

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

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

Year Ended December 31, 2019

TABLE OF CONTENTS

	<u>Page No.</u>
Required Supplemental Information:	
Management's Discussion and Analysis	1
Independent Auditor's Report	7
Financial Statements:	
Statement of Net Position – Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	10
Statement of Cash Flows – Proprietary Fund	11
Notes to Financial Statements	13
Supplemental Information:	
Program Schedule of Net Position	21
Program Schedule of Revenues, Expenses and Changes in Net Position	22
Program Schedule of Cash Flows	23
Financial Data Schedule	25
Single Audit Section:	
Schedule of Expenditures of Federal Awards	28
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards	29
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	31
Summary Schedule of Prior Audit Findings	33
Schedule of Findings and Questioned Costs	34

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

HOUSING AUTHORITY
CITY OF FORT MORGAN, COLORADO
1100 Linda Street
Fort Morgan, Co. 80701

Hillcrest & Fremont Apartments
970-867-2734 Fax 970-867-7303 TDD 1-800-659-2656

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

This section of the Housing Authority of the City of Fort Morgan, 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 \$2,183,379. The net position increased by \$225,520, an increase of 12% over the prior year. Of this amount, \$1,337,848 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 \$630,401 for the year ended December 31, 2019. This was an increase of \$29,121 or 5% over the prior year.

Operating expenses for the Authority were \$701,109 for the year ended December 31, 2019. This was an increase of \$18,088 or 3% over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this *management 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 required by HUD. 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.

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

OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

The Authority 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

	FY 2019	FY 2018	Dollar Change	Percent Change
Current and other assets	\$ 1,486,554	\$ 1,162,819	\$ 323,735	28%
Capital assets	1,246,808	1,298,352	(51,544)	-4%
Total Assets	<u>2,733,362</u>	<u>2,461,171</u>	<u>272,191</u>	<u>11%</u>
Current liabilities	111,335	59,689	51,646	87%
Noncurrent liabilities	438,648	443,623	(4,975)	-1%
Total Liabilities	<u>549,983</u>	<u>503,312</u>	<u>46,671</u>	<u>9%</u>
Net Position				
Net investment in capital assets	803,880	850,529	(46,649)	-5%
Restricted	41,651	33,837	7,814	23%
Unrestricted	1,337,848	1,073,493	264,355	25%
Total Net Position	<u>\$ 2,183,379</u>	<u>\$ 1,957,859</u>	<u>\$ 225,520</u>	<u>12%</u>

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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 \$2,183,379 at the close of the year ended December 31, 2019. This represents an increase of \$225,520 which is an increase of 12% over the prior year and was attributed to operations for the year end December 31, 2019.

Current and other assets increased by \$323,735. This was attributed to operations before depreciation of \$399,515 and offset by funds used for capital improvements of (\$52,232) and debt service payments of (\$24,572) which resulted in a net increase in cash and investments of \$322,711.

Total liabilities increased by \$46,671. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

A portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation) and less any related debt used to acquire those assets that are 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 \$1,337,848. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had \$41,651 net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

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 \$50,691 primarily due to the increase in rental income of \$30,684 or 6% and Federal operating grants of \$20,328.

Increased rental revenue for 2019 was basically due to occupancy and rent composition. The occupancy rate at Hillcrest and Fremont for 2019 was 99%. Social Security increased 2.8% in 2019. Also, Hillcrest Market Rent increased on 2 bedroom apartments to \$640. We only had 18 move outs in 2019 (ten less compared to 29 move outs in 2018). Our turn-around time has improved and we are filling the vacancies quicker. In 2018 our demand for apartments was down. The tenants replacing the prior ones are also making more money in social security, etc. We are also seeing more residents with part-time jobs. In 2019, we had 3 apartments that were newly filled with couples in a one bedroom (2 incomes rather than one).

HUD operating subsidy for the Authority was \$124,618 for the year ended December 31, 2019. This was an increase of \$8,716 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. In the current year the Authority expended \$192,828 of HUD capital grants for operations compared to \$181,216 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

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

FINANCIAL ANALYSIS (CONT'D)

**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>
Revenues				
Program revenues				
Rental	\$ 587,266	\$ 556,582	\$ 30,684	6%
HUD program contributions	317,446	297,118	20,328	7%
USDA program contributions	39,583	41,956	(2,373)	-6%
Other	16,199	16,199	-	0%
General revenues				
Interest	3,908	1,856	2,052	111%
Total Revenues	<u>964,402</u>	<u>913,711</u>	<u>50,691</u>	<u>6%</u>
Expenses				
Depreciation	143,389	144,843	(1,454)	-1%
Operating	557,720	538,178	19,542	4%
Interest	32,294	32,359	(65)	-0.2%
Other nonoperating	5,479	8,134	(2,655)	-33%
Total Expenses	<u>738,882</u>	<u>723,514</u>	<u>15,368</u>	<u>2%</u>
Changes in Net Position	<u>225,520</u>	<u>190,197</u>	<u>35,323</u>	<u>19%</u>
Beginning Net Position	1,957,859	1,767,662	190,197	
Ending Net Position	<u>\$ 2,183,379</u>	<u>\$ 1,957,859</u>	<u>\$ 225,520</u>	

Operating expenses for the Authority were \$557,720 for the year ended December 31, 2019. This was an increase of \$19,542 or 4% over the prior year. The various category fluctuations were not attributed to any specific event or unusual circumstance other than the typical variability from year to year.

