

**HOUSING AUTHORITY OF THE CITY OF  
FORT LUPTON, COLORADO**

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

**Year Ended December 31, 2019**

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



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## MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2019

This section of the Housing Authority of the City of Fort Lupton, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

### **FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2019 was \$1,346,016. The net position increased by \$41,474, an increase of 3% over the prior year. Of this amount, \$216,715 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$726,858 for the year ended December 31, 2019. This was an increase of \$85,495 or 13% over the prior year.

Operating expenses for the Authority were \$918,596 for the year ended December 31, 2019. This was an increase of \$86,241 or 10% over the prior year.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *management's discussion and analysis* report, the *basic financial statements* and the *notes to the basic financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

#### **Required Financial Statements**

*Proprietary Fund Financial Statements* - The basic financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Authority creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2019**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

The Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2019 is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 371,141	\$ 310,567	\$ 60,574	20%
Capital assets	1,926,999	1,981,580	(54,581)	-3%
Total Assets	<u>2,298,140</u>	<u>2,292,147</u>	<u>5,993</u>	<u>0.3%</u>
Current liabilities	157,911	132,284	25,627	19%
Other liabilities	2,248	2,239	9	0.4%
Long-term debt outstanding	791,965	853,082	(61,117)	-7%
Total Liabilities	<u>952,124</u>	<u>987,605</u>	<u>(35,481)</u>	<u>-4%</u>
Net Position				
Net investment in capital assets	1,073,918	1,069,559	4,359	0.4%
Restricted	55,383	45,739	9,644	21%
Unrestricted	216,715	189,244	27,471	15%
Total Net Position	<u>\$ 1,346,016</u>	<u>\$ 1,304,542</u>	<u>\$ 41,474</u>	<u>3%</u>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2019**

**FINANCIAL ANALYSIS (CONT'D)**

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$1,346,016 at the close of the year ended December 31, 2019. This represents an increase of \$41,474 which is an increase of 3% over the prior year. The majority of the increase is the result of operations for the year ended December 31, 2019.

Current and other assets increased by \$60,574, a 20% change over the prior year. This was attributed to operations before depreciation, and cash provided from financing activities which resulted in a net increase in cash of \$50,594. In addition, the amount receivable from HUD increased by \$11,477 as the result of an increase in contract rents that was retroactive to October 2019 that was paid in the subsequent year.

Current liabilities increased by \$25,627. The increase was the result of when payments are made to vendors and contractors and employees. Long-term debt decreased by (\$61,117) which is the reduction in notes payable from current year debt payments.

The largest portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation) and less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

Unrestricted net position as of December 31, 2019 was \$216,715. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

As of December 31, 2019, the Authority had net position of \$55,383 restricted for the Weld County NSP program for which the transfer of these properties has not occurred as of December 31, 2019.

While the Statement of Net Position shows the change in financial position, the Statement of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

As can be seen on the next page, total revenues increased by \$106,865, primarily due to the increase in rental income of \$42,661, an increase of \$32,532 in Federal operating grants and an increase of \$30,469 in other income.

**Rental Income Increase:** The Authority saw a number of families obtain higher wage jobs in FY2019. Children coming of age and obtaining work also contributed to a recalculation of rent that saw an increase over FY2018. The Authority saw more turnaround in the Market program during FY2019. The vacant units in the Market program were modernized and rents were set higher to reflect the current market.

**HUD Rental Assistance in Columbine:** The Gross Rent Change done in October 2019 saw a significant increase from \$757 per unit to \$920 per unit, which resulted in an increase of \$4,890 in rent potential for Columbine Court per month.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2019**

**FINANCIAL ANALYSIS (CONT'D)**

Other Income: The Authority saw an increase in Oil Lease income in FY2019. Weld County and the City of Fort Lupton remains a high producer of oil and natural gas. Royalties from the increased production has resulted in a significant increase in Other Income.

HUD operating subsidy for the Authority was \$165,117 for the year ended December 31, 2019. This was an increase of \$20,778 over the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. The Authority also expended \$105,820 of HUD capital grants for operations for the fiscal year ended December 31, 2019 compared to \$106,431 in the previous year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

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

	<u>FY 2019</u>	<u>FY 2018</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 509,672	\$ 467,011	\$ 42,661	9%
HUD program contributions	426,975	394,443	32,532	8%
Other	61,148	30,679	30,469	99%
General revenues				
Interest	1,423	220	1,203	547%
Total Revenues	<u>999,218</u>	<u>892,353</u>	<u>106,865</u>	<u>12%</u>
<b>Expenses</b>				
Depreciation	233,198	235,719	(2,521)	-1%
Operating	685,398	596,636	88,762	15%
Nonoperating	39,148	44,176	(5,028)	-11%
Total Expenses	<u>957,744</u>	<u>876,531</u>	<u>81,213</u>	<u>9%</u>
Changes in Net Position	41,474	15,822	25,652	162%
Beginning Net Position	1,304,542	1,288,720	15,822	
Ending Net Position	<u>\$ 1,346,016</u>	<u>\$ 1,304,542</u>	<u>\$ 41,474</u>	

Operating expenses for the Authority were \$685,398 for the year ended December 31, 2019. This was an increase of \$88,762 or 15% over the prior year. The following expense categories had significant changes from the prior year:

- Administrative increased by \$52,978
- Maintenance increased by \$24,861

Administrative increase: The Authority saw an increase in Administrative expenses due to the addition of a full-time administrative staff member with full benefits.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2019**

**FINANCIAL ANALYSIS (CONT'D)**

Maintenance Increase: The Authority saw an increase in Maintenance expenses due to the continued modernization of vacancies. The Housing Authority experienced a higher number of move-outs in the Market project, which resulted in additional units being modernized.

