

cPa DIXON, WALLER & CO., INC.

THE HOUSING AUTHORITY OF THE

COUNTY OF OTERO, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2019

DIXON, WALLER & CO., INC.

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HOUSING AUTHORITY – COUNTY

OF OTERO, COLORADO

YEAR ENDED DECEMBER 31, 2019

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Independent Auditor's Report

Board of Directors
Otero County Housing Authority
La Junta, CO 81050

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Otero County Housing Authority's basic financial statements. The financial data schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2020 on our consideration of the Otero County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Otero County Housing Authority's internal control over financial reporting and compliance.

Sifton, Waller & Co., Inc.

July 17, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Otero County Housing Authority Management's Discussion and Analysis For the Year Ended December 31, 2019

Introduction

This Management's Discussion and Analysis (MD&A) of the Otero County Housing Authority (Authority) provides an introduction and overview to the financial statements of the Otero County Housing Authority for the fiscal year ended December 31, 2019. The Otero County Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended December 31, 2019, to assist the reader in focusing on significant financial issues.

The primary focus of the Authority's financial statements is on the statements of its enterprise funds encompassing all programs administered by the Otero County Housing Authority. This information contained herein this MD&A should be considered in conjunction with the Authority's basic financial statements and related notes to the financial statements.

The Authority has five individual funds which include the Housing Choice Voucher Program, two separate Rural Development Projects, a subsidized 32 unit project, and a Management Fund. The Housing Choice Voucher Program provides rental assistance to aid low income families afford, decent, safe and sanitary rental housing. The Housing Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Housing Choice Voucher Program currently has 46 vouchers. The Housing Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.

The Manzanola Family Apartments is a 10 unit apartment complex funded through a notes payable from Rural Development. Rural Development also provides rental assistance payments to the program for these specific units. Tenants typically pay rent which is 30 percent of the adjusted gross income. The remaining portion of the rent is provided by Rural Development in the form of rental assistance.

The Valle Apartment Project is a 48 unit apartment complex funded with notes payable from the Farmer's Home Administration. Rural Development also provides rental assistance payments to the program for these specific units. Tenants typically pay rent which is 30 percent of the adjusted gross income. The remaining portion of the rent is provided by Rural Development in the form of rental assistance.

The Elderly Apartment Program is a 32 unit apartment complex. Rental assistance payments are provided by Colorado Housing and Finance Authority. The project currently has no debt attached to it.

Management's Discussion and Analysis-Cont.

The Management Fund is used to account for special grants received by the Housing Authority and to collect management fees earned from managing additional apartment complexes throughout the community.

Overview of the Financial Statements

This overview of the financial statement is intended to inform and introduce the reader to the Authority's basic financial statements. The basic financial statements are comprised of three individual statements. These statements include:

- The Statement of Net Position
- The Statement of Revenues, Expense, and Changes in Net Position
- The Statement of Cash Flows

The Statement of Net Position presents information on the assets and liabilities, with the differences between the two being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the Authority is improving or deteriorating. Net Position is comprised of three individual components:

- *Investment in Capital Assets, Net of Related Debt* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with these assets
- *Restricted Component of Net Position* consists of assets that are restricted by limitations placed on these resources by an external source or party.
- *Unrestricted Component of Net Position* represents the remaining resources available that do not meet the definition of the above categories. Unrestricted component of Net Position is basically the amount of funds available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended December 31, 2019 to determine the change in net position for the fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended December 31, 2019.

Management's Discussion and Analysis-Cont.

Financial Highlights

- The Otero County Housing Authority's total net position increased from \$1,206,055 to \$1,323,101, an increase of \$117,046 or 10%.
- The unrestricted net asset balance is reported as \$1,363,530 at December 31, 2019. This represents an increase of \$122,944 from the previous year.
- Total revenues increased from \$752,883 to \$804,440 an increase of \$51,557 or 7%.
- Total expenses increased by \$29,011, from \$658,383 to \$687,394 for the current year.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended December 31, 2019 and December 31, 2018.