OCCUPANCY

Overall, the Fremont occupancy rate for the year 2019 was 99%.

For the year of 2019, Hillcrest had an occupancy rate of 99%, and in December 2019, the occupancy rate remained at 99%.

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

CAPITAL ASSETS

The Authority's capital assets as of December 31, 2019 were \$1,246,808. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation.

The total decrease in the Authority's capital assets for the fiscal year was 4% in terms of net book value. The actual amount to purchase or construct capital assets was \$52,232 for the year. Depreciation charges for the year totaled \$143,389. Additional information on the Authority's capital assets can be found in Note H of the notes to the basic financial statements of this report.

Fremont:

At Fremont, in 2019 we replaced the padding and carpet in 2 apartments and re-stretched existing carpet in another. Additionally, a carpet company was hired to assist with an emergency water clean-up and install fans due to a flood inside an apartment. This caused a repayment agreement with the tenant of \$1951.

We converted 2 bathtubs to new walk-in showers complete with new fixtures and new drains. These projects were both performed when the apartments were vacant. Also, at Fremont we installed a new hot water tank in an apartment. Five buildings had the old flooring removed from the foyers and replaced with new carpet, pad, and cove base. In addition to the 10 foyer carpet projects, one foyer window was replaced and all foyers were painted and spruced up. Several new electric foyer fans and thermostats were added to the foyer attics.

We ground all tripping hazards from the sidewalks and installed a new automatic access door opener, with push buttons, on the laundry/mail room.

On the Fremont grounds, the gazebo was reinforced with new 2x6's, updated doors, new screens, and completely painted, including the floor. Finally, we hired had a 3rd party to trim 3 large Cottonwood trees overhanging the gazebo and rose garden. The City of Fort Morgan performed an energy review for us and determined there was hardly any air leakage from the apartment windows or doors, however, one window was replaced on an apartment and a few doors had weather stripping replaced for added comfort.

An outside contractor installed a Backflow Preventer at the water main on the East side of Fremont Building #4. In addition to all the excavation and plumbing, there was concrete and electrical work that was done and a large insulated and heated decorative rock was installed to finish the project.

Hillcrest:

Capital improvements for 2019 at Hillcrest consisted of replacing the old camera system with a new NVR and new cameras for \$45,091.41. We are continuing to install vinyl tile flooring to replace the carpet in many apartments and new cove base as they are vacated. A new Carrier furnace, coil and air conditioner were installed for the office area. All City dumpsters were removed from the street and placed in convenient locations on the property. Concrete pads were poured to hold the dumpsters and vinyl fencing was installed to surround 3 sides. A new large air compressor was installed in "A" building to operate the boiler/heater system. In the B/C row laundry room, we purchased a new Whirlpool washer. Precision Concrete Company came and ground all tripping hazards from the sidewalks. We purchased a Honda generator and 1 Yard Cart to enable us to grind additional tripping hazards. A new Justrite fire proof safety cabinet was purchased to store the flammables in the maintenance shop. We also purchased a new sewer drain snake and a new snow blower/thrower in 2019.

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

DEBT ADMINISTRATION

The Authority has outstanding notes payable of \$442,928, a decrease of (\$4,895). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended December 31, 2019. 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.

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 and Rural Development. 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 Morgan, 1100 Linda Street, Fort Morgan, Colorado 80701.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Fort Morgan, 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 Morgan, 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 basic 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 Morgan, 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 Morgan, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, Financial Data Schedule and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2019 on our consideration of the Housing Authority of the City of Fort Morgan, 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 Morgan, 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 Morgan, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
May 22, 2020