**OCCUPANCY**

The Public Housing Program has 50 units of housing or 600-unit months available. There were 23 vacancy months resulting in 577 months leased for the year, a 96.2% occupancy rate.

The Columbine Court program has 30 units of housing for 360-unit months available, there were 8 vacancy months for a total of 352-unit months leased for the year, a 97.8% occupancy rate.

The Market Rentals have 15 units with 180-unit months available, there were 24 vacancy months for a total of 156-unit months leased for the year, a 86.6% occupancy rate.

The Weld County NSP program has 2 houses or 24-months available, there were no vacancies resulting in 24-unit months leased for the year, for a 100% occupancy rate.

The Authority has a total of 97 units of housing or 1,164-unit months available, there were 56 vacancy months resulting in a total of 1,109-unit months leased for the year, a 95.3% occupancy rate for the Authority.

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2019 amounts to \$1,926,999. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's net investment in capital assets for the current fiscal year was 3% in terms of net book value. The actual amount to purchase or construct capital assets was \$185,013 for the year. Depreciation charges for the year totaled \$233,198. Additional information on the Authority's capital assets can be found in Note E of the notes to the basic financial statements of this report.

The Housing Authority is continuing to make an effort to modernize all aging units when they become vacant. For FYE 12/31/2019, 15 of the 97 units were modernized. Unit rehabilitations consist of new flooring, LED light fixtures, doors, interior paint, countertops, cabinets, plumbing and appliances. The Housing Authority also replaced all underground gas lines located at 240 S. Denver Ave. due to aging infrastructure.

**DEBT ADMINISTRATION**

The Authority has outstanding mortgages payable of \$853,081 for real property. The revenue from the Columbine Court Program and Market Rentals are pledged to repay the mortgages. Additional information on the Authority's long-term debt can be found in Note J of the notes to the financial statements of this report.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2019**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2020 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report, or request for additional financial information, should be addressed to the Executive Director, Housing Authority of the City of Fort Lupton, 400 2<sup>nd</sup> Street, Fort Lupton, CO 80621.

## INDEPENDENT AUDITOR'S REPORT

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Housing Authority of the City of Fort Lupton, Colorado

### **Report on the Basic Financial Statements**

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Basic Financial Statements***

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with 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 an opinion on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Lupton, Colorado as of December 31, 2019, and the changes in its financial position and its cash flows for the year 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Program Financial Schedules and Financial Data Schedule are 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. Such Information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules and Financial Data Schedule are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2020 on our consideration of the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Lupton, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPA's*

York, Nebraska  
March 27, 2020

## **BASIC FINANCIAL STATEMENTS**

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
December 31, 2019

ASSETS	<u>Housing</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 260,611
Accounts receivable, net	3,262
Due from other governments	11,477
<i>Restricted:</i>	
Cash and cash equivalents	95,791
TOTAL CURRENT ASSETS	<u>371,141</u>
 <b>NONCURRENT ASSETS:</b>	
Capital Assets, non-depreciable	516,498
Capital Assets, depreciable, net	1,410,501
TOTAL NONCURRENT ASSETS	<u>1,926,999</u>
TOTAL ASSETS	<u>\$ 2,298,140</u>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 35,177
Accrued payroll and benefits	13,394
Compensated absence payable	1,696
Unearned revenue	3,803
Accrued interest payable	2,317
Tenant security deposit payable	40,408
Current-portion, notes payable	61,116
TOTAL CURRENT LIABILITIES	<u>157,911</u>
 <b>NONCURRENT LIABILITIES:</b>	
Compensated absence payable	2,248
Notes payable	791,965
TOTAL NONCURRENT LIABILITIES	<u>794,213</u>
TOTAL LIABILITIES	<u>952,124</u>
 <b>NET POSITION</b>	
Net investment in capital assets	1,073,918
Restricted	55,383
Unrestricted	216,715
TOTAL NET POSITION	<u>\$ 1,346,016</u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND**  
**Year Ended December 31, 2019**

		<u>Housing</u>
<b>OPERATING REVENUES</b>		
Rental income	\$	509,672
HUD program revenue		156,038
Other income		61,148
		<u>726,858</u>
	<b>TOTAL OPERATING REVENUES</b>	<b>726,858</b>
 <b>OPERATING EXPENSES</b>		
Administrative		198,748
Tenant Services		23,909
Utilities		138,885
Ordinary maintenance and operations		252,830
General expense		71,026
Depreciation		233,198
		<u>918,596</u>
	<b>TOTAL OPERATING EXPENSES</b>	<b>918,596</b>
	<b>OPERATING INCOME (LOSS)</b>	<b>(191,738)</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		165,117
HUD capital fund grants - operations		105,820
Interest income		1,423
Interest expense		(33,320)
Loss on capital asset dispositions		(5,828)
		<u>233,212</u>
	<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>233,212</b>
	<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>41,474</b>
 <b>NET POSITION:</b>		
Net position, beginning balance		<u>1,304,542</u>
	<b>NET POSITION - ENDING BALANCE</b>	<b>\$ <u>1,346,016</u></b>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
Year Ended December 31, 2019