Summary Statement of Net Position December 31, 2019 and 2018

| Category | 12/31/2019 | 12/31/2018 | Change \$ | Change % |
|------------------------------------|-------------------|-------------------|------------------|-----------------|
| Current Assets | \$ 1,577,178 | \$ 1,439,655 | \$ 137,523 | 10% |
| Fixed Assets (Net of Depreciation) | \$ 814,764 | \$ 859,431 | \$ (44,667) | -5% |
| Total Assets | \$ 2,391,942 | \$ 2,299,086 | \$ 92,856 | 4% |
| Current Liabilities | \$ 99,494 | \$ 103,742 | \$ (4,248) | -4% |
| Non Current Liabilities | \$ 969,347 | \$ 989,289 | \$ (19,942) | -2% |
| Total Liabilities | \$ 1,068,841 | \$ 1,093,031 | \$ (24,190) | -2% |
| Unrestricted | \$ 1,363,530 | \$ 1,240,586 | \$ 122,944 | 10% |
| Restricted | \$ 793 | \$ 1,792 | \$ (999) | -56% |
| Net Investment in Capital Assets | \$ (41,222) | \$ (36,323) | \$ (4,899) | 13% |
| Total Net Position | \$ 1,323,101 | \$ 1,206,055 | \$ 117,046 | 10% |

Current Assets

The Authority's current asset balance increased by \$137,523 from the previous year. Cash and investments increased by \$135,589, due primarily to operating revenues exceeding operating expenses during the year.

Management's Discussion and Analysis-Cont.

Noncurrent Assets

Noncurrent assets decreased by \$36,248 from the previous year due primarily to depreciation expense charged in the current fiscal year. For additional information, please refer to the Capital Asset section.

Current Liabilities

Current liabilities decreased from \$103,742 to \$99,494 during the current year. The decrease was primarily due to an increase in the accrued interest payable.

Noncurrent Liabilities

Long term liabilities decreased from \$989,289 to \$969,347 as a result of normal monthly payments on mortgage payable balances.

Net Position

The Authority's total net position increased by \$117,046 from the previous year.

The Authority's unrestricted component of net position increased from \$1,240,586 to \$1,363,530, an increase of \$122,944, or 10% for the current year. Individual unrestricted component of net position balances by program are as follows:

| | |
|------------------------|--------------------|
| Housing Choice Voucher | \$ 34,237 |
| Management Fund | \$ 414,293 |
| Other Programs | <u>\$ 915,000</u> |
| Total | <u>\$1,363,530</u> |

The unrestricted component of net position account balance is the amount available for future appropriations. These balances remain subject to program specific guidelines.

Restricted net position decreased during the current fiscal year. This component decreased by \$999 due primarily to an excess of HAP expenses over HAP revenue in the Housing Choice Voucher Program.

Management's Discussion and Analysis-Cont.

Overview of the Financial Statements-Cont.

Summary Statement of Revenues & Expenses and Changes in Net Position

| Category | 12/31/2019 | 12/31/2018 | Change \$ | Change % |
|--|-------------------|-------------------|------------------|-----------|
| Program Revenues: | | | | |
| Tenant Revenue | \$ 191,352 | \$ 168,329 | \$ 23,023 | 14% |
| Government Operating Grants | \$ 567,095 | \$ 543,431 | \$ 23,664 | 4% |
| Other Revenue | \$ 42,430 | \$ 37,759 | \$ 4,671 | 12% |
| Interest Income | \$ 3,563 | \$ 3,364 | \$ 199 | 6% |
| Total Revenue | \$ 804,440 | \$ 752,883 | \$ 51,557 | 7% |
| | | | | |
| Expenses: | | | | |
| Administration | \$ 90,097 | \$ 103,246 | \$ (13,149) | -13% |
| Utilities | \$ 101,117 | \$ 104,455 | \$ (3,338) | -3% |
| Ordinary Maintenance | \$ 168,541 | \$ 132,159 | \$ 36,382 | 28% |
| General/Insurance Expense | \$ 58,898 | \$ 60,174 | \$ (1,276) | -2% |
| Depreciation | \$ 70,963 | \$ 69,652 | \$ 1,311 | 2% |
| Housing Assistance Payments | \$ 186,354 | \$ 176,325 | \$ 10,029 | 6% |
| Interest Expense | \$ 11,424 | \$ 12,372 | \$ (948) | -8% |
| Total Expenses | \$ 687,394 | \$ 658,383 | \$ 29,011 | 4% |
| | | | | |
| Excess (Deficiency) Before Special Items | \$ 117,046 | \$ 94,500 | \$ 22,546 | 24% |
| | | | | |
| Change in Net Position | \$ 117,046 | \$ 94,500 | \$ 22,546 | 24% |
| | | | | |
| Net Position, Beginning of Year | \$ 1,206,055 | \$ 1,111,555 | \$ 94,500 | 9% |
| | | | | |
| Net Position, End of Year | \$ 1,323,101 | \$ 1,206,055 | \$ 117,046 | 10% |