BASIC FINANCIAL STATEMENTS

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

ASSETS	<u>Housing</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,135,110
Investments	250,111
Accounts receivable, net	1,501
Due from other governments	2,089
Accrued interest receivable	47
Prepaid items	5,978
Materials inventory, net	1,135
<i>Restricted:</i>	
Cash and cash equivalents	<u>48,932</u>
TOTAL CURRENT ASSETS	<u>1,444,903</u>
 NONCURRENT ASSETS:	
<i>Restricted:</i>	
Cash and cash equivalents	41,651
Capital Assets, non-depreciable	81,150
Capital Assets, depreciable, net	<u>1,165,658</u>
TOTAL NONCURRENT ASSETS	<u>1,288,459</u>
TOTAL ASSETS	<u>\$ 2,733,362</u>
 LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	\$ 45,542
Accrued payroll and benefits	4,738
Accrued compensated absences	7,208
Accrued interest payable	635
Tenant security deposit payable	48,932
Current-portion notes payable	<u>4,280</u>
TOTAL CURRENT LIABILITIES	<u>111,335</u>
 NONCURRENT LIABILITIES:	
Notes payable	<u>438,648</u>
TOTAL NONCURRENT LIABILITIES	<u>438,648</u>
TOTAL LIABILITIES	<u>549,983</u>
 NET POSITION	
Net investment in capital assets	803,880
Restricted, replacement reserve	41,651
Unrestricted	<u>1,337,848</u>
TOTAL NET POSITION	<u>\$ 2,183,379</u>

See accompanying notes.

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

		<u>Housing</u>
OPERATING REVENUES		
Rental income	\$	587,266
USDA rental assistance		26,936
Other income		16,199
		630,401
OPERATING EXPENSES		
Administrative		150,324
Tenant services		10,488
Utilities		117,882
Ordinary maintenance and operations		196,646
General expense		82,380
Depreciation		143,389
		701,109
		(70,708)
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		124,618
HUD capital grants - operations		192,828
USDA interest subsidy		12,647
Interest income		3,908
Interest expense		(32,294)
Loss on capital asset dispositions		(5,479)
		296,228
		225,520
NET POSITION:		
Net position, beginning balance		1,957,859
		2,183,379
	NET POSITION - ENDING BALANCE \$	2,183,379

See accompanying notes.

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

		Housing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Rental receipts	\$	585,765
USDA rental assistance		27,084
Other receipts		16,199
Tenant security deposits		3,414
Cash payments for goods and services		(341,366)
Cash payments to employees for services		(212,931)
		78,165
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		124,618
HUD capital grants - operations		192,828
		317,446
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(52,232)
Interest paid on capital debt		(19,678)
Principal paid on capital debt		(4,894)
		(76,804)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Deposits) withdrawals to investments		(3,234)
Interest received		3,904
		670
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH		319,477
CASH AND CASH EQUIVALENTS-BEGINNING		906,216
CASH AND CASH EQUIVALENTS-END OF YEAR	\$	1,225,693

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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:	<u>Housing</u>
Operating income (loss)	\$ (70,708)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	143,389
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,501)
(Increase) decrease in due from other governments	148
(Increase) decrease in prepaid items	(383)
(Increase) decrease in materials inventory	715
Increase (decrease) in accounts payable	(1,279)
Increase (decrease) in accrued payroll and benefits	2,540
Increase (decrease) in tenant security deposits	3,414
Increase (decrease) in accrued leave	<u>1,830</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>78,165</u></u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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 consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

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

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

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.

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 one enterprise fund which includes the activities of the following programs:

Public Housing Program. This program accounts for the operation, maintenance, and development of 86 housing units which are owned by the Authority known as Hillcrest. The developments of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

USDA Rural Development. This program accounts for the operation and maintenance of 40 housing units known as Fremont which are owned by the Authority and financed by the U.S. Department of Rural Development. The development of the projects were funded primarily by Rural Development through low-interest loans which are subsidized by Rural Development through interest subsidy and rental assistance.

Project Program. This program accounts for various non-federal financial activities of the Housing 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 registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

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

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

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.

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 restricted net position component first.

Inventory

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

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.

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,

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

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

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

Compensated Absences

The Authority's policy allows employees vacation leave up to a limit of 4 weeks. Unused vacation pay is not permitted to accrue past an employee's anniversary date. Sick leave may be accumulated but not paid upon termination.

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 \$1,475,714 and the bank balances were \$1,503,059. The Authority had cash on hand of \$90 as of December 31, 2019. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold 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, \$750,000 was covered by FDIC insurance and \$753,059 was covered by the Public Deposit Protection Act.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, 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 are as follows:

Tenants	\$ 1,501
Allowance for doubtful accounts	--
	<u>\$ 1,501</u>

NOTE D – DUE FROM OTHER GOVERNMENTS

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

Rural Development – rental assistance	\$ <u>2,089</u>
---------------------------------------	-----------------

NOTE E – PREPAID ITEMS

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

Prepaid insurance	\$ 2,968
Other prepaid expenses	3,010
	<u>\$ 5,978</u>

NOTE F – MATERIALS

The following is a summary of materials inventory as presented in the Statement of Net Position at December 31, 2019:

Inventory supplies	\$ 1,135
Allowance for obsolete inventory	--
	<u>\$ 1,135</u>

NOTE G – RESTRICTED ASSETS

The following is a summary of restricted assets at December 31, 2019:

Restricted Cash and Cash Equivalents

Tenant security deposits	\$ 48,932
Replacement Reserve	41,651 [1]
	<u>\$ 90,583</u>

[1] – these funds are restricted by the U.S. Department of Agriculture to be used for capital activities. The funds withdrawn from the account is only permitted after Rural Development approval.