	<b>Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 512,459
HUD receipts	146,770
Other receipts	61,148
Tenant security deposits	2,691
Cash payments for goods and services	(391,416)
Cash payments to employees for services	(276,020)
	55,632
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>55,632</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	165,117
HUD capital fund grants - operations	105,820
	270,937
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>270,937</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(185,013)
Interest paid on capital debt	(33,445)
Principal paid on capital debt	(58,940)
	(277,398)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(277,398)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest received	1,423
	1,423
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>1,423</b>
	<b>NET INCREASE (DECREASE) IN CASH</b>
	50,594
<b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<b>305,808</b>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<b>\$ 356,402</b>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended December 31, 2019

RECONCILIATION OF INCOME (LOSS) FROM  
OPERATIONS TO NET CASH PROVIDED  
(USED) BY OPERATING ACTIVITIES:

	Housing
Operating income (loss)	\$ (191,738)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	233,198
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,497
(Increase) decrease in due from other governments	(11,477)
Increase (decrease) in accounts payable	6,884
Increase (decrease) in accrued payroll and benefits	12,956
Increase (decrease) in tenant security deposits	2,691
Increase (decrease) in unearned revenue	1,538
Increase (decrease) in accrued leave	83
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 55,632

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the United States Housing Act of 1937 and amendments contained in the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD).

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures or expenses, as appropriate.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The Authority distinguishes between operating and nonoperating revenues and expenses in its Statement of Revenues, Expenses and Changes in Fund Net Position. For this purpose, the Authority's operating revenues result from providing low-income housing services such as tenant rent, rental assistance and other tenant charges. Operating expenses include the cost attributed to administration, tenant services, utilities, maintenance and operations, debt service and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses. Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

The model as defined in Statement No. 34 establishes criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements.

The Authority has a sole enterprise fund which includes the activities of the following programs:

**Public Housing Program** - This program accounts for the operation, maintenance, and development of 20 apartments called Crane Court and 30 family scattered site units for HUD. The development of the projects was funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

**Columbine Court** - This program accounts for the operation and maintenance of 30 housing units known as Columbine Court which are owned by the Authority and was originally funded under the Section 221(d) (3) the program and with rental assistance through the Section 8 Program provided by the U.S. Department of Housing and Urban Development. During the year ended December 31, 2016, the Authority refinanced a loan from the Bank of Colorado which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property

**Market Rentals** - This program accounts for the operation and maintenance of 15 housing units which are owned by the Authority. The program is primarily funded by tenant rents.

**Weld Co. NSP** - This program accounts for the operation and maintenance of 2 individual houses that were purchased and renovated through the Neighborhood Stabilization Program. The program is primarily funded by tenant rents. As of December 31, 2019, the deed to the properties has not been transferred to the Authority.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

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

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date received. The Authority generally capitalized assets with a cost of \$500 or more as purchases and construction outlays occur.

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Authority's policy is to apply the restricted component of net position first.

Inventory

Inventories consist of supplies and are recorded at the lower of cost or market on a first-in, first-out basis.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues, expenditures, expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The current policy will allow employees to earn 120 hours of paid time off and the Executive Director to earn 160 hours of paid time off per year. Employees can cash out half of the accrued leave and half can be accrued for the following year. Only 180 hours may be accrued at any given time.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

The Authority is a governmental subdivision of the State of Colorado and is exempt from Federal and State income taxes.

Taxpayer's Bill of Rights

In November, 1992, the voters of the State of Colorado approved an amendment to the State's Constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes, all basic operational requirements of TABOR.

**NOTE B - DEPOSITS AND INVESTMENTS**

At December 31, 2019, the Authority's carrying amount of deposits was \$356,402 and the bank balances were \$370,239. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of \$250,000 (including accrued interest) shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the balance \$250,000 was covered by federal depository insurance and \$120,239 was collateralized by the Public Deposit Protection Act.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2019 is as follows:

Tenants	\$	3,262
Allowance for doubtful accounts		<u>    --</u>
	\$	<u>    3,262</u>

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of the due from other governments as presented in the Statement of Net Position at December 31, 2019 is as follows:

Housing and Urban Development	\$	11,477
Allowance for doubtful accounts		<u>    --</u>
	\$	<u>   11,477</u>

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
<b>Non-depreciable assets:</b>				
Land	\$ 516,498	\$ -	\$ -	\$ 516,498
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>516,498</u>	<u>-</u>	<u>-</u>	<u>516,498</u>
<b>Depreciable assets</b>				
Buildings	4,564,446	167,088	(17,716)	4,713,818
Equipment - Dwelling	117,243	13,244	(2,311)	128,176
Equipment - Administration	78,460	4,681	-	83,141
<b>Total depreciable assets</b>	<u>4,760,149</u>	<u>185,013</u>	<u>(20,027)</u>	<u>4,925,135</u>
<b>Total Capital Assets</b>	<u>5,276,647</u>	<u>185,013</u>	<u>(20,027)</u>	<u>5,441,633</u>
<b>Accumulated depreciation</b>				
Buildings	3,140,048	215,277	(12,507)	3,342,818
Equipment - Dwelling	89,631	9,377	(1,123)	97,885
Equipment - Administration	65,388	8,543	-	73,931
<b>Total accumulated depreciation</b>	<u>3,295,067</u>	<u>233,197</u>	<u>(13,630)</u>	<u>3,514,634</u>
<b>Depreciable assets, net</b>	<u>1,465,082</u>	<u>(48,184)</u>	<u>(6,397)</u>	<u>1,410,501</u>
<b>Capital assets, net</b>	<u>\$ 1,981,580</u>	<u>\$ (48,184)</u>	<u>\$ (6,397)</u>	<u>\$ 1,926,999</u>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE F – RESTRICTED ASSETS**

Cash and cash equivalents of \$95,791 at December 31, 2019 are restricted for Tenant Security Deposits in the amount of \$40,408 and \$55,383 is restricted for the Weld County NSP Program as further detailed in Note K.

