|---|
| Buildings and improvements | 15 - 40 years |
| Equipment | 7 - 10 years |

*Compensated Absences* - Pursuant to its personnel policies, the Authority will compensate employees for unused PTO accumulated upon their separation of employment. The Authority recognizes a liability for leave that is attributable to services rendered, accumulates, and is more likely than not to be used or paid. The net change in compensated absences was an increase of $6,197 for the year ended.

*Net Position* – Equity is classified as net position and displayed in three components:

a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

## Note 1 Summary of Significant Accounting Policies (Continued)

### Assets, Liabilities and Net Position (Continued)

b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." These net positions are available for future operations or distributions. The Authority utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

### Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

### 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 and disclosures. Accordingly, actual results could differ from those estimates.

### Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The Authority adheres to the following procedures in establishing the budgetary data:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to March 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter the total expenditures of any fund.

## Note 2 Cash and Investments

### Cash Deposits

As of March 31, 2026, the Authority's cash deposits had a carrying balance of $4,174,394 and a corresponding bank balance of $4,207,620, of which $250,000 was insured by the Federal Deposit Insurance Corporation.

**Note 2 Cash and Investments (Continued)**

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. The Authority had $3,957,620 collateralized under PDPA.

**Restricted Cash –** The Authority has cash deposits that are restricted for security deposits in the amount of $47,686 and for the construction and replacement of housing of $2,324,706. The security deposits are offset by a liability and has no effect on net position. The replacement funds are considered restricted net position. In prior years the Authority sold multiple public housing units with the intent on constructing new units to replace them. The funds from that sale is considered to be restricted by HUD to fund the replacement units.

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of March 31, 2026, none of the Authority's bank deposits were exposed to custodial credit risk.

**Investments**

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The Authority does not have a formal investment policy or policy for evaluating interest rate and credit risk.

As of March 31, 2026, the Authority had $191,403 invested in certificates of deposit (CD's) with a maturity ranging from 182 days to 12 months at date of purchase with interest rates from 0.40%-0.50%. All CD's were collateralized under PDPA, and are valued at cost.

## Note 2 Cash and Investments (Continued)

Cash and cash equivalents consisted of the following:

| | |
|---|---|
| Deposits in financial institutions | $ 4,174,394 |
| Cash on hand | 200 |
| Total Cash and Cash Equivalents | $ 4,174,594 |

## Note 3 Accounts Receivable

Accounts receivable balance at March 31, 2026, was comprised of the following:

| Program | Tenants Receivable | Allowance for Bad Debt | Receivable Net of Allowance |
|---|---|---|---|
| Tenant receivables | $ 1,637 | $ - | $ 1,637 |
| Total | $ 1,637 | $ - | $ 1,637 |

## Note 4 Fixed Assets

The following is a summary of fixed assets at March 31, 2026:

| | Balance 3/31/2025 | Additions | Deletions | Balance 3/31/2026 |
|---|---|---|---|---|
| Nondepreciable | | | | |
| Land | $ 763,087 | $ - | $ - | $ 763,087 |
| Total Nondepreciable | 763,087 | - | - | 763,087 |
| Depreciable | | | | |
| Buildings and improvements | 7,878,254 | 268,754 | (105,544) | 8,041,464 |
| Equipment | 480,062 | - | - | 480,062 |
| Total Depreciable | 8,358,316 | 268,754 | (105,544) | 8,521,526 |
| TOTAL | 9,121,403 | 268,754 | (105,544) | 9,284,613 |
| Less Accumulated Depreciation | | | | |
| Buildings and improvements | (6,964,962) | (107,683) | 76,386 | (6,996,259) |
| Equipment | (419,434) | (5,131) | - | (424,565) |
| Total Accumulated Depreciation | (7,384,396) | (112,814) | 76,386 | (7,420,824) |
| Net Capital Assets | $ 1,737,007 | $ 155,940 | $ (29,158) | $ 1,863,789 |

## Note 5 Retirement Plan

The Authority participates in the Colorado County Officials and Employees Retirement Association (CCOERA). The Executive Director is authorized to establish and amend the plan benefits. The Authority provides retirement benefits for all of its full-time employees through a defined contribution plan. Employees are eligible to participate from the date of employment. The Authority contributes an amount equal to 8% of the employee's base salary each month. The Authority's contributions for each employee are fully vested after five years of continuous service. The Authority's contributions for the year ending March 31, 2026, 2025 and 2024 were $19,968, $19,548, and $9,251.

