

HOUSING AUTHORITY OF WELD COUNTY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

HOUSING AUTHORITY OF WELD COUNTY

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FINANCIAL SECTION

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplemental Information)
UNAUDITED

**HOUSING AUTHORITY OF WELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019**

The discussion and analysis of the Housing Authority of Weld County (the Authority) financial performance provides an overall review of the Authority's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. Readers should also review notes to the financial statements and the financial statements to broaden their understanding of the Authority's financial performance.

Financial Highlights

The primary focus of the Authority's financial statements is on its single enterprise fund, which includes programs administered by the Housing Authority of Weld County. The Authority operates under two activities: 1) Housing Choice Vouchers program, 2) and a Consolidated Other Business program.

These programs are described as follows:

- Housing Choice Vouchers - Section 8 – Voucher payment assistance from the United States Department of Housing & Urban Development (HUD) that provides support to low income families in need of sanitary, safe, and modest rental housing. Currently the Authority has authorization for 427 units. HUD provides funding for these payments on a pre-determined annual basis and also pays the Authority an administrative fee to cover its operating costs.
- Consolidated Other Business – This activity provides support through a rehabilitation program to assist low income homeowners. The program is targeted to making home improvement loans for families whose income falls below the 80% AMI (Area Median Income).

Using the basic Financial Statements

The Basic Financial Statements consist of Management Discussion and Analysis (this section) and a series of audited financial statements with notes. The audited statements are organized so that the reader can review the Housing Authority of Weld County as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The overview of the statements is provided to give information about the Authority's overall financial condition. They are comprised of the following: 1) the Statement of Net Position; and 2) the Statement of Activities; and 3) Statement of Cash Flows; and 4) Notes to the Financial Statements

**HOUSING AUTHORITY OF WELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year ended December 31, 2019**

Financial Analysis of the Authority as a Whole

The Authority's net position was \$2,480,327 at December 31, 2019 and \$2,511,333 at December 31, 2018, representing a decrease of \$31,006 or 1.2 percent from 2018. This compares to the year 2018 which reported an increase in net position of \$208,449 or 9.1 percent.

Housing grant revenue for 2019 decreased \$155,938 to \$3,207,844 from 2018 compared to an increase of \$392,676 in 2018. Other revenue and investment income for 2019 decreased \$9,539 to \$51,374 compared to an increase of \$23,799 for 2018. Total expenses increased \$73,978 to \$3,290,224 from \$3,216,246 in 2018. Thus the overall change for 2019 was a net position decrease of \$31,006 versus a net position increase in 2018 of \$208,449. Refer to pages iii and iv for further review.

The financial statements report information about the Authority as a whole using accounting methods similar to those used by private businesses. The statements of net assets include all of the entity's assets, net of liabilities. The Authority's revenues and expenses are accounted for using the accrual method of accounting, determined when revenues are earned and costs incurred.

The financial statements report the Authority's net assets and how they have changed. The change in net assets is important because it informs the reader that for the Authority as a whole, the financial position of the Authority has improved or diminished. The causes of these changes may be the result of various factors including facility conditions, financial, governmental and local economic or environmental conditions.

Net position may serve over time as a useful indicator of an organization's financial position. In the case of the Authority, assets exceeded liabilities by \$2,480,327 at December 31, 2019. Net assets are comprised of the following components:

- Current – Consists of unrestricted cash of \$1,970,734, restricted cash of \$8,082, receivables of \$25,269 and prepaid expenses of \$1,410.
- Capital assets - \$16,362 – Consisting of equipment, net of accumulated depreciation and related debt, if any.
- Other assets – Comprised of mortgage loans of \$486,729, used to rehab existing housing or acquire a home for first time buyers.

Statement of Activities and Changes in Net Position reports the operating and non-operating revenues, and operating and non-operating expenses for the year ended December 31, 2018. These increases (or decreases) result in the **Change in Net Position** for the year.

- Total revenues decreased \$165,477 or 4.8% during the year from \$3,424,695 to \$3,259,218.
- Total expenses increased \$73,978 or 2.3% during the year from \$3,216,246 to \$3,290,224.
- The Change in Ending Net Position from 2018 to 2019 was a decrease of \$31,006.