**NOTE G – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2019 is as follows:

Vendors and contractors	\$	<u>35,177</u>
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**NOTE H – UNEARNED REVENUE**

A summary of unearned revenue as presented in the Statement of Net Position at December 31, 2019 is as follows:

Tenant prepaid rents	\$	1,594
HUD-multifamily rental assistance		<u>2,209</u>
	\$	<u>3,803</u>

**NOTE I—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2019 is as follows:

		<u>Beginning Balance</u>		<u>Net Increase</u>		<u>Ending Balance</u>		<u>Due within One Year</u>
Compensated absences	\$	<u>3,861</u>	\$	<u>83</u>	\$	<u>3,944</u>	\$	<u>1,696</u>

**NOTE J – LONG-TERM LIABILITIES**

**Direct Borrowings:**

On April 10, 2015, the Authority refinanced a loan from a local financial institution which was obtained to pay off a mortgage held by the Colorado Housing and Finance Authority (CHFA) and secured with the property known as Columbine Court, a thirty-unit rental property. The loan had an original amount of \$281,977 which bears interest at 3.75% adjustable on April 2020. The loan requires monthly principal and interest payments of \$2,830 and matures April 2025. The balance due at December 31, 2019 was \$163,713.

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE J – LONG-TERM LIABILITIES (CONT'D)**

On May 29, 2012, the Authority obtained a mortgage from a local financial institution for the financing of market rate rental known as 210 Harrison. The loan had an original amount of \$59,000 which bears interest at 3.34% adjustable on May 29, 2017. The loan requires monthly principal and interest payments of \$336 and matures June 2032. The balance due at December 31, 2019 was \$41,277.

On March 25, 2016, the Authority obtained a mortgage from a local financial institution for the financing of 7 market rate rentals known as 200 1<sup>st</sup> Street. The loan had an original amount of \$608,706 which bears interest at 3.75% adjustable on May 1, 2021. The loan requires monthly principal and interest payments of \$3,150 and matures April 2041. The balance due at December 31, 2019 was \$551,691.

On July 15, 2016, the Authority obtained a mortgage from a local financial institution for the financing of a 5-acre tract of land known as 911 S. Denver. The loan had an original amount of \$137,699 which bears interest at 3.75% adjustable on August 15, 2021. The loan requires monthly principal and interest payments of \$1,381 and matures July 2026. The balance due at December 31, 2019 was \$96,402.

A summary of changes in Notes Payable - Properties for the year ended December 31, 2019 are as follows:

Description	Balance 1/1/2019	Additions	Retired	Balance 12/31/2019	Due Within One Year
Mortgage-Columbine	\$ 190,892	\$ -	\$ (27,179)	\$ 163,713	\$ 28,213
Mortgage-210 Harrison	43,904	-	(2,627)	41,277	2,711
Mortgage-200 1st Street	568,174	-	(16,483)	551,691	17,062
Mortgage-911 S. Denver	109,052	-	(12,650)	96,402	13,130
Total	<u>\$ 912,022</u>	<u>\$ -</u>	<u>\$ (58,939)</u>	<u>\$ 853,082</u>	<u>\$ 61,116</u>
			Less current maturities	<u>(61,116)</u>	
			Long-term portion	<u>\$ 791,965</u>	

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2020	\$ 61,116	\$ 31,262	\$ 92,378
2021	63,556	28,821	92,377
2022	66,001	26,376	92,377
2023	68,539	23,838	92,377
2024	71,114	21,263	92,377
2025-2029	165,523	81,210	246,733
2030-2034	144,790	54,294	199,084
2035-2039	163,378	25,622	189,000
2040-2041	49,065	1,335	50,400
	<u>\$ 853,082</u>	<u>\$ 294,021</u>	<u>\$ 1,147,103</u>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2019**

**NOTE K—NET POSITION**

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Agency that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted** – This category represents net position of the Agency, not restricted for any project or other purposes.

A summary of restricted net position as of December 31, 2019 is as follows:

**Weld County NSP Program \$55,383** – On June 9, 2014, the Authority signed a lease with the Weld County Housing Authority whereas the Authority would receive 2 NSP (Neighborhood Stabilization Program) Houses. According to the agreement the Authority would receive all the benefits until the time of the Deed Restriction transfer documents had occurred. In addition, the Authority is required to deposit any moneys received for rent are to be held in a separate account until such time as the terms of the Deed Restriction (transfer documents) have been defined. As of December 31, 2019, the transfer of the properties has not occurred, and the net position is being reported as restricted.

**NOTE L – CONTINGENCIES**

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any to be immaterial.