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

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

A summary of changes in Notes payable as of December 31, 2019 is as follows:

Description	Balance 1/1/2019	Principal Retired	Balance 12/31/2019	Within One Year
Rural Development Loan #6	\$ 332,715	\$ (3,643)	\$ 329,072	\$ 1,044
Rural Development Loan #5	115,108	(1,252)	113,856	3,236
Total	<u>\$ 447,823</u>	<u>\$ (4,895)</u>	<u>\$ 442,928</u>	<u>\$ 4,280</u>
		Less current maturities	(4,280)	
		Long-term portion	<u>\$ 438,648</u>	

Fiscal Year	Principal	Interest	Total
2020	\$ 4,280	\$ 8,428	\$ 12,708
2021	4,362	8,346	12,708
2022	4,446	8,262	12,708
2023	4,249	8,459	12,708
2024	4,619	8,089	12,708
2025-2029	24,364	39,175	63,539
2030-2034	26,900	36,639	63,539
2035-2039	29,586	33,953	63,539
2040-2044	32,541	30,998	63,539
2045-2047	307,581	11,508	319,089
Total	<u>\$ 442,928</u>	<u>\$ 193,857</u>	<u>\$ 636,785</u>

[1]

[1] – The loans mature in the year 2047, at the point of maturity the loans will either have to be refinanced or paid off.

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 Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$41,651 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note G).

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

NOTE K—NET POSITION (CONT'D)

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

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 MORGAN, COLORADO
PROGRAM SCHEDULE OF NET POSITION
December 31, 2019

ASSETS	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,075,454	\$ 42,178	\$ 17,478	\$ 1,135,110
Investments	250,111	-	-	250,111
Accounts receivable, net	-	1,501	-	1,501
Due from other governments	-	2,089	-	2,089
Accrued interest receivable	47	-	-	47
Prepaid items	4,359	1,619	-	5,978
Materials inventory, net	715	420	-	1,135
<i>Restricted:</i>				
Cash and cash equivalents	30,764	18,168	-	48,932
TOTAL CURRENT ASSETS	1,361,450	65,975	17,478	1,444,903
NONCURRENT ASSETS:				
<i>Restricted:</i>				
Cash and cash equivalents	-	41,651	-	41,651
Capital Assets, non-depreciable	21,150	60,000	-	81,150
Capital Assets, depreciable, net	977,982	187,676	-	1,165,658
TOTAL NONCURRENT ASSETS	999,132	289,327	-	1,288,459
TOTAL ASSETS	\$ 2,360,582	\$ 355,302	\$ 17,478	\$ 2,733,362
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	\$ 45,524	\$ 18	\$ -	\$ 45,542
Accrued payroll and benefits	4,250	488	-	4,738
Accrued compensated absences	4,902	2,306	-	7,208
Accrued interest payable	-	635	-	635
Tenant security deposit payable	30,764	18,168	-	48,932
Current-portion notes payable	-	4,280	-	4,280
TOTAL CURRENT LIABILITIES	85,440	25,895	-	111,335
NONCURRENT LIABILITIES:				
Notes payable	-	438,648	-	438,648
TOTAL NONCURRENT LIABILITIES	-	438,648	-	438,648
TOTAL LIABILITIES	85,440	464,543	-	549,983
NET POSITION:				
Net investment in capital assets	999,132	(195,252)	-	803,880
Restricted, replacement reserve	-	41,651	-	41,651
Unrestricted	1,276,010	44,360	17,478	1,337,848
TOTAL NET POSITION	\$ 2,275,142	\$ (109,241)	\$ 17,478	\$ 2,183,379