**HOUSING AUTHORITY OF WELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019**

Condensed Statement of Net Position

	<u>2019</u>	<u>2018</u>
Assets:		
Cash – unrestricted	\$ 1,970,734	1,732,010
Cash – restricted	8,082	118,007
Accounts receivable, net	25,269	238,444
Prepaid expense	1,410	1,229
Net capital assets	16,362	20,512
Mortgages & notes receivable	<u>486,729</u>	<u>502,248</u>
Total Assets	<u>2,508,586</u>	<u>2,612,450</u>
Liabilities:		
Current	11,268	4,294
Non-current	<u>16,991</u>	<u>96,823</u>
Total Liabilities	<u>28,259</u>	<u>101,117</u>
Net Position:		
Invested in capital assets	16,362	20,512
Restricted	--	37,010
Unrestricted	<u>2,463,965</u>	<u>2,453,811</u>
Net Position	<u>\$ 2,480,327</u>	<u>\$ 2,511,333</u>

The Statement of Net Position reflects an increase in total assets and liability positions due to changes in program revenues and expenses. A summary of changes in net position is as follows:

Condensed Statement of Activities and Changes in Net Position

	<u>2019</u>	<u>2018</u>
Program Revenue:		
Operating & governmental grants	\$ 3,207,844	\$ 3,363,782
Investment income	21,487	11,008
Fraud recovery	2,951	2,884
Other revenue	<u>26,936</u>	<u>47,021</u>
Total Revenue	<u>3,259,218</u>	<u>3,424,695</u>
Expenses:		
Administration & operating	251,521	310,429
Housing assistance payments	3,034,553	2,901,298
Depreciation & extraordinary maintenance	<u>4,150</u>	<u>4,519</u>
Total Expenses	<u>3,290,224</u>	<u>3,216,246</u>
Change in Net Position:	<u>(31,006)</u>	<u>208,449</u>
Net Position - Beginning	<u>2,511,333</u>	<u>2,302,884</u>
Net Position – Ending	<u>\$2,480,327</u>	<u>\$ 2,511,333</u>

**HOUSING AUTHORITY OF WELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019**

Reporting the Authority's Most Significant Funds

Proprietary Funds – Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Authority as a whole. As the Authority has only one fund, the narrative description of the changes in the government-wide financial statements is the same as those that would be presented on a fund level.

Results of Operations - Significant changes for revenues and expenses for 2019 are highlighted below:

- Total revenues decreased \$165,477 to \$3,259,218, while total expenses increased \$73,978 to \$3,290,224. For the year, 2019 showed a net loss of \$31,006 compared to net income of \$208,449 in 2018.
- HUD housing grants and other government grants decreased \$155,938 to \$3,207,844 from \$3,363,782 in 2018.
- Other revenues (including fraud recovery) showed a decrease of \$20,018 to \$29,887 for 2019 from \$49,905 in 2018.
- Investment income increased \$10,479 to \$21,487 for 2019 from \$11,008 in 2018.
- Administrative & operating expenses (maintenance, depreciation, loss on asset retirement, and disaster recovery) decreased \$59,277 from \$314,948 in 2018 to \$255,671 for 2019. The decrease from 2018 was primarily due to a increase in administrative and operating charges.
- Housing Assistance Payments (HAP) and other federal grant expenses increased by \$133,255 from \$2,901,298 in 2018 to \$3,034,553 in 2019.

The net results of 2019 activities were a decrease to Net Position of \$31,006.

Additional information is available in the combining schedule of program revenues of the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of 2018, the Authority had \$20,512 invested in net capital assets (See below). There is no debt related to these assets.

	Balance <u>1/1/2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2019</u>
Furniture and Equipment	\$ 47,182	--	--	\$ 47,182
Less: Acc Depreciation	<u>(26,670)</u>	<u>(4,150)</u>	<u> --</u>	<u>(30,820)</u>
Net Capital Assets	<u>\$ 20,512</u>	<u>(4,150)</u>	<u> --</u>	<u>\$ 16,362</u>

The Future of the Authority - The Authority is anticipating continued operational activities at the same level as previous years.