Results of Operations

Revenues of the Authority are generated principally from dwelling rents, HUD grants and other government grants. The Authority's revenue increased by \$51,557 from the previous fiscal year amount. Significant variances between the years include the following:

- Tenant Revenue increased by \$23,023 or 14% from the previous year.
- HUD Operating Grants increased by \$18,203 or 4% from the previous year.
- Other Government Grants increased by \$5,461 or 4% from the previous year. This is due primarily to decreased HAP funding on the Housing Choice Voucher program.

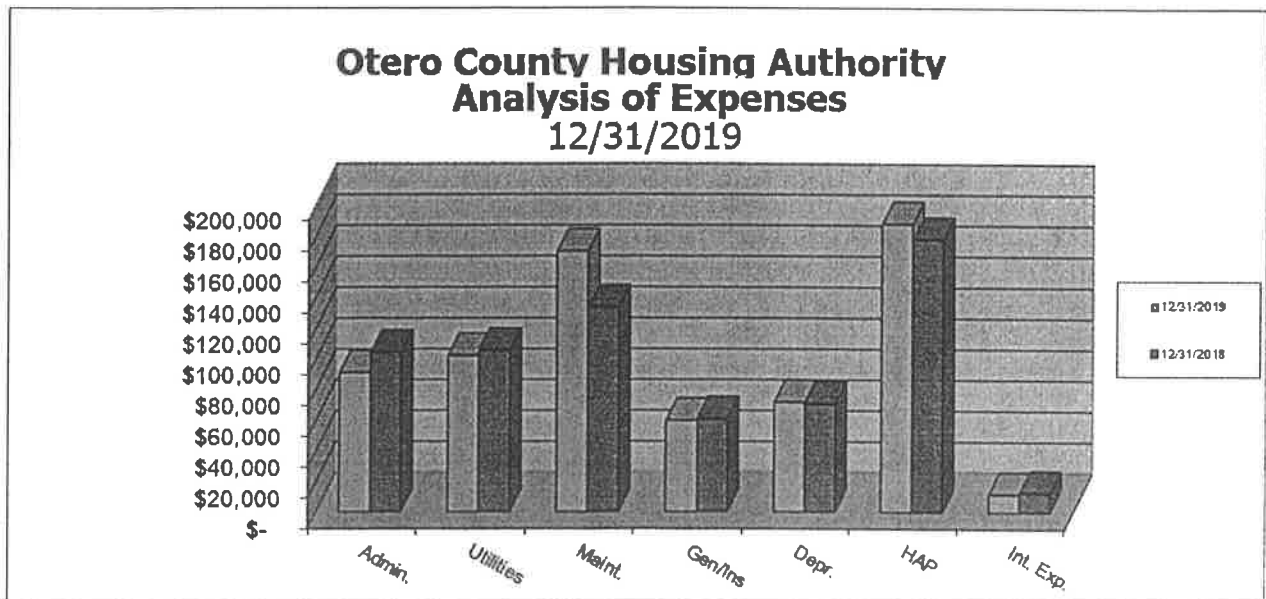
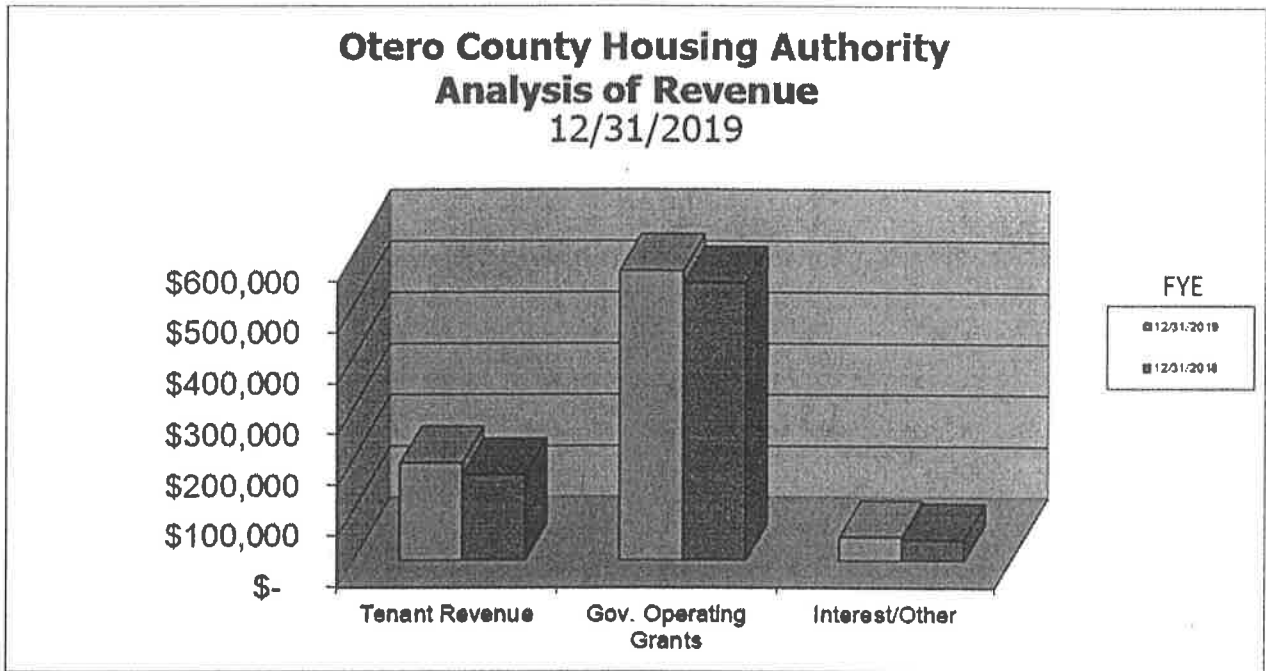
Total expenses increased by \$29,011. Significant differences between the years include the following:

- Maintenance expenses increased by \$36,382 or 28%. Maintenance materials increased by \$7,501, heating and cooling contracts increased by \$9,942, landscape and ground increased by \$10,765, unit turnaround increased by \$14,258, plumbing contracts decreased by \$4,066, miscellaneous contracts decreased by \$ 8,940.

Management's Discussion and Analysis-Cont.

- HAP payments increased from \$176,325 to \$186,354, an increase of \$10,029 or 6% from the previous year. This is attributed to an increase in units leased from 1,269 in 2018 to 1,295 in 2019.

We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



Capital Assets

Management's Discussion and Analysis-Cont.

As of December 31, 2019, the Otero County Housing Authority's net investment in capital assets was \$(41,222). This investment includes land, building, equipment, and related debt net of accumulated depreciation.

| Category | 12/31/2019 | 12/31/2018 | Change \$ | Change % |
|--------------------------|----------------|----------------|-------------|----------|
| Land | \$ 64,798 | \$ 64,798 | \$ - | 0% |
| Buildings | \$ 4,053,549 | \$ 4,029,449 | \$ 24,100 | 1% |
| Equipment | \$ 52,003 | \$ 54,269 | \$ (2,266) | -4% |
| Accumulated Depreciation | \$ (3,355,586) | \$ (3,289,085) | \$ (66,501) | 2% |
| | | | | |
| Total Net Fixed Assets | \$ 814,764 | \$ 859,431 | \$ (44,667) | -5% |

Building additions consisted primarily of a unit renovation project at the Elderly Apartments Project. Equipment purchases consist of a printer purchase and the disposal of the old printer resulting in a decrease in equipment.

Long Term Debt

The agency incurred no additional debt in the current year. Principal reductions included the normal mortgage payments incurred throughout the fiscal year.

Subsequent Event

Due to the 2020 Congressional Appropriations, the Authority's estimated amount of funding for the 2020 calendar year for the Housing Choice Voucher Program will include the proration of administrative fees at 80% and HAP funding at 99.4%.

Additional funding from the CARES Act legislation has been provided to the Housing Choice Voucher Program to aid in the preventing, preparing, and responding to the COVID-19 virus. This funding totals \$5,610 for the Housing Choice Voucher Program. A second round of CARES Act funding was awarded to the Housing Choice Voucher Program in the amount of \$6,856. The supplemental funding for the Housing Choice Voucher Program must be spent by June 30, 2021.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested.