**NOTE M - RISK MANAGEMENT**

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

During the year ended December 31, 2019, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**SUPPLEMENTAL INFORMATION-  
PROGRAM FINANCIAL SCHEDULES**

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**PROGRAM SCHEDULE OF NET POSITION**  
December 31, 2019

<b>ASSETS</b>	<u>Public Housing</u>	<u>Columbine Court</u>	<u>Market Rentals</u>	<u>Weld Co. NSP</u>	<u>Totals</u>
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 202,177	\$ 26,965	\$ 30,189	\$ 1,280	\$ 260,611
Accounts receivable, net	626	2,221	400	15	3,262
Due from other governments	-	11,477	-	-	11,477
Materials inventory	-	-	-	-	-
<i>Restricted:</i>					
Interfund receivable	-	-	-	-	-
Cash and cash equivalents	<u>19,362</u>	<u>8,792</u>	<u>10,498</u>	<u>57,139</u>	<u>95,791</u>
TOTAL CURRENT ASSETS	222,165	49,455	41,087	58,434	371,141
<b>NONCURRENT ASSETS:</b>					
Capital Assets, non-depreciable	119,640	65,000	331,858	-	516,498
Capital Assets, depreciable, net	<u>602,242</u>	<u>206,050</u>	<u>600,842</u>	<u>1,367</u>	<u>1,410,501</u>
TOTAL NONCURRENT ASSETS	<u>721,882</u>	<u>271,050</u>	<u>932,700</u>	<u>1,367</u>	<u>1,926,999</u>
TOTAL ASSETS	<u>\$ 944,047</u>	<u>\$ 320,505</u>	<u>\$ 973,787</u>	<u>\$ 59,801</u>	<u>\$ 2,298,140</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable	\$ 12,629	\$ 16,301	\$ 5,031	\$ 1,217	\$ 35,178
Accrued payroll and benefits	13,394	-	-	-	13,394
Compensated absence payable	882	526	254	34	1,696
Interfund payable	-	-	-	-	-
Unearned revenue	414	3,182	207	-	3,803
Accrued interest payable	-	264	2,053	-	2,317
Tenant security deposit payable	19,362	8,792	10,498	1,756	40,408
Current-portion, notes payable	<u>-</u>	<u>28,213</u>	<u>32,903</u>	<u>-</u>	<u>61,116</u>
TOTAL CURRENT LIABILITIES	46,681	57,278	50,946	3,007	157,912
<b>NONCURRENT LIABILITIES:</b>					
Compensated absence payable	1,169	697	337	45	2,248
Notes payable	<u>-</u>	<u>135,500</u>	<u>656,465</u>	<u>-</u>	<u>791,965</u>
TOTAL NONCURRENT LIABILITIES	<u>1,169</u>	<u>136,197</u>	<u>656,802</u>	<u>45</u>	<u>794,213</u>
TOTAL LIABILITIES	<u>47,850</u>	<u>193,475</u>	<u>707,748</u>	<u>3,052</u>	<u>952,125</u>
<b>NET POSITION</b>					
Net investment in capital assets	721,882	107,337	243,332	1,367	1,073,918
Restricted	-	-	-	55,383	55,383
Unrestricted	<u>174,315</u>	<u>19,693</u>	<u>22,707</u>	<u>-</u>	<u>216,714</u>
TOTAL NET POSITION	<u>\$ 896,197</u>	<u>\$ 127,030</u>	<u>\$ 266,039</u>	<u>\$ 56,750</u>	<u>\$ 1,346,015</u>

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended December 31, 2019

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
<b>OPERATING REVENUES</b>					
Rental income	\$ 210,183	\$ 128,680	\$ 149,605	\$ 21,204	\$ 509,672
HUD program revenue	-	156,038	-	-	156,038
Other income	235	1,335	76,037	-	77,607
<b>TOTAL OPERATING REVENUES</b>	<b>210,418</b>	<b>286,053</b>	<b>225,642</b>	<b>21,204</b>	<b>743,317</b>
<b>OPERATING EXPENSES</b>					
Administrative	93,676	58,023	46,077	3,092	200,868
Tenant Services	10,297	13,600	12	-	23,909
Utilities	77,244	39,896	18,478	3,267	138,885
Ordinary maintenance and operations	132,707	75,966	55,636	2,860	267,169
General expense	37,357	19,062	12,093	2,514	71,026
Depreciation	129,694	64,149	38,815	540	233,198
<b>TOTAL OPERATING EXPENSES</b>	<b>480,975</b>	<b>270,696</b>	<b>171,111</b>	<b>12,273</b>	<b>935,055</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(270,557)</b>	<b>15,357</b>	<b>54,531</b>	<b>8,931</b>	<b>(191,738)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
HUD operating subsidy	165,117	-	-	-	165,117
HUD capital fund grants - operations	105,820	-	-	-	105,820
Interest income	1,221	8	21	173	1,423
Interest expense	-	(6,743)	(26,577)	-	(33,320)
Loss on capital asset dispositions	(1,607)	(3,649)	(572)	-	(5,828)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>270,551</b>	<b>(10,384)</b>	<b>(27,128)</b>	<b>173</b>	<b>233,212</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(6)</b>	<b>4,973</b>	<b>27,403</b>	<b>9,104</b>	<b>41,474</b>
<b>NET POSITION:</b>					
Net position, beginning balance	896,203	122,057	238,636	47,646	1,304,542
<b>NET POSITION - ENDING BALANCE</b>	<b>\$ 896,197</b>	<b>\$ 127,030</b>	<b>\$ 266,039</b>	<b>\$ 56,750</b>	<b>\$ 1,346,016</b>

**HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS**  
Year Ended December 31, 2019

	Public Housing	Columbine Court	Market Rentals	Weld Co. NSP	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Rental receipts	\$ 212,898	\$ 128,319	\$ 150,038	\$ 21,204	\$ 512,459
HUD receipts	-	146,770		-	146,770
Other receipts	235	1,335	76,037	-	77,607
Tenant security deposits	1,032	(80)	1,356	383	2,691
Cash payments for goods and services	(207,553)	(116,027)	(74,244)	(10,051)	(407,875)
Cash payments to employees for services	(131,290)	(83,338)	(60,727)	(665)	(276,020)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(124,678)	76,979	92,460	10,871	55,632
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
HUD operating subsidy	165,117	-	-	-	165,117
HUD capital fund grants - operations	105,820	-	-	-	105,820
Casualty loss - insurance proceeds	-	-	-	-	-
Casualty loss - expenses paid	-	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	270,937	-	-	-	270,937
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Purchases and construction of capital assets	(123,613)	(23,919)	(37,481)	-	(185,013)
Interest paid on capital debt	-	(6,787)	(26,658)	-	(33,445)
Principal paid on capital debt	-	(27,179)	(31,761)	-	(58,940)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(123,613)	(57,885)	(95,900)	-	(277,398)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	1,221	8	21	173	1,423
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	1,221	8	21	173	1,423
NET INCREASE (DECREASE) IN CASH	23,867	19,102	(3,419)	11,044	50,594
CASH AND CASH EQUIVALENTS-BEGINNING	197,672	16,655	44,106	47,375	305,808
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 221,539	\$ 35,757	\$ 40,687	\$ 58,419	\$ 356,402

HOUSING AUTHORITY OF THE CITY OF FORT LUPTON, COLORADO  
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)  
Year Ended December 31, 2019

	<u>Public Housing</u>	<u>Columbine Court</u>	<u>Market Rentals</u>	<u>Weid Co. NSP</u>	<u>Totals</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ (270,557)	\$ 15,357	\$ 54,531	\$ 8,931	\$ (191,738)
Adjustments to reconcile income from operations to net cash provided by operating activities:					
Depreciation	129,694	64,149	38,815	540	233,198
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	2,365	(1,130)	277	(15)	1,497
(Increase) decrease in due from governments	-	(11,477)	-	-	(11,477)
Increase (decrease) in accounts payable	(562)	9,102	(2,609)	953	6,884
Increase (decrease) in accrued payroll and benefits	12,956	-	-	-	12,956
Increase (decrease) in tenant security deposits	1,032	(80)	1,356	383	2,691
Increase (decrease) in unearned revenue	350	1,032	156	-	1,538
Increase (decrease) in accrued leave	44	26	(66)	79	83
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (124,678)</b>	<b>\$ 76,979</b>	<b>\$ 92,460</b>	<b>\$ 10,871</b>	<b>\$ 55,632</b>

**SUPPLEMENTAL INFORMATION-  
FINANCIAL DATA SCHEDULE**

Housing Authority of the City of Fort Lupton (CO029)  
**FORT LUPTON, CO**  
**Entity Wide Balance Sheet Summary**

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$202,177	\$26,965	\$31,469	\$260,611		\$260,611
113 Cash - Other Restricted			\$55,383	\$55,383		\$55,383
114 Cash - Tenant Security Deposits	\$19,362	\$8,792	\$12,254	\$40,408		\$40,408
100 Total Cash	\$221,539	\$35,757	\$99,106	\$356,402		\$356,402
124 Accounts Receivable - Other Government		\$11,477		\$11,477		\$11,477
125 Accounts Receivable - Miscellaneous	\$0			\$0		\$0
126 Accounts Receivable - Tenants	\$626	\$2,221	\$415	\$3,262		\$3,262
126.1 Allowance for Doubtful Accounts - Tenants	\$0	\$0	\$0	\$0		\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0		\$0		\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$626	\$13,698	\$415	\$14,739		\$14,739
150 Total Current Assets	\$222,165	\$49,455	\$99,521	\$371,141		\$371,141
161 Land	\$119,640	\$65,000	\$331,858	\$516,498		\$516,498
162 Buildings	\$2,439,342	\$1,312,010	\$962,465	\$4,713,817		\$4,713,817
163 Furniture, Equipment & Machinery - Dwellings	\$34,587	\$45,935	\$47,654	\$128,176		\$128,176
164 Furniture, Equipment & Machinery - Administration	\$14,764	\$8,000	\$80,376	\$83,140		\$83,140
166 Accumulated Depreciation	-\$1,886,451	-\$1,159,895	-\$468,286	-\$3,514,632		-\$3,514,632
160 Total Capital Assets, Net of Accumulated Depreciation	\$721,882	\$271,050	\$934,067	\$1,926,999		\$1,926,999
180 Total Non-Current Assets	\$721,882	\$271,050	\$934,067	\$1,926,999		\$1,926,999
290 Total Assets and Deferred Outflow of Resources	\$944,047	\$320,505	\$1,033,588	\$2,298,140		\$2,298,140
312 Accounts Payable <= 90 Days	\$12,629	\$16,301	\$6,247	\$35,177		\$35,177
321 Accrued Wage/Payroll Taxes Payable	\$13,394			\$13,394		\$13,394
322 Accrued Compensated Absences - Current Portion	\$882	\$526	\$268	\$1,698		\$1,698
325 Accrued Interest Payable		\$264	\$2,053	\$2,317		\$2,317
341 Tenant Security Deposits	\$19,362	\$8,792	\$12,254	\$40,408		\$40,408
342 Unearned Revenue	\$414	\$3,182	\$207	\$3,803		\$3,803
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$28,213	\$32,903	\$61,116		\$61,116
310 Total Current Liabilities	\$46,681	\$57,278	\$53,952	\$157,911		\$157,911
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$135,500	\$655,465	\$791,965		\$791,965
354 Accrued Compensated Absences - Non Current	\$1,169	\$697	\$382	\$2,248		\$2,248
350 Total Non-Current Liabilities	\$1,169	\$136,197	\$655,847	\$794,213		\$794,213
300 Total Liabilities	\$47,850	\$193,475	\$710,799	\$952,124		\$952,124
508.4 Net Investment in Capital Assets	\$721,882	\$107,337	\$244,699	\$1,073,918		\$1,073,918
511.4 Restricted Net Position			\$55,383	\$55,383		\$55,383
512.4 Unrestricted Net Position	\$174,315	\$19,693	\$22,707	\$216,715		\$216,715
513 Total Equity - Net Assets / Position	\$896,197	\$127,030	\$322,789	\$1,346,016		\$1,346,016
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$944,047	\$320,505	\$1,033,588	\$2,298,140		\$2,298,140