**HOUSING AUTHORITY OF WELD COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019**

Request for Information

The financial report is designed to provide information for regulatory reporting to Federal and State agencies and those with an interest in the Authority's finances. Questions concerning this or any additional information should be addressed to:

Tom Teixeira, Executive Director
Greeley/Weld Housing Authorities
903 6th Street PO Box 130
Greeley, CO 80632-0130

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Housing Authority of Weld County
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Housing Authority of Weld County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing Authority of Weld County's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of Weld County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of Weld County's financial statements as a whole. The Combining Departmental Statement information is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The Financial Data Schedule on pages 20-21 is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The Combining Departmental Statement information, the schedule of expenditures of federal awards, and Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Combining Departmental Statement information, the schedule of expenditures of federal awards, and Financial Data Schedule are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2020, on our consideration of the Housing Authority of Weld County'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 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 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 Weld County's internal control over financial reporting and compliance.

Hamblin and Associates

Golden, Colorado
May 1, 2020

BASIC FINANCIAL STATEMENTS

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2019**

ASSETS	
CURRENT ASSETS	
Cash	\$ 1,970,734
Restricted cash	8,082
Accounts receivable	25,269
Prepaid expenses	<u>1,410</u>
TOTAL CURRENT ASSETS	<u>2,005,495</u>
CAPITAL ASSETS	
Furniture and equipment	47,182
Accumulated depreciation	<u>(30,820)</u>
NET CAPITAL ASSETS	<u>16,362</u>
OTHER ASSETS:	
Long-term receivables	<u>486,729</u>
TOTAL ASSETS	<u>2,508,586</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	461
Accrued liabilities	1,938
Compensated absences - current	<u>8,869</u>
TOTAL CURRENT LIABILITIES	11,268
PAYABLE FROM RESTRICTED ASSETS	
Family self sufficiency escrow	8,082
LONG-TERM LIABILITIES	
Compensated absences	<u>8,909</u>
TOTAL LIABILITIES	<u>28,259</u>
NET POSITION	
Net investment in capital assets	16,362
Unrestricted	<u>2,463,965</u>
TOTAL NET POSITION	<u><u>\$ 2,480,327</u></u>

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

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**STATEMENT OF ACTIVITIES - PROPRIETARY FUNDS
Year Ended December 31, 2019**

OPERATING INCOME	
HUD PHA operating grants	\$ 3,207,844
Fraud recovery	2,951
Investment income	21,487
Other	<u>26,936</u>
 TOTAL OPERATING INCOME	 <u>3,259,218</u>
 OPERATING EXPENSES	
Operations	251,521
Housing Assistance Payments	3,034,553
Depreciation	<u>4,150</u>
 TOTAL OPERATING EXPENSES	 <u>3,290,224</u>
 NET INCOME	 (31,006)
 NET POSITION, Beginning	 <u>2,511,333</u>
 NET POSITION, Ending	 <u><u>\$ 2,480,327</u></u>

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

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**STATEMENTS OF CASH FLOWS -
PROPRIETARY FUNDS
Year Ended December 31, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants and others	\$ 3,379,258
Cash paid to vendors	(121,116)
Cash paid to landlords	(3,034,553)
Cash paid to employees	<u>(131,796)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>91,793</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	21,487
Notes receivable	<u>15,519</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>37,006</u>
NET INCREASE IN CASH	128,799
CASH AND CASH EQUIVALENTS, BEGINNING	<u>1,850,017</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,978,816</u></u>
RECONCILIATION OF NET INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income (Loss)	<u>\$ (31,006)</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Depreciation	4,150
(Increase) Decrease in:	
Accounts receivable	176,169
Notes receivable	15,519
Prepaid expenses	(181)
Increase (Decrease) in:	
Escrows	(72,252)
Accounts payable	(1,210)
Accrued wage/payroll taxes payable	(685)
Compensated absences	<u>1,289</u>
Net Adjustments	<u>122,799</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 91,793</u></u>

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

HOUSING AUTHORITY OF WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Housing Authority of Weld County (the Authority) conform to generally accepted accounting principles as applicable to proprietary funds of governmental units.