If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Otero County Housing Authority
Diane McAtee, Executive Director
P.O. Box 376
La Junta, CO 81050

BASIC FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2019

| | Business – Type Activities – Enterprise Funds | | | | | |
|--|---|----------------|----------------|---------------|----------------|------------------|
| | Manzanola | | Valle | | | Total |
| | Family | Elderly | Apartments | Section 8 | Management | |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and Cash Interest Bearing | 12,475 | 239,229 | 91,488 | 35,942 | 574,189 | 953,323 |
| Accrued Interest Receivable | - | - | - | - | - | - |
| Accounts Receivable: | | | | | | |
| Tenants | 501 | 69 | 1,972 | - | - | 2,542 |
| HUD, RDA | 2,494 | - | 5,579 | 261 | - | 8,334 |
| Other | - | - | - | - | 8,393 | 8,393 |
| Prepaid Expenses | 1,640 | 12,458 | 2,303 | - | - | 16,401 |
| Due from Other Funds | - | - | 103 | - | 1,243 | 1,346 |
| Total Current Assets | <u>17,110</u> | <u>251,756</u> | <u>101,445</u> | <u>36,203</u> | <u>583,825</u> | <u>990,339</u> |
| Restricted Assets | | | | | | |
| Cash | <u>98,762</u> | <u>158,600</u> | <u>330,824</u> | - | - | <u>588,186</u> |
| Land, Structures and Equipment | | | | | | |
| Land, Structures and Equipment | 916,280 | 1,101,804 | 2,139,970 | - | 12,297 | 4,170,351 |
| Less Accumulated Depreciation | (435,067) | (897,413) | (2,011,585) | - | (11,522) | (3,355,587) |
| Net Property, Plant & Equipment | <u>481,213</u> | <u>204,391</u> | <u>128,385</u> | <u>-</u> | <u>775</u> | <u>814,764</u> |
| TOTAL ASSETS | <u>597,085</u> | <u>614,747</u> | <u>560,654</u> | <u>36,203</u> | <u>584,600</u> | <u>2,393,289</u> |
| DEFERRED OUTFLOW OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts Payable | 2,515 | 7,061 | 2,786 | 1,066 | 2,492 | 15,920 |
| Accrued Interest Payable | 13,696 | - | 260 | - | - | 13,956 |
| Prepaid Rent | 233 | 62 | 172 | - | - | 467 |
| Due to Other Funds | 194 | 942 | - | 107 | 103 | 1,346 |
| Amounts Due – HUD | - | - | - | - | - | - |
| Tenant Security Deposits | 4,874 | 8,201 | 2,500 | - | - | 15,575 |
| Compensated Absences Payable | - | - | - | - | 166,937 | 166,937 |
| Unearned Grants | - | - | - | - | - | - |
| Current Portion of Long-Term Debt | 3,352 | - | 36,869 | - | - | 40,221 |
| Total Current Liabilities | <u>24,864</u> | <u>16,266</u> | <u>42,587</u> | <u>1,173</u> | <u>169,532</u> | <u>254,422</u> |
| NonCurrent Liabilities | | | | | | |
| Notes Payable | <u>540,465</u> | - | <u>275,300</u> | - | - | <u>815,765</u> |
| Total Long-Term Liabilities | <u>540,465</u> | - | <u>275,300</u> | - | - | <u>815,765</u> |
| TOTAL LIABILITIES | <u>565,329</u> | <u>16,266</u> | <u>317,887</u> | <u>1,173</u> | <u>169,532</u> | <u>1,070,187</u> |
| DEFERRED INFLOW OF RESOURCES | | | | | | |
| | - | - | - | - | - | - |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | (62,604) | 204,391 | (183,784) | - | 775 | (41,222) |
| Restricted | - | - | - | 793 | - | 793 |
| Unrestricted | <u>94,360</u> | <u>394,090</u> | <u>426,551</u> | <u>34,237</u> | <u>414,293</u> | <u>1,363,531</u> |
| TOTAL NET POSITION | <u>31,756</u> | <u>598,481</u> | <u>242,767</u> | <u>35,030</u> | <u>415,068</u> | <u>1,323,102</u> |