Housing Authority of the City of Fort Lupton (CO029)  
 FORT LUPTON, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2019

	Project Total	14.182 N/C S/R Section 8 Programs	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$204,589	\$120,826	\$170,809	\$496,024		\$496,024
70400 Tenant Revenue - Other	\$5,594	\$8,054		\$13,648		\$13,648
70500 Total Tenant Revenue	\$210,183	\$128,880	\$170,809	\$509,672	\$0	\$509,672
70600 HUD PHA Operating Grants	\$270,937	\$156,038		\$426,975		\$426,975
71100 Investment Income - Unrestricted	\$1,221	\$8	\$194	\$1,423		\$1,423
71500 Other Revenue	\$235	\$1,335	\$78,037	\$79,607	-\$16,459	\$61,148
71600 Gain or Loss on Sale of Capital Assets	-\$1,607	-\$3,649	-\$572	-\$5,828		-\$5,828
70000 Total Revenue	\$480,969	\$282,412	\$246,468	\$1,009,849	-\$16,459	\$993,390
91100 Administrative Salaries	\$80,348	\$35,976	\$30,316	\$126,640		\$126,640
91200 Auditing Fees	\$4,000	\$1,950	\$1,700	\$7,650		\$7,650
91300 Management Fee			\$2,120	\$2,120	-\$2,120	\$0
91500 Employee Benefit contributions - Administrative	\$9,040	\$5,389	\$3,988	\$18,415		\$18,415
91600 Office Expenses	\$18,237	\$14,237	\$9,031	\$41,505		\$41,505
91700 Legal Expense	\$1,893	\$471	\$2,015	\$4,379		\$4,379
91800 Travel	\$158			\$158		\$158
91000 Total Operating - Administrative	\$93,676	\$58,023	\$49,168	\$200,867	-\$2,120	\$198,747
92400 Tenant Services - Other	\$10,297	\$13,600	\$12	\$23,909		\$23,909
92500 Total Tenant Services	\$10,297	\$13,600	\$12	\$23,909	\$0	\$23,909
93100 Water	\$38,825	\$8,806	\$9,929	\$57,560		\$57,560
93200 Electricity	\$10,372	\$19,862	\$1,775	\$32,009		\$32,009
93300 Gas	\$7,012	\$8,251	\$2,579	\$17,842		\$17,842
93600 Sewer	\$16,674	\$2,528	\$6,607	\$25,809		\$25,809
93800 Other Utilities Expense	\$4,361	\$449	\$855	\$5,665		\$5,665
93000 Total Utilities	\$77,244	\$39,896	\$21,745	\$138,885	\$0	\$138,885
94100 Ordinary Maintenance and Operations - Labor	\$61,253	\$33,862	\$22,202	\$117,317		\$117,317
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,542	\$15,091	\$10,746	\$50,379		\$50,379
94300 Ordinary Maintenance and Operations Contracts	\$33,306	\$18,901	\$20,984	\$73,191	-\$14,339	\$58,852
94500 Employee Benefit Contributions - Ordinary Maintenance	\$13,806	\$8,112	\$4,564	\$26,282		\$26,282
94000 Total Maintenance	\$132,707	\$75,966	\$58,496	\$267,169	-\$14,339	\$252,830
96110 Property Insurance	\$28,553	\$14,200	\$11,890	\$54,743		\$54,743
96120 Liability Insurance	\$1,277	\$761	\$418	\$2,456		\$2,456
96130 Workmen's Compensation	\$2,645	\$1,577	\$864	\$5,086		\$5,086
96140 All Other Insurance	\$3,956	\$2,498	\$1,115	\$7,569		\$7,569
96100 Total Insurance Premiums	\$36,431	\$19,036	\$14,387	\$69,854	\$0	\$69,854
96210 Compensated Absences	\$43	\$26	\$69	\$69		\$69
96400 Bad debt - Tenant Rents	\$883		\$220	\$1,103		\$1,103
96000 Total Other General Expenses	\$926	\$26	\$220	\$1,172	\$0	\$1,172
96710 Interest of Mortgage (or Bonds) Payable		\$6,743	\$26,577	\$33,320		\$33,320
96700 Total Interest Expense and Amortization Cost	\$0	\$6,743	\$26,577	\$33,320	\$0	\$33,320
96900 Total Operating Expenses	\$351,281	\$213,290	\$170,605	\$735,176	-\$16,459	\$718,717
97000 Excess of Operating Revenue over Operating Expenses	\$129,688	\$69,122	\$75,863	\$274,673	\$0	\$274,673
97400 Depreciation Expense	\$129,694	\$64,149	\$39,355	\$233,198		\$233,198
90000 Total Expenses	\$480,975	\$277,439	\$209,960	\$968,374	-\$16,459	\$951,915
10010 Operating Transfer In	\$105,820			\$105,820	-\$105,820	\$0
10020 Operating transfer Out	-\$105,820			-\$105,820	\$105,820	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$8	\$4,973	\$36,508	\$41,475	\$0	\$41,475
11020 Required Annual Debt Principal Payments	\$0	\$28,213	\$31,761	\$59,974		\$59,974
11030 Beginning Equity	\$896,203	\$122,057	\$286,282	\$1,304,542		\$1,304,542
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors			-\$1	-\$1		-\$1
11190 Unit Months Available	600	360	204	1164		1164
11210 Number of Unit Months Leased	577	352	180	1109		1109
11270 Excess Cash	\$146,285			\$146,285		\$146,285
11620 Building Purchases	\$115,344			\$115,344		\$115,344
11630 Furniture & Equipment - Dwelling Purchases	\$5,816			\$5,816		\$5,816
11640 Furniture & Equipment - Administrative Purchases	\$2,454			\$2,454		\$2,454