The more significant of the Authority's policies are described below.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, the Authority's management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Financial Reporting Entity."

Based upon the application of these criteria, no entities will be included in the Authority's reporting entity.

The Housing Authority of Weld County is a component unit of Weld County. The County contracts with the Authority to perform certain housing functions. The County exercises management control over the Authority.

B. Basis of Presentation

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Revenue and expenses are recognized on an accrual basis. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are from rental operations, which includes tenant rental income and rent subsidies. The Authority earns operating grants from federal government and other local agencies. These grants are direct subsidies to a program or project and used to partially fund administrative staff positions in the Authority. Operating expenses consist of: administrative expenses, including administrative salaries, benefits and other administrative costs; direct client expenses; utilities; maintenance and operations, including maintenance salaries and benefits, maintenance contracts, related materials and noncapital equipment, and non-routine maintenance charges; general operating, including insurance, mileage, and vehicle maintenance; and depreciation. All revenues and expenses not meeting the operational criteria are reported as non-operating revenues and expenses. Non-operating revenues consist of: HUD housing assistance payment income for the Section 8 Housing Choice Voucher Program, management and

HOUSING AUTHORITY OF WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

maintenance fees, and interest revenue. Non-operating expenses include: housing assistance payments for the Section 8 Housing Choice Voucher program; interest expense on notes and bonds, and gains or losses on the disposal of property.

The Authority's accounts are maintained in accordance with the principles of enterprise fund accounting to ensure the observance of limitations and restrictions on the resources available. When restricted federal resources are available for use, it is the Authority's policy to use the restricted resources first, then unrestricted resources, as they are needed.

C. Encumbrances

The Authority does not use encumbrance accounting.

D. Property and Equipment

Property, plant and equipment are recorded at cost or at estimated cost where no historical records exist. Contributed assets are valued at estimated fair market value on the date received. Depreciation of assets is computed using the straight-line method over the estimated useful lives of the assets.

E. Compensated Absences

The Authority compensates individuals leaving employment for up to 30 days of vacation leave and 60 days of sick leave. The Authority reports these potential payments as a liability for compensated absences. Total value of leave accrued at December 31, 2019 was \$17,778.

F. Cash and Investments

Cash and cash equivalents include amounts in deposit accounts and short-term investments with a maturity of three months or less.

G. Accounts Receivable

Accounts receivable are expensed as bad debts at the time they are determined to be uncollectible. No allowance for doubtful accounts has been established at December 31, 2019, as management believes all remaining amounts are substantially collectible.

HOUSING AUTHORITY OF WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2019

NOTE 2: CASH AND INVESTMENTS

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 by eligible collateral determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits.

At December 31, 2019, the Authority's deposits had a carrying balance of \$1,978,816 and a corresponding bank balance as follows:

	<u>Bank Balance</u>
FDIC Insured	\$ 250,000
PDPA Collateralized	<u>1,745,646</u>
Total Demand Deposits	<u>\$ 1,995,646</u>

Custodial Credit Risk. Deposits in financial institutions, reported as cash had a bank balance of \$1,995,646 at December 31, 2019, which was fully insured by depository insurance or secured with collateral held by Authority's agent in its name.

Investment Interest Rate Risk. The Authority has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk. The Authority has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the US government, its agencies, and instrumentalities to which the full faith and credit of the US government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged;

HOUSING AUTHORITY OF WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2019

NOTE 2: CASH AND INVESTMENTS (Continued)

2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;

3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;

4. County, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district;

5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and

6. Money market funds regulated by the Securities and Exchange Commission (SEC) in which investments consist of the investments mentioned in 1, 2, 3, and 4.

Concentration of Investment Credit Risk. The Authority places no limit on the amount it may invest in any one issuer. At December 31, 2019, the Authority had no concentration of credit risk.

The Authority invests excess funds under the prudent investor rule. The criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield. For the year ended December 31, 2019, the authority had no investments.