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

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

Year Ended December 31, 2019

| | Business – Type Activities – Enterprise Funds | | | | | Total |
|--|---|----------------|----------------|----------------|----------------|------------------|
| | Manzanola | | Valle | | | |
| | Family | Elderly | Apartments | Section 8 | Management | |
| <u>OPERATING REVENUES</u> | | | | | | |
| Dwelling Rental | 36,754 | 93,983 | 55,531 | - | - | 186,268 |
| Excess Utilities | 288 | - | - | - | - | 288 |
| HUD/RDA – Rent Subsidy | 35,958 | 223,402 | 95,219 | 212,516 | - | 567,095 |
| Other | 3,226 | 3,021 | 8,105 | 364 | 32,517 | 47,233 |
| <u>Total Operating Revenues</u> | <u>76,226</u> | <u>320,406</u> | <u>158,855</u> | <u>212,880</u> | <u>32,517</u> | <u>800,884</u> |
| <u>Operating Expenses</u> | | | | | | |
| Administrative Salaries | 1,186 | 12,637 | 443 | 6,316 | 1,550 | 22,132 |
| Management Fees | - | - | - | - | - | - |
| Employee Benefits & Taxes | 1,001 | 9,519 | 1,635 | 1,628 | - | 13,783 |
| Allocated Overhead | 3,480 | 31,585 | 3,553 | 3,528 | 12,435 | 54,581 |
| Office & Other Administrative | 2,480 | 1,443 | 9,149 | 935 | 1,113 | 15,120 |
| Travel & Training | - | 777 | - | - | 1,075 | 1,852 |
| Utilities | 25,651 | 47,016 | 28,450 | - | - | 101,117 |
| Repairs and Maintenance | 23,076 | 131,131 | 29,233 | - | - | 183,440 |
| Insurance | 3,771 | - | 11,272 | 277 | 905 | 16,225 |
| Accounting & Audit | 2,050 | 1,725 | 2,375 | 2,250 | 2,000 | 10,400 |
| Housing Assistance Payments | - | - | - | 186,354 | - | 186,354 |
| Depreciation | 41,414 | 14,547 | 14,961 | - | 41 | 70,963 |
| <u>Total Operating Expenses</u> | <u>104,109</u> | <u>250,380</u> | <u>101,071</u> | <u>201,288</u> | <u>19,119</u> | <u>675,967</u> |
| <u>Operating Income (Loss)</u> | <u>(27,883)</u> | <u>70,026</u> | <u>57,784</u> | <u>11,592</u> | <u>13,398</u> | <u>124,917</u> |
| <u>Non-Operating Revenues (Expenses)</u> | | | | | | |
| Capital Grant | - | - | - | - | - | - |
| Interest Earned | 141 | 563 | 1,103 | - | 1,747 | 3,554 |
| Interest Paid | (8,135) | - | (3,289) | - | - | (11,424) |
| Loss on Disposition of Assets | - | - | - | - | - | - |
| <u>Total Non-Operating Revenues (Expenses)</u> | <u>(7,994)</u> | <u>563</u> | <u>(2,186)</u> | <u>-</u> | <u>1,747</u> | <u>(7,870)</u> |
| <u>OPERATING TRANSFERS</u> | | | | | | |
| <u>IN (OUT)(NET)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>CHANGE IN NET POSITION</u> | <u>(35,877)</u> | <u>70,589</u> | <u>55,598</u> | <u>11,592</u> | <u>15,145</u> | <u>117,047</u> |
| <u>TOTAL NET POSITION, Beginning</u> | <u>67,633</u> | <u>527,892</u> | <u>187,169</u> | <u>23,438</u> | <u>399,923</u> | <u>1,206,055</u> |
| <u>TOTAL NET POSITION, Ending</u> | <u>31,756</u> | <u>598,481</u> | <u>242,767</u> | <u>35,030</u> | <u>415,068</u> | <u>1,323,102</u> |