Housing Authority of the City of Fort Lupton (CO029)  
**FORT LUPTON, CO**  
**Single Project Revenue and Expense**

Submission Type: Audited/Non Single  
 Audit

Fiscal Year End: 12/31/2019

Project: CO029000029 FORT LUPTON

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$204,589		\$204,589
70400 Tenant Revenue - Other	\$5,594		\$5,594
70500 Total Tenant Revenue	\$210,183	\$0	\$210,183
70600 HUD PHA Operating Grants	\$165,117	\$105,820	\$270,937
71100 Investment Income - Unrestricted	\$1,221		\$1,221
71500 Other Revenue	\$235		\$235
71600 Gain or Loss on Sale of Capital Assets	-\$1,607		-\$1,607
70000 Total Revenue	\$375,149	\$105,820	\$480,969
91100 Administrative Salaries	\$60,348		\$60,348
91200 Auditing Fees	\$4,000		\$4,000
91500 Employee Benefit contributions - Administrative	\$9,040		\$9,040
91600 Office Expenses	\$18,237		\$18,237
91700 Legal Expense	\$1,893		\$1,893
91800 Travel	\$158		\$158
91000 Total Operating - Administrative	\$93,676	\$0	\$93,676
92400 Tenant Services - Other	\$10,297		\$10,297
92500 Total Tenant Services	\$10,297	\$0	\$10,297
93100 Water	\$38,825		\$38,825
93200 Electricity	\$10,372		\$10,372
93300 Gas	\$7,012		\$7,012
93600 Sewer	\$16,674		\$16,674
93800 Other Utilities Expense	\$4,361		\$4,361
93000 Total Utilities	\$77,244	\$0	\$77,244
94100 Ordinary Maintenance and Operations - Labor	\$61,253		\$61,253
94200 Ordinary Maintenance and Operations - Materials and Other	\$24,542		\$24,542
94300 Ordinary Maintenance and Operations Contracts	\$33,306	\$0	\$33,306
94500 Employee Benefit Contributions - Ordinary Maintenance	\$13,606		\$13,606
94000 Total Maintenance	\$132,707	\$0	\$132,707
96110 Property Insurance	\$28,553		\$28,553
96120 Liability Insurance	\$1,277		\$1,277
96130 Workmen's Compensation	\$2,645		\$2,645
96140 All Other Insurance	\$3,956		\$3,956
96100 Total insurance Premiums	\$36,431	\$0	\$36,431
96210 Compensated Absences	\$43		\$43
96400 Bad debt - Tenant Rents	\$883		\$883
96000 Total Other General Expenses	\$926	\$0	\$926
96900 Total Operating Expenses	\$351,281	\$0	\$351,281
97000 Excess of Operating Revenue over Operating Expenses	\$23,868	\$105,820	\$129,688
97400 Depreciation Expense	\$129,694		\$129,694
90000 Total Expenses	\$480,975	\$0	\$480,975
10010 Operating Transfer In	\$105,820		\$105,820
10020 Operating transfer Out		-\$105,820	-\$105,820
10100 Total Other financing Sources (Uses)	\$105,820	-\$105,820	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$6	\$0	-\$6
11030 Beginning Equity	\$896,203	\$0	\$896,203
11190 Unit Months Available	600		600
11210 Number of Unit Months Leased	577		577
11270 Excess Cash	\$146,285		\$146,285
11620 Building Purchases	\$115,344	\$0	\$115,344
11630 Furniture & Equipment - Dwelling Purchases	\$5,816	\$0	\$5,816
11640 Furniture & Equipment - Administrative Purchases	\$2,454	\$0	\$2,454

**GOVERNMENT AUDITING STANDARDS SECTION**

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

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

**Independent Auditors Report**

To the Board of Commissioners  
Housing Authority of the City of Fort Lupton, 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 basic financial statements of the Housing Authority of the City of Fort Lupton, Colorado, as of and for the year ended December 31, 2019, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements, and have issued our report thereon dated March 27, 2020.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Fort Lupton, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the 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 purpose.

*Niewedde & Wiens, CPA's*

York, Nebraska  
March 27, 2020