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
OPERATING REVENUES				
Rental income	\$ 388,875	\$ 198,391	\$ -	\$ 587,266
USDA rental assistance	-	26,936	-	26,936
Management fee income	29,264	-	-	29,264
Other income	10,893	5,306	-	16,199
TOTAL OPERATING REVENUES	429,032	230,633	-	659,665
OPERATING EXPENSES				
Administrative	123,278	56,310	-	179,588
Tenant services	10,312	176	-	10,488
Utilities	96,447	21,435	-	117,882
Ordinary maintenance and operations	136,728	59,918	-	196,646
General expense	62,232	20,148	-	82,380
Depreciation	124,934	18,455	-	143,389
TOTAL OPERATING EXPENSES	553,931	176,442	-	730,373
OPERATING INCOME (LOSS)	(124,899)	54,191	-	(70,708)
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	124,618	-	-	124,618
HUD capital grants - operations	192,828	-	-	192,828
USDA interest subsidy	-	12,647	-	12,647
Interest income	3,838	52	18	3,908
Interest expense	-	(32,294)	-	(32,294)
Loss on capital asset dispositions	(5,479)	-	-	(5,479)
TOTAL NONOPERATING REVENUES (EXPENSES)	315,805	(19,595)	18	296,228
INCREASE (DECREASE) IN NET POSITION	190,906	34,596	18	225,520
NET POSITION:				
Net position, beginning balance	2,084,236	(143,837)	17,460	1,957,859
NET POSITION - ENDING BALANCE	\$ 2,275,142	\$ (109,241)	\$ 17,478	\$ 2,183,379

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Rental receipts	\$ 388,875	\$ 196,890	\$ -	\$ 585,765
USDA rental assistance	-	27,084	-	27,084
Management fee receipts	29,264	-	-	29,264
Other receipts	10,893	5,306	-	16,199
Tenant security deposits	2,052	1,362	-	3,414
Cash payments for goods and services	(266,649)	(103,981)	-	(370,630)
Cash payments to employees for services	(159,280)	(53,651)	-	(212,931)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	5,155	73,010	-	78,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
HUD operating subsidy	124,618	-	-	124,618
HUD capital grants - operations	192,828	-	-	192,828
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	317,446	-	-	317,446
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases and construction of capital assets	(26,604)	(25,628)	-	(52,232)
Interest paid on capital debt	-	(19,678)	-	(19,678)
Principal paid on capital debt	-	(4,894)	-	(4,894)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(26,604)	(50,200)	-	(76,804)
CASH FLOWS FROM INVESTING ACTIVITIES:				
(Deposits) withdrawals to investments	(3,234)	-	-	(3,234)
Interest received	3,834	52	18	3,904
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	600	52	18	670
NET INCREASE (DECREASE) IN CASH	296,597	22,862	18	319,477
CASH AND CASH EQUIVALENTS-BEGINNING	809,621	79,135	17,460	906,216
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,106,218	\$ 101,997	\$ 17,478	\$ 1,225,693

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

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (124,899)	\$ 54,191	\$ -	\$ (70,708)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	124,934	18,455	-	143,389
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	(1,501)	-	(1,501)
(Increase) decrease in due from other governments	-	148	-	148
(Increase) decrease in prepaid items	(278)	(105)	-	(383)
(Increase) decrease in materials inventory	715		-	715
Increase (decrease) in accounts payable	(852)	(427)	-	(1,279)
Increase (decrease) in accrued payroll and benefits	2,239	301	-	2,540
Increase (decrease) in tenant security deposits	2,052	1,362	-	3,414
Increase (decrease) in accrued leave	1,244	586	-	1,830
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 5,155	\$ 73,010	\$ -	\$ 78,165