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

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2019

| | Business – Type Activities – Enterprise Funds | | | | | Total |
|--|---|-----------------|-----------------|---------------|----------------|------------------|
| | Manzanola | Valle | | | Management | |
| | Family | Elderly | Apartments | Section 8 | | |
| <u>Cash Flows from Operating Activities</u> | | | | | | |
| Receipts from Rents, Subsidies & Other Revenues | 76,310 | 320,390 | 156,075 | 213,624 | 32,424 | 798,823 |
| Payments for Salaries & Benefits | (6,506) | (52,314) | (7,761) | (7,944) | (1,550) | (76,075) |
| Payments for Allocated Overhead | (3,479) | (31,585) | (3,553) | (3,528) | (12,435) | (54,580) |
| Payments to Vendors, Homeowners | (51,276) | (152,377) | (75,565) | (188,824) | (5,111) | (473,153) |
| <u>Net Cash Provided by (Used in) Operating Activities</u> | <u>15,049</u> | <u>84,114</u> | <u>69,196</u> | <u>13,328</u> | <u>13,328</u> | <u>195,015</u> |
| <u>Cash from Investing Activities</u> | | | | | | |
| Interest Earnings | 141 | 563 | 1,103 | - | 1,747 | 3,554 |
| <u>Net Cash from Investing Activities</u> | <u>141</u> | <u>563</u> | <u>1,103</u> | <u>-</u> | <u>1,747</u> | <u>3,554</u> |
| <u>Cash Flows from Non-Capital Financing Activities</u> | | | | | | |
| Change in Due From/Due To Funds | 388 | 2,571 | 335 | (124) | (3,170) | - |
| Funded Compensated Absences Receipts | - | - | - | - | 11,952 | 11,952 |
| Transfers In (Out) | - | - | - | - | - | - |
| <u>Net Cash from Non-Capital Financing Activities</u> | <u>388</u> | <u>2,571</u> | <u>335</u> | <u>(124)</u> | <u>8,782</u> | <u>11,952</u> |
| <u>Cash Flows from Capital & Related Financing Activities</u> | | | | | | |
| Acquisition of Capital Assets | (125) | (25,229) | (126) | - | (816) | (26,296) |
| Principal Paid in Notes | (3,265) | - | (36,503) | - | - | (39,768) |
| Interest Paid on Notes | (5,546) | - | (3,320) | - | - | (8,866) |
| <u>Net Cash from Capital & Related Financing Activities</u> | <u>(8,936)</u> | <u>(25,229)</u> | <u>(39,949)</u> | <u>-</u> | <u>(816)</u> | <u>(74,930)</u> |
| <u>Net Increase (Decrease) in Cash and Cash Equivalents</u> | <u>6,642</u> | <u>62,019</u> | <u>30,685</u> | <u>13,204</u> | <u>23,041</u> | <u>135,591</u> |
| <u>Cash and Cash Equivalents at Beginning of Year</u> | <u>104,595</u> | <u>335,810</u> | <u>391,627</u> | <u>22,738</u> | <u>551,148</u> | <u>1,405,918</u> |
| <u>Cash and Cash Equivalents at End of Year</u> | <u>111,237</u> | <u>397,829</u> | <u>422,312</u> | <u>35,942</u> | <u>574,189</u> | <u>1,541,509</u> |
| <u>Cash Flows from Operating Activities</u> | | | | | | |
| Operating Income (Loss) | (27,883) | 70,026 | 57,784 | 11,592 | 13,398 | 124,917 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | | | |
| Depreciation | 41,414 | 14,547 | 14,961 | - | 41 | 70,963 |
| Changes in Assets and Liabilities | | | | | | |
| (Increase) Decrease in Prepays | (370) | (84) | (333) | 45 | 906 | 164 |
| (Increase) Decrease in Accounts Receivable | 943 | 68 | (3,757) | 743 | (93) | (2,096) |
| Increase (Decrease) in Prepaid Rent | (1,000) | (248) | (126) | - | - | (1,374) |
| Increase (Decrease) in Accounts Payable | 1,650 | 401 | (132) | 948 | (924) | 1,943 |
| Increase (Decrease) in Tenant Deposits | 295 | (596) | 799 | - | - | 498 |
| Increase (Decrease) in Unearned Grants | - | - | - | - | - | - |
| <u>Net Cash Flows from Operating Activities</u> | <u>15,049</u> | <u>84,114</u> | <u>69,196</u> | <u>13,328</u> | <u>13,328</u> | <u>195,015</u> |
| <u>Cash – Statement of Net Position</u> | | | | | | |
| Unrestricted | | | | | | 953,323 |
| Restricted | | | | | | 588,186 |
| Cash and Cash Equivalents (Above) | | | | | | <u>1,541,509</u> |

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

NOTES TO BASIC FINANCIAL STATEMENTS

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Otero County Housing Authority (the Housing Authority) is a local government unit created for the purpose of owning and managing rental properties and programs.

A. Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Otero County Housing Authority) and its component units. The Housing Authority has no component units; the financial statements are comprised of the funds more fully described in subsequent information contained in the footnotes.