NOTE 3: CAPITAL ASSETS

The following is the changes in business-type activity capital assets for the year ended December 31, 2019:

	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019
Assets being depreciated:				
Furniture and equipment	\$ 47,182		\$ -	\$ 47,182
Less: Accumulated depreciation	<u>(26,670)</u>	<u>(4,150)</u>	-	<u>(30,820)</u>
Capital assets, net	<u>\$ 20,512</u>	<u>\$ (4,150)</u>	<u>\$ -</u>	<u>\$ 16,362</u>

HOUSING AUTHORITY OF WELD COUNTY

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2019

NOTE 4: RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss.

NOTE 5: COMMITMENTS AND CONTINGENCIES

Claims and Judgments 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 December 31, 2019, 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.

Tabor Amendment Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. Management believes the Authority is exempt from the provisions of the Amendment.

NOTE 6: RELATED PARTY

The Authority is a part of a consortium with the Housing Authority of the City of Greeley. The Authority allocates the appropriate expenses to these entities and recovers regular reimbursement for services rendered.

OTHER SUPPLEMENTARY INFORMATION

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**COMBINING SCHEDULE OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2019**

	<u>HOUSING CHOICE VOUCHERS</u>	<u>DISASTER RECOVERY PROGRAM</u>	<u>OTHER BUSINESS PROGRAMS</u>	<u>TOTALS</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 655,719	\$ -	\$ 1,315,015	\$ 1,970,734
Restricted cash	8,082	-	-	8,082
Accounts receivable	8,669	-	16,600	25,269
Prepaid expenses	1,410	-	-	1,410
TOTAL CURRENT ASSETS	<u>673,880</u>	<u>-</u>	<u>1,331,615</u>	<u>2,005,495</u>
CAPITAL ASSETS				
Furniture and equipment	47,182	-	-	47,182
Accumulated depreciation	(30,820)	-	-	(30,820)
NET CAPITAL ASSETS	<u>16,362</u>	<u>-</u>	<u>-</u>	<u>16,362</u>
OTHER ASSETS:				
Long-term receivables	-	-	486,729	486,729
TOTAL OTHER ASSETS	<u>-</u>	<u>-</u>	<u>486,729</u>	<u>486,729</u>
TOTAL ASSETS	<u>690,242</u>	<u>-</u>	<u>1,818,344</u>	<u>2,508,586</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	461	-	-	461
Accrued liabilities	1,938	-	-	1,938
Compensated absences - current	8,869	-	-	8,869
TOTAL CURRENT LIABILITIES	11,268	-	-	11,268
PAYABLE FROM RESTRICTED ASSETS				
Family self sufficiency escrow	8,082	-	-	8,082
LONG-TERM LIABILITIES				
Compensated absences	8,909	-	-	8,909
TOTAL LIABILITIES	<u>28,259</u>	<u>-</u>	<u>-</u>	<u>28,259</u>
NET POSITION				
Net investment in capital assets	16,362	-	-	16,362
Unrestricted	645,621	-	1,818,344	2,463,965
TOTAL NET POSITION	<u>\$ 661,983</u>	<u>\$ -</u>	<u>\$ 1,818,344</u>	<u>\$ 2,480,327</u>

See the accompanying Independent Auditor's Report.

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**COMBINING SCHEDULE OF ACTIVITIES -
PROPRIETARY FUNDS
Year Ended December 31, 2019**

	HOUSING CHOICE VOUCHERS	DISASTER RECOVERY PROGRAM	OTHER BUSINESS PROGRAMS	TOTALS
OPERATING INCOME				
Federal grants revenue	\$ 3,207,844	\$ -	\$ -	\$ 3,207,844
Fraud recovery	2,951	-	-	2,951
Investment income	143	-	21,344	21,487
Other	544	-	26,392	26,936
TOTAL OPERATING INCOME	3,211,482	-	47,736	3,259,218
OPERATING EXPENSES				
Operations	248,026	-	3,495	251,521
Housing assistance payments	3,034,553	-	-	3,034,553
Depreciation	4,150	-	-	4,150
TOTAL OPERATING EXPENSES	3,286,729	-	3,495	3,290,224
INCOME (LOSS) FROM OPERATIONS	(75,247)	-	44,241	(31,006)
OTHER FINANCING SOURCES (USES) TRANFERS IN (OUT)	-	(20,555)	20,555	-
CHANGE IN NET POSITION	(75,247)	(20,555)	64,796	(31,006)
NET POSITION, Beginning	737,230	20,555	1,753,548	2,511,333
NET POSITION, Ending	\$ 661,983	\$ -	\$ 1,818,344	\$ 2,480,327

See the accompanying Independent Auditor's Report.