**SUPPLEMENTAL INFORMATION –
HUD FINANCIAL DATA SCHEDULE**

Fort Morgan Housing Authority (CO011)
FORT MORGAN, CO
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,075,454	\$42,178		\$17,478	\$1,135,110		\$1,135,110
113 Cash - Other Restricted		\$41,651			\$41,651		\$41,651
114 Cash - Tenant Security Deposits	\$30,764	\$18,168			\$48,932		\$48,932
100 Total Cash	\$1,106,218	\$101,997	\$0	\$17,478	\$1,225,693		\$1,225,693
124 Accounts Receivable - Other Government		\$2,089			\$2,089		\$2,089
128 Accounts Receivable - Tenants		\$1,501			\$1,501		\$1,501
126.1 Allowance for Doubtful Accounts - Tenants		\$0			\$0		\$0
126.2 Allowance for Doubtful Accounts - Other		\$0			\$0		\$0
129 Accrued Interest Receivable	\$47				\$47		\$47
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$47	\$3,590	\$0	\$0	\$3,637		\$3,637
131 Investments - Unrestricted	\$250,111				\$250,111		\$250,111
142 Prepaid Expenses and Other Assets	\$4,359	\$1,619			\$5,978		\$5,978
143 Inventories	\$715	\$420			\$1,135		\$1,135
143.1 Allowance for Obsolete Inventories	\$0	\$0			\$0		\$0
150 Total Current Assets	\$1,361,450	\$107,626	\$0	\$17,478	\$1,486,554		\$1,486,554
161 Land	\$21,150	\$60,000			\$81,150		\$81,150
162 Buildings	\$3,566,629	\$1,081,914			\$4,648,543		\$4,648,543
163 Furniture, Equipment & Machinery - Dwellings	\$68,853	\$7,383			\$76,236		\$76,236
164 Furniture, Equipment & Machinery - Administration	\$185,833	\$6,134			\$191,967		\$191,967
166 Accumulated Depreciation	-\$2,843,333	-\$907,755			-\$3,751,088		-\$3,751,088
160 Total Capital Assets, Net of Accumulated Depreciation	\$999,132	\$247,676	\$0	\$0	\$1,246,808		\$1,246,808
180 Total Non-Current Assets	\$999,132	\$247,676	\$0	\$0	\$1,246,808		\$1,246,808
290 Total Assets and Deferred Outflow of Resources	\$2,360,582	\$355,302	\$0	\$17,478	\$2,733,362		\$2,733,362
312 Accounts Payable <= 90 Days	\$434	\$18			\$452		\$452
321 Accrued Wage/Payroll Taxes Payable	\$4,250	\$488			\$4,738		\$4,738
322 Accrued Compensated Absences - Current Portion	\$4,902	\$2,306			\$7,208		\$7,208
325 Accrued Interest Payable		\$635			\$635		\$635
341 Tenant Security Deposits	\$30,764	\$18,168			\$48,932		\$48,932
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$4,280			\$4,280		\$4,280
346 Accrued Liabilities - Other	\$45,090				\$45,090		\$45,090
310 Total Current Liabilities	\$85,440	\$25,895	\$0	\$0	\$111,335		\$111,335
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$438,648			\$438,648		\$438,648
350 Total Non-Current Liabilities	\$0	\$438,648	\$0	\$0	\$438,648		\$438,648
300 Total Liabilities	\$85,440	\$464,543	\$0	\$0	\$549,983		\$549,983
508.4 Net Investment in Capital Assets	\$999,132	-\$195,252			\$803,880		\$803,880
511.4 Restricted Net Position		\$41,651			\$41,651		\$41,651
512.4 Unrestricted Net Position	\$1,276,010	\$44,360	\$0	\$17,478	\$1,337,848		\$1,337,848
513 Total Equity - Net Assets / Position	\$2,275,142	-\$109,241	\$0	\$17,478	\$2,183,379		\$2,183,379
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,360,582	\$355,302	\$0	\$17,478	\$2,733,362		\$2,733,362

Fort Morgan Housing Authority (CO011)
FORT MORGAN, CO
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