The accounting policies of the Otero County Housing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities of the Otero County Housing Authority are reported as business-type. Likewise, the *primary government* is reported separately from the Housing Authority's legally separate *component units* for which the Housing Authority is financially accountable. The Authority has no component units.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The Housing Authority consists of the following major proprietary funds:

- Manzanola Family
- Elderly
- Valle Apartments
- Section 8
- Management

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Authority are rents and rent supplements. Operating expenses for the Housing Authority include the cost of services, administrative expenses, and depreciation on capital assets.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Housing Authority as assets with an initial estimated useful life in excess of two years having a value equal to or greater than \$1,500. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|---------------------------------|--------------|
| Buildings, Fixtures & Equipment | 5-40 |

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

Revenues and expenses are controlled by budgetary accounting systems in accordance with various legal and grant requirements. Budgets are prepared on the same basis as that used for accounting purposes.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the financial statements of the Management Fund as it has been recorded as expense in the other funds and funded on a current basis.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

J. Deposits and Investments

The Housing Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Housing Authority to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses in the year incurred.

L. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position sometimes reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time

M. Fund Equity

In the financial statements, funds report reservations of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

NOTE 2 CAPITAL ASSETS

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

| | <u>Beginning</u> <u>Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending</u> <u>Balance</u> |
|--|------------------------------------|------------------|------------------|---------------------------------|
| <u>Business-Type Activities</u> | | | | |
| Land | <u>64,798</u> | - | - | <u>64,798</u> |
| Capital Assets Being Depreciated: | | | | |
| Structures | 4,029,449 | 24,100 | - | 4,053,549 |
| Furniture, Fixtures & Equip. | <u>54,270</u> | <u>2,196</u> | <u>4,462</u> | <u>52,004</u> |
| Total Capital Assets Being Depreciated | <u>4,083,719</u> | <u>26,296</u> | <u>4,462</u> | <u>4,105,553</u> |
| Less Accumulated Depreciation | <u>3,289,086</u> | <u>70,963</u> | <u>(4,462)</u> | <u>3,355,587</u> |
| <u>Total Capital Assets Being</u> <u>Depreciated, Net</u> | <u>794,633</u> | <u>(44,667)</u> | - | <u>749,966</u> |
| <u>Business-Type Activities</u> | | | | |
| <u>Capital Assets, Net</u> | <u>859,431</u> | <u>(44,667)</u> | - | <u>814,764</u> |

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 3 CASH AND DEPOSITS

The Housing Authority's deposits at year-end were entirely covered by Federal Depository Insurance or secured under the Public Deposit Protection Act of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|---|-------------------------|----------------------------|
| Insured | 593,888 | 593,888 |
| Uninsured, Collateralized Under the Public Deposit Protection Act of the State of Colorado | <u>960,000</u> | <u>947,521</u> |
| <u>Sub-Total</u> | 1,553,888 | 1,541,409 |
| Cash on Hand | <u>-</u> | <u>100</u> |
| <u>Total Cash and Deposits</u> | <u>1,553,888</u> | <u>1,541,509</u> |

As presented above, deposits with a bank balance of \$960,000 and a carrying balance of \$947,521 as of December 31, 2019 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 4 NOTES PAYABLE

Manzanola Family - The Authority had a note payable to the Farmers Home Administration as of December 31, 2015 which is collateralized by land and buildings. The note required monthly payments and bore the effective rate of interest shown below:

| <u>Loan Number</u> | <u>Interest Rate</u> | <u>Monthly Payment</u> | <u>Principal Balance</u> |
|------------------------|----------------------|----------------------------|------------------------------|
| 84-01 | 1.00% | \$642 | \$116,311 |

This note was paid down to \$116,311 during 2015 and was then rewritten by the Farmers Home Administration. A debt deferral agreement was entered into by the Housing Authority. It will end on May 26, 2045 with a balloon payment of all principal and accrued interest due at that time. No payment are required until that date. The new loan number is 84-008. The estimated total amount due at May 26, 2045 is \$140,407.

In addition, during 2015 the following two loans were made:

Loan Number 84-005

The loan is a one percent rehabilitation loan made by Farmers Home Administration with all interest and principal payments deferred under the same terms as the longest remaining debt on the property at the time of this loan's issuance. The loan amount was \$95,308. Payment will not be required from normal project operation income but from excess cash after all other secured debts are satisfied. Payment of principal and all interest is due at