## Note 6 Contingencies and Commitments

The Authority is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims have not exceeded commercial coverage in any of the past three years.

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. As of March 31, 2026, significant amounts of grant expenses have not been audited, but the Authority believes that disallowed expenses, if any, based on subsequent audits will not have a material effect on any of the individual funds or the overall financial position of the Authority.

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations, however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

## Note 7 Economic Dependency

The Authority is economically dependent on annual contributions and grants from HUD. The extent of this funding from HUD depends upon appropriations from the Federal government and is subject to annual renewals. The Authority has evaluated these risks under GASB Statement No. 102 *Certain Risk Disclosures*. The Authority evaluated its concentration of HUD funding under GASB Statement No. 102, *Certain Risk Disclosures*, and determined that the criteria requiring disclosure were not met.

## Note 8 Subsequent Events

The Authority has evaluated subsequent events through November 6, 2026, the date the financial statements were available to be issued. GASB Statement No. 105, subsequent events, has been early adopted for the year ended March 31, 2026.

# Other Supplemental Information

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2026

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $1,568,374 | $233,828 | $1,802,202 | | $1,802,202 |
| 112 Cash - Restricted - Modernization and Development | | | | | |
| 113 Cash - Other Restricted | $2,324,706 | | $2,324,706 | | $2,324,706 |
| 114 Cash - Tenant Security Deposits | $47,686 | | $47,686 | | $47,686 |
| 115 Cash - Restricted for Payment of Current Liabilities | | | | | |
| 100 Total Cash | $3,940,766 | $233,828 | $4,174,594 | | $4,174,594 |
| | | | | | |
| 121 Accounts Receivable - PHA Projects | | | | | |
| 122 Accounts Receivable - HUD Other Projects | | | | | |
| 124 Accounts Receivable - Other Government | | | | | |
| 125 Accounts Receivable - Miscellaneous | | | | | |
| 126 Accounts Receivable - Tenants | $1,637 | | $1,637 | | $1,637 |
| 126.1 Allowance for Doubtful Accounts -Tenants | $0 | | $0 | | $0 |
| 126.2 Allowance for Doubtful Accounts - Other | | | | | |
| 127 Notes, Loans, & Mortgages Receivable - Current | | | | | |
| 128 Fraud Recovery | | | | | |
| 128.1 Allowance for Doubtful Accounts - Fraud | | | | | |
| 129 Accrued Interest Receivable | $229 | | $229 | | $229 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $1,866 | $0 | $1,866 | | $1,866 |
| | | | | | |
| 131 Investments - Unrestricted | $191,403 | | $191,403 | | $191,403 |
| 132 Investments - Restricted | | | | | |
| 135 Investments - Restricted for Payment of Current Liability | | | | | |
| 142 Prepaid Expenses and Other Assets | $18,357 | | $18,357 | | $18,357 |
| 143 Inventories | | | | | |
| 143.1 Allowance for Obsolete Inventories | | | | | |
| 144 Inter Program Due From | | | | | |
| 145 Assets Held for Sale | | | | | |
| 150 Total Current Assets | $4,152,392 | $233,828 | $4,386,220 | | $4,386,220 |
| | | | | | |
| 161 Land | $763,087 | | $763,087 | | $763,087 |
| 162 Buildings | $8,041,464 | | $8,041,464 | | $8,041,464 |
| 163 Furniture, Equipment & Machinery - Dwellings | $44,935 | | $44,935 | | $44,935 |
| 164 Furniture, Equipment & Machinery - Administration | $435,127 | | $435,127 | | $435,127 |
| 165 Leasehold Improvements | | | | | |
| 166 Accumulated Depreciation | -$7,420,824 | | -$7,420,824 | | -$7,420,824 |
| 167 Construction in Progress | | | | | |
| 168 Infrastructure | | | | | |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $1,863,789 | $0 | $1,863,789 | | $1,863,789 |
| | | | | | |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | | | | | |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due | | | | | |
| 173 Grants Receivable - Non Current | | | | | |
| 174 Other Assets | | | | | |
| 176 Investments in Joint Ventures | | | | | |
| 180 Total Non-Current Assets | $1,863,789 | $0 | $1,863,789 | | $1,863,789 |
| | | | | | |
| 200 Deferred Outflow of Resources | | | | | |
| | | | | | |
| 290 Total Assets and Deferred Outflow of Resources | $6,016,181 | $233,828 | $6,250,009 | | $6,250,009 |
| | | | | | |
| 311 Bank Overdraft | | | | | |
| 312 Accounts Payable <= 90 Days | $11,404 | | $11,404 | | $11,404 |
| 313 Accounts Payable >90 Days Past Due | | | | | |
| 321 Accrued Wage/Payroll Taxes Payable | $6,131 | | $6,131 | | $6,131 |
| 322 Accrued Compensated Absences - Current Portion | $18,388 | | $18,388 | | $18,388 |
| 324 Accrued Contingency Liability | | | | | |

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2026

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---|---|---|---|---|
| 325 Accrued Interest Payable | | | | | |
| 331 Accounts Payable - HUD PHA Programs | $5,213 | | $5,213 | | $5,213 |
| 332 Account Payable - PHA Projects | | | | | |
| 333 Accounts Payable - Other Government | $33,134 | | $33,134 | | $33,134 |
| 341 Tenant Security Deposits | $47,686 | | $47,686 | | $47,686 |
| 342 Unearned Revenue | $3,605 | | $3,605 | | $3,605 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | | | |
| 344 Current Portion of Long-term Debt - Operating Borrowings | | | | | |
| 345 Other Current Liabilities | | | | | |
| 346 Accrued Liabilities - Other | $8,307 | | $8,307 | | $8,307 |
| 347 Inter Program - Due To | | | | | |
| 348 Loan Liability - Current | | | | | |
| 310 Total Current Liabilities | $133,868 | $0 | $133,868 | | $133,868 |
| | | | | | |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | | | |
| 352 Long-term Debt, Net of Current - Operating Borrowings | | | | | |
| 353 Non-current Liabilities - Other | | | | | |
| 354 Accrued Compensated Absences - Non Current | | | | | |
| 355 Loan Liability - Non Current | | | | | |
| 356 FASB 5 Liabilities | | | | | |
| 357 Accrued Pension and OPEB Liabilities | | | | | |
| 350 Total Non-Current Liabilities | $0 | $0 | $0 | | $0 |
| | | | | | |
| 300 Total Liabilities | $133,868 | $0 | $133,868 | | $133,868 |
| | | | | | |
| 400 Deferred Inflow of Resources | | | | | |
| | | | | | |
| 508.4 Net Investment in Capital Assets | $1,863,789 | | $1,863,789 | | $1,863,789 |
| 511.4 Restricted Net Position | $2,324,706 | | $2,324,706 | | $2,324,706 |
| 512.4 Unrestricted Net Position | $1,693,818 | $233,828 | $1,927,646 | | $1,927,646 |
| 513 Total Equity - Net Assets / Position | $5,882,313 | $233,828 | $6,116,141 | | $6,116,141 |
| | | | | | |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $6,016,181 | $233,828 | $6,250,009 | | $6,250,009 |


See the accompanying Independent Auditor's report

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2026

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | $464,685 | | $464,685 | | $464,685 |
| 70400 Tenant Revenue - Other | $11,299 | | $11,299 | | $11,299 |
| 70500 Total Tenant Revenue | $475,984 | $0 | $475,984 | $0 | $475,984 |
| | | | | | |
| 70600 HUD PHA Operating Grants | $444,670 | | $444,670 | | $444,670 |
| 70610 Capital Grants | $240,260 | | $240,260 | | $240,260 |
| 70710 Management Fee | | | | | |
| 70720 Asset Management Fee | | | | | |
| 70730 Book Keeping Fee | | | | | |
| 70740 Front Line Service Fee | | | | | |
| 70750 Other Fees | | | | | |
| 70700 Total Fee Revenue | | | $0 | $0 | $0 |
| | | | | | |
| 70800 Other Government Grants | | | | | |
| 71100 Investment Income - Unrestricted | $500 | | $500 | | $500 |
| 71200 Mortgage Interest Income | | | | | |
| 71300 Proceeds from Disposition of Assets Held for Sale | | | | | |
| 71310 Cost of Sale of Assets | | | | | |
| 71400 Fraud Recovery | | | | | |
| 71500 Other Revenue | $923 | | $923 | | $923 |
| 71600 Gain or Loss on Sale of Capital Assets | -$29,158 | | -$29,158 | | -$29,158 |
| 72000 Investment Income - Restricted | | | | | |
| 70000 Total Revenue | $1,133,179 | $0 | $1,133,179 | $0 | $1,133,179 |
| | | | | | |
| 91100 Administrative Salaries | $188,618 | | $188,618 | | $188,618 |
| 91200 Auditing Fees | $15,000 | | $15,000 | | $15,000 |
| 91300 Management Fee | | | | | |
| 91310 Book-keeping Fee | | | | | |
| 91400 Advertising and Marketing | $156 | | $156 | | $156 |
| 91500 Employee Benefit contributions - Administrative | $70,134 | | $70,134 | | $70,134 |
| 91600 Office Expenses | $8,579 | | $8,579 | | $8,579 |
| 91700 Legal Expense | $100 | | $100 | | $100 |
| 91800 Travel | $12,303 | | $12,303 | | $12,303 |
| 91810 Allocated Overhead | | | | | |
| 91900 Other | $29,733 | | $29,733 | | $29,733 |
| 91000 Total Operating - Administrative | $324,623 | $0 | $324,623 | $0 | $324,623 |
| | | | | | |
| 92000 Asset Management Fee | | | | | |
| 92100 Tenant Services - Salaries | | | | | |
| 92200 Relocation Costs | | | | | |
| 92300 Employee Benefit Contributions - Tenant Services | | | | | |
| 92400 Tenant Services - Other | | | | | |
| 92500 Total Tenant Services | $0 | $0 | $0 | $0 | $0 |
| | | | | | |
| 93100 Water | $72,154 | | $72,154 | | $72,154 |
| 93200 Electricity | $12,204 | | $12,204 | | $12,204 |
| 93300 Gas | $4,541 | | $4,541 | | $4,541 |
| 93400 Fuel | | | | | |
| 93500 Labor | | | | | |
| 93600 Sewer | $44,449 | | $44,449 | | $44,449 |
| 93700 Employee Benefit Contributions - Utilities | | | | | |
| 93800 Other Utilities Expense | | | | | |
| 93000 Total Utilities | $133,348 | $0 | $133,348 | $0 | $133,348 |
| | | | | | |
| 94100 Ordinary Maintenance and Operations - Labor | $152,516 | | $152,516 | | $152,516 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $67,379 | | $67,379 | | $67,379 |
| 94300 Ordinary Maintenance and Operations Contracts | $54,465 | | $54,465 | | $54,465 |

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2026

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---|---|---|---|---|
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $55,456 | | $55,456 | | $55,456 |
| 94000 Total Maintenance | $329,816 | $0 | $329,816 | $0 | $329,816 |
| | | | | | |
| 95100 Protective Services - Labor | | | | | |
| 95200 Protective Services - Other Contract Costs | | | | | |
| 95300 Protective Services - Other | | | | | |
| 95500 Employee Benefit Contributions - Protective Services | | | | | |
| 95000 Total Protective Services | $0 | $0 | $0 | $0 | $0 |
| | | | | | |
| 96110 Property Insurance | $36,613 | | $36,613 | | $36,613 |
| 96120 Liability Insurance | $10,682 | | $10,682 | | $10,682 |
| 96130 Workmen's Compensation | $5,663 | | $5,663 | | $5,663 |
| 96140 All Other Insurance | $26,619 | | $26,619 | | $26,619 |
| 96100 Total insurance Premiums | $79,577 | $0 | $79,577 | $0 | $79,577 |
| | | | | | |
| 96200 Other General Expenses | $801 | $360 | $1,161 | | $1,161 |
| 96210 Compensated Absences | $29,507 | | $29,507 | | $29,507 |
| 96300 Payments in Lieu of Taxes | $33,134 | | $33,134 | | $33,134 |
| 96400 Bad debt - Tenant Rents | $3,486 | | $3,486 | | $3,486 |
| 96500 Bad debt - Mortgages | | | | | |
| 96600 Bad debt - Other | | | | | |
| 96800 Severance Expense | | | | | |
| 96000 Total Other General Expenses | $66,928 | $360 | $67,288 | $0 | $67,288 |
| | | | | | |
| 96710 Interest of Mortgage (or Bonds) Payable | | | | | |
| 96720 Interest on Notes Payable (Short and Long Term) | | | | | |
| 96730 Amortization of Bond Issue Costs | | | | | |
| 96700 Total Interest Expense and Amortization Cost | $0 | $0 | $0 | $0 | $0 |
| | | | | | |
| 96900 Total Operating Expenses | $934,292 | $360 | $934,652 | $0 | $934,652 |
| | | | | | |
| 97000 Excess of Operating Revenue over Operating Expenses | $198,887 | -$360 | $198,527 | $0 | $198,527 |
| | | | | | |
| 97100 Extraordinary Maintenance | | | | | |
| 97200 Casualty Losses - Non-capitalized | | | | | |
| 97300 Housing Assistance Payments | | | | | |
| 97350 HAP Portability-In | | | | | |
| 97400 Depreciation Expense | $112,814 | | $112,814 | | $112,814 |
| 97500 Fraud Losses | | | | | |
| 97600 Capital Outlays - Governmental Funds | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | |
| 97800 Dwelling Units Rent Expense | | | | | |
| 90000 Total Expenses | $1,047,106 | $360 | $1,047,466 | $0 | $1,047,466 |
| | | | | | |
| 10010 Operating Transfer In | $91,018 | | $91,018 | -$91,018 | $0 |
| 10020 Operating transfer Out | -$91,018 | | -$91,018 | $91,018 | $0 |
| 10030 Operating Transfers from/to Primary Government | | | | | |
| 10040 Operating Transfers from/to Component Unit | | | | | |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | |
| 10060 Proceeds from Property Sales | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | | | | | |
| 10080 Special Items (Net Gain/Loss) | | | | | |
| 10091 Inter Project Excess Cash Transfer In | | | | | |
| 10092 Inter Project Excess Cash Transfer Out | | | | | |
| 10093 Transfers between Program and Project - In | | | | | |
| 10094 Transfers between Project and Program - Out | | | | | |
| 10100 Total Other financing Sources (Uses) | $0 | $0 | $0 | $0 | $0 |

Housing Authority of the City of Walsenburg (CO003)
WALSENBURG, CO

**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2026

| | Project Total | 1 Business Activities | Subtotal | ELIM | Total |
|---|---|---|---|---|---|
| | | | | | |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | $86,073 | -$360 | $85,713 | $0 | $85,713 |
| | | | | | |
| 11020 Required Annual Debt Principal Payments | $0 | $0 | $0 | | $0 |
| 11030 Beginning Equity | $5,796,240 | $234,188 | $6,030,428 | | $6,030,428 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | $0 | | $0 | | $0 |
| 11050 Changes in Compensated Absence Balance | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | |
| 11170 Administrative Fee Equity | | | | | |
| | | | | | |
| 11180 Housing Assistance Payments Equity | | | | | |
| 11190 Unit Months Available | 1368 | | 1368 | | 1368 |
| 11210 Number of Unit Months Leased | 1309 | | 1309 | | 1309 |
| 11270 Excess Cash | $1,597,604 | | $1,597,604 | | $1,597,604 |
| 11610 Land Purchases | $0 | | $0 | | $0 |
| 11620 Building Purchases | $268,754 | | $268,754 | | $268,754 |
| 11630 Furniture & Equipment - Dwelling Purchases | $0 | | $0 | | $0 |
| 11640 Furniture & Equipment - Administrative Purchases | $0 | | $0 | | $0 |
| 11650 Leasehold Improvements Purchases | $0 | | $0 | | $0 |
| 11660 Infrastructure Purchases | $0 | | $0 | | $0 |
| 13510 CFFP Debt Service Payments | $0 | | $0 | | $0 |
| 13901 Replacement Housing Factor Funds | $0 | | $0 | | $0 |