	Project Total	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$356,854	\$182,933			\$539,787		\$539,787
70400 Tenant Revenue - Other	\$32,021	\$15,458			\$47,479		\$47,479
70500 Total Tenant Revenue	\$388,875	\$198,391	\$0	\$0	\$587,266	\$0	\$587,266
70500 HUD PHA Operating Grants	\$317,446				\$317,446		\$317,446
70800 Other Government Grants		\$12,647	\$26,936		\$39,583		\$39,583
71100 Investment Income - Unrestricted	\$3,838	\$14		\$18	\$3,870		\$3,870
71500 Other Revenue	\$40,157	\$5,306			\$45,463	-\$29,264	\$16,199
71600 Gain or Loss on Sale of Capital Assets	-\$5,479				-\$5,479		-\$5,479
72000 Investment Income - Restricted		\$38			\$38		\$38
70000 Total Revenue	\$744,837	\$216,396	\$26,936	\$18	\$988,187	-\$29,264	\$958,923
91100 Administrative Salaries	\$77,879	\$13,734			\$91,613		\$91,613
91200 Auditing Fees	\$3,350	\$2,650			\$6,000		\$6,000
91300 Management Fee		\$29,264			\$29,264	-\$29,264	\$0
91400 Advertising and Marketing	\$636	\$294			\$930		\$930
91500 Employee Benefit contributions - Administrative	\$18,077	\$9,440			\$27,517		\$27,517
91600 Office Expenses	\$11,261	\$510			\$11,771		\$11,771
91800 Travel	\$1,194				\$1,194		\$1,194
91900 Other	\$10,881	\$418			\$11,299		\$11,299
91000 Total Operating - Administrative	\$123,278	\$56,310	\$0	\$0	\$179,588	-\$29,264	\$150,324
92100 Tenant Services - Salaries	\$5,970				\$5,970		\$5,970
92300 Employee Benefit Contributions - Tenant Services	\$1,666				\$1,666		\$1,666
92400 Tenant Services - Other	\$2,676	\$176			\$2,852		\$2,852
92500 Total Tenant Services	\$10,312	\$176	\$0	\$0	\$10,488	\$0	\$10,488
93100 Water	\$31,502	\$13,803			\$45,305		\$45,305
93200 Electricity	\$30,180	\$3,564			\$33,744		\$33,744
93300 Gas	\$18,246	\$4,068			\$22,314		\$22,314
93600 Sewer	\$16,519				\$16,519		\$16,519
93000 Total Utilities	\$96,447	\$21,435	\$0	\$0	\$117,882	\$0	\$117,882
94100 Ordinary Maintenance and Operations - Labor	\$56,887	\$22,469			\$79,356		\$79,356
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,137	\$7,585			\$25,722		\$25,722
94300 Ordinary Maintenance and Operations Contracts	\$45,511	\$22,930			\$68,441		\$68,441
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,193	\$6,934			\$23,127		\$23,127
94000 Total Maintenance	\$136,728	\$59,918	\$0	\$0	\$196,646	\$0	\$196,646
96110 Property Insurance	\$50,600	\$16,052			\$66,652		\$66,652
96120 Liability Insurance	\$1,413	\$665			\$2,078		\$2,078
96130 Workmen's Compensation	\$4,304	\$1,304			\$5,608		\$5,608
96140 All Other Insurance	\$1,747	\$165			\$1,912		\$1,912
96100 Total Insurance Premiums	\$58,064	\$18,186	\$0	\$0	\$76,250	\$0	\$76,250
96210 Compensated Absences	\$4,168	\$1,962			\$6,130		\$6,130
96500 Total Other General Expenses	\$4,168	\$1,962	\$0	\$0	\$6,130	\$0	\$6,130
96710 Interest of Mortgage (or Bonds) Payable		\$32,294			\$32,294		\$32,294
96700 Total Interest Expense and Amortization Cost	\$0	\$32,294	\$0	\$0	\$32,294	\$0	\$32,294
96900 Total Operating Expenses	\$428,997	\$190,281	\$0	\$0	\$619,278	-\$29,264	\$590,014
97000 Excess of Operating Revenue over Operating Expenses	\$315,840	\$26,115	\$26,936	\$18	\$368,909	\$0	\$368,909
97400 Depreciation Expense	\$124,934	\$18,455			\$143,389		\$143,389
90000 Total Expenses	\$553,931	\$208,736	\$0	\$0	\$762,667	-\$29,264	\$733,403
10010 Operating Transfer In	\$192,828	\$26,936			\$219,764	-\$219,764	\$0
10020 Operating transfer Out	-\$192,828		-\$26,936		-\$219,764	\$219,764	\$0
10100 Total Other financing Sources (Uses)	\$0	\$26,936	-\$26,936	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$190,906	\$34,595	\$0	\$18	\$225,520	\$0	\$225,520
11020 Required Annual Debt Principal Payments	\$0	\$4,894	\$0	\$0	\$4,894		\$4,894
11030 Beginning Equity	\$2,084,236	-\$143,837	\$0	\$17,460	\$1,957,859		\$1,957,859
11190 Unit Months Available	1032	480			1512		1512
11210 Number of Unit Months Leased	1023	474			1497		1497
11270 Excess Cash	\$1,235,187				\$1,235,187		\$1,235,187
11620 Building Purchases	\$21,228				\$21,228		\$21,228
11640 Furniture & Equipment - Administrative Purchases	\$50,467				\$50,467		\$50,467

Fort Morgan Housing Authority (CO011)
 FORT MORGAN, CO
 Single Project Revenue and Expense

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

Project: CO011011011 HILLCREST APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$356,854		\$356,854
70400 Tenant Revenue - Other	\$32,021		\$32,021
70500 Total Tenant Revenue	\$388,875	\$0	\$388,875
70600 HUD PHA Operating Grants	\$124,618	\$192,828	\$317,446
71100 Investment Income - Unrestricted	\$3,838		\$3,838
71500 Other Revenue	\$40,157		\$40,157
71600 Gain or Loss on Sale of Capital Assets	-\$5,479		-\$5,479
70000 Total Revenue	\$552,009	\$192,828	\$744,837
91100 Administrative Salaries	\$77,879		\$77,879
91200 Auditing Fees	\$3,350		\$3,350
91400 Advertising and Marketing	\$636		\$636
91500 Employee Benefit contributions - Administrative	\$18,077		\$18,077
91600 Office Expenses	\$11,261		\$11,261
91800 Travel	\$1,194		\$1,194
91900 Other	\$10,881		\$10,881
91000 Total Operating - Administrative	\$123,278	\$0	\$123,278
92100 Tenant Services - Salaries	\$5,970		\$5,970
92300 Employee Benefit Contributions - Tenant Services	\$1,666		\$1,666
92400 Tenant Services - Other	\$2,676		\$2,676
92500 Total Tenant Services	\$10,312	\$0	\$10,312
93100 Water	\$31,502		\$31,502
93200 Electricity	\$30,180		\$30,180
93300 Gas	\$18,246		\$18,246
93600 Sewer	\$16,519		\$16,519
93000 Total Utilities	\$96,447	\$0	\$96,447
94100 Ordinary Maintenance and Operations - Labor	\$58,887		\$58,887
94200 Ordinary Maintenance and Operations - Materials and Other	\$18,137		\$18,137
94300 Ordinary Maintenance and Operations Contracts	\$45,511		\$45,511
94500 Employee Benefit Contributions - Ordinary Maintenance	\$16,193		\$16,193
94000 Total Maintenance	\$136,728	\$0	\$136,728
96110 Property Insurance	\$50,600		\$50,600
96120 Liability Insurance	\$1,413		\$1,413
96130 Workmen's Compensation	\$4,304		\$4,304
96140 All Other Insurance	\$1,747		\$1,747
96100 Total insurance Premiums	\$58,064	\$0	\$58,064
96210 Compensated Absences	\$4,168		\$4,168
96000 Total Other General Expenses	\$4,168	\$0	\$4,168
96900 Total Operating Expenses	\$428,997	\$0	\$428,997
97000 Excess of Operating Revenue over Operating Expenses	\$123,012	\$192,828	\$315,840
97400 Depreciation Expense	\$124,934		\$124,934
80000 Total Expenses	\$553,931	\$0	\$553,931
10010 Operating Transfer In	\$192,828		\$192,828
10020 Operating transfer Out		-\$192,828	-\$192,828
10100 Total Other financing Sources (Uses)	\$192,828	-\$192,828	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$190,906	\$0	\$190,906
11030 Beginning Equity	\$2,084,236	\$0	\$2,084,236
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	1023		1023
11270 Excess Cash	\$1,235,187		\$1,235,187
11620 Building Purchases	\$21,228	\$0	\$21,228
11640 Furniture & Equipment - Administrative Purchases	\$50,467	\$0	\$50,467