Federal Financial Assistance Reports

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2019**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Other Award Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development:			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 3,207,844

Note A - Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of the Authority under programs of the federal government for the year ended December 31, 2019, and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Because this schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The Authority has elected to not use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

See the accompanying Independent Auditor's Report.

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

23720 Pondview Place
Golden, CO 80401

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

To the Board of Commissioners
Housing Authority of Weld County
Greeley, 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 business-type activities of the Housing Authority of Weld County (the Authority) as of and for the year ended December 31, 2019, which collectively comprise the Housing Authority of Weld County's basic financial statements, and have issued our report thereon dated May 1, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of Weld County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 purposes.

Hamblin and Associates

Golden, Colorado
May 1, 2020

HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

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Golden, CO 80401

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
The Housing Authority of Weld County
Greeley, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of Weld County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of Weld County's major federal programs for the year ended December 31, 2019. The Housing Authority of Weld County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of Weld County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of Weld County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Housing Authority of Weld County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of Weld County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hamblin and Associates

Golden, Colorado
May 1, 2020

HOUSING AUTHORITY OF WELD COUNTY
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? no
- Significant deficiencies identified? none reported

Noncompliance material to financial statements noted? no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? no
- Significant deficiencies identified? none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? no

Identification of programs tested as major programs:

CFDA 14.871 Section 8 Housing Choice Vouchers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes

HOUSING AUTHORITY OF WELD COUNTY

Schedule of Findings and Questioned Costs

Year Ended December 31, 2019

II - Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards

A. Reportable Conditions in Internal Control

The audit of the financial statements of the Housing Authority of Weld County as of and for the year ended December 31, 2019, did not disclose any reportable conditions in the internal control of the Housing Authority of Weld County that would be considered a material weakness.

B. Compliance Findings

The audit of the financial statements of the Housing Authority of Weld County as of and for the year ended December 31, 2019 did not disclose any instances of noncompliance with certain provisions of laws, regulations, and grants that were material to those financial statements.

III - Findings and Questioned Costs

A. Reportable Conditions in Internal Control

The audit of the federal awards of the Housing Authority of Weld County as of and for the year ended December 31, 2019, did not disclose any reportable conditions in the internal control of the Housing Authority of Weld County that would be considered a material weakness.

B. Compliance Findings

The audit of the federal awards of the Housing Authority of Weld County as of and for the year ended December 31, 2019 did not disclose any instances of noncompliance with certain provisions of laws, regulations, and grants that were material to those financial statements.

**Supplemental Information required by
U.S. Department of Housing and Urban Development**

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

**FINANCIAL DATA SCHEDULE
December 31, 2019**

PHA: CO090 FYED: 12/31/2019

	14.871 Housing Choice Vouchers	1 Business Activities	97.109 Disaster Housing Assistance Grant	Total
111 Cash - Unrestricted	\$655,719	\$1,315,015	\$0	\$1,970,734
115 Cash - Restricted for Payment of Current Liabilities	\$8,082			\$8,082
100 Total Cash	\$663,801	\$1,315,015	\$0	\$1,978,816
125 Accounts Receivable - Miscellaneous	\$1,170	\$16,600	\$0	\$17,770
127 Notes, Loans, & Mortgages Receivable - Current	\$0	\$486,729	\$0	\$486,729
128 Fraud Recovery	\$11,206	\$0	\$0	\$11,206
128.1 Allowance for Doubtful Accounts - Fraud	-\$3,707	\$0	\$0	-\$3,707
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$8,669	\$503,329	\$0	\$511,998
142 Prepaid Expenses and Other Assets	\$1,410	\$0	\$0	\$1,410
150 Total Current Assets	\$673,880	\$1,818,344	\$0	\$2,492,224
164 Furniture, Equipment & Machinery - Administration	47,182	\$0	\$0	\$47,182
166 Accumulated Depreciation	-30,820	\$0	\$0	-30,820
160 Total Capital Assets, Net of Accumulated Depreciation	\$16,362	\$0	\$0	\$16,362
290 Total Assets and Deferred Outflow of Resources	\$690,242	\$1,818,344	\$0	\$2,508,586
312 Accounts Payable <= 90 Days	461	\$0	\$0	\$461
321 Accrued Wage/Payroll Taxes Payable	1,938	\$0	\$0	\$1,938
322 Accrued Compensated Absences - Current Portion	8,869	\$0	\$0	\$8,869
345 Other Current Liabilities	8,082	\$0	\$0	\$8,082
310 Total Current Liabilities	\$19,350	\$0	\$0	\$19,350
354 Accrued Compensated Absences - Non Current	8,909			\$8,909
350 Total Non-Current Liabilities	\$8,909	\$0	\$0	\$8,909
300 Total Liabilities	\$28,259	\$0	\$0	\$28,259
508.4 Net Investment in Capital Assets	\$16,362			\$16,362
511.4 Restricted Net Position	\$0	\$0	\$0	\$0
512.4 Unrestricted Net Position	\$645,621	\$1,818,344	\$0	\$2,463,965
513 Total Equity - Net Assets / Position	\$661,983	\$1,818,344	\$0	\$2,480,327
600 Total Liabilities, Deferred Inflows of Resources and Equity - Ne	\$690,242	\$1,818,344	\$0	\$2,508,586

See the accompanying Independent Auditor's Report.

**HOUSING AUTHORITY OF WELD COUNTY
GREELEY, COLORADO**

FINANCIAL DATA SCHEDULE

December 31, 2019

PHA: CO090 FYED: 12/31/2019

	14.871 Housing Choice Vouchers	1 Business Activities	97.109 Disaster Housing Assistance Grant	Total
70600 HUD PHA Operating Grants	\$3,207,844	\$0	\$0	\$3,207,844
71100 Investment Income - Unrestricted	143	\$21,344	\$0	\$21,487
71400 Fraud Recovery	2,951	\$0	\$0	\$2,951
71500 Other Revenue	544	\$26,392	\$0	\$26,936
70000 Total Revenue	\$3,211,482	\$47,736	\$0	\$3,259,218
91100 Administrative Salaries	131,202	\$0		\$131,202
91200 Auditing Fees	8,000	\$0		\$8,000
91400 Advertising and Marketing	26			\$26
91500 Employee Benefit contributions - Administrative	25,603	\$0		\$25,603
91600 Office Expenses	64,154	\$0		\$64,154
91700 Legal Expense	945	\$0		\$945
91900 Other	12,167	\$3,494		\$15,661
91000 Total Operating - Administrative	\$242,097	\$3,494	\$0	\$245,591
96120 Liability Insurance	\$1,129			\$1,129
96130 Workmen's Compensation	\$3,511			\$3,511
96140 All Other Insurance				\$0
96100 Total insurance Premiums	\$4,640	\$0	\$0	\$4,640
96210 Compensated Absences	\$1,289			\$1,289
96000 Total Other General Expenses	\$1,289	\$0	\$0	\$1,289
96900 Total Operating Expenses	\$248,026	\$3,494	\$0	\$251,520
97000 Excess of Operating Revenue over Operating Expenses	2,963,456	44,242	0	3,007,698
97300 Housing Assistance Payments	3,034,553	0	0	3,034,553
97400 Depreciation Expense	4,150	0	0	4,150
90000 Total Expenses	3,286,729	3,494	0	3,290,223
10093 Transfers between Program and Project - In		20,555		20,555
10094 Transfers between Project and Program - Out	0		-20,555	-20,555
10100 Total Other Financing Sources (Uses)	0	20,555	-20,555	0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-75,247	64,797	-20,555	-31,005
11030 Beginning Equity	\$737,230	\$1,753,547	\$20,555	\$2,511,332
11170 Administrative Fee Equity	\$661,983	\$0	\$0	\$661,983
Unit Months Available	5124	0	0	5,124
Number of Unit Months Leased	4422	0	0	4,422

See the accompanying Independent Auditor's Report.

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