SINGLE AUDIT SECTION

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2019

Federal Grantor	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Public and Indian Housing:		
Operating subsidy	14.850	\$ 124,618
Capital Funds		
Public Housing Capital Fund	14.872	192,828
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 317,446
 U.S. DEPARTMENT OF AGRICULTURE		
Rural Rental Housing Loan Program:		
Loan balance	10.415	447,823
Interest subsidy	10.415	12,647
		460,470
Rural Rental Housing Assistance Program:		
Rental assistance	10.427	26,936
TOTAL U.S. DEPARTMENT OF AGRICULTURE		487,406
		TOTAL FEDERAL AWARDS \$ 804,852

Notes to Schedule

1. The Schedule of Expenditures of Federal Awards includes the federal grant activity for the year ended December 31, 2019 and is presented in accordance with generally accepted accounting principles. 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, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. The entity did not elect to use the 10% de minimus cost rate as covered by §200.414 Indirect (F&A) Costs.

3. The Authority had a loan balance of \$442,928 under the Rural Rental Housing Loan Program as of December 31, 2019.

**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 Morgan, 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 Morgan, 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 Morgan, Colorado's basic financial statements, and have issued our report thereon dated May 22, 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 Morgan, 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 Morgan, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, 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 Morgan, 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
May 22, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE****Independent Auditors Report**

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Housing Authority of the City of Fort Morgan, Colorado, 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 the City of Fort Morgan, Colorado's major federal programs for the year ended December 31, 2019. The Housing Authority of the City of Fort Morgan, Colorado'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 the City of Fort Morgan, Colorado'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 the 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 Housing Authority of the City of Fort Morgan, Colorado'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 of the Housing Agency's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Fort Morgan, Colorado 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 Housing Authority of the City of Fort Morgan, Colorado'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 the City of Fort Morgan, Colorado'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 and 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.

Niewedde & Wiens, CPA's

York, Nebraska
May 22, 2020

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019**

The audit report for the year ended December 31, 2018 contained no findings and no questioned costs.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019

Section I - Summary of Auditors Results:

- We issued an unmodified opinion on the financial statements of the Housing Authority of the City of Fort Morgan, Colorado for the fiscal year ended December 31, 2019.

Financial Statements:

- The results of our audit procedures disclosed no material weakness in internal control over financial reporting for the year ended December 31, 2019.
- The results of our audit procedures disclosed no instances of noncompliance which are material to the financial statements for the fiscal year ended December 31, 2019.

Federal Awards:

- We issued an unmodified opinion on compliance for major programs for the fiscal year ended December 31, 2019.
- The results of our audit procedures disclosed no material weaknesses or significant deficiencies in internal control over major programs for the fiscal year ended December 31, 2019.
- The results of our audit procedures disclosed no audit findings that are required to be reported under §.516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The programs identified and audited as major are as follows: Rural Rental Housing Loan Program CFDA #10.415 and Capital Fund Grant Program CFDA #14.872.
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended December 31, 2019, the Housing Authority of the City of Fort Morgan, Colorado did not qualify as a low-risk auditee.

Section II - Financial Statement Findings:

No Section II findings.

Section III - Federal Award Findings and Questioned Costs:

No Section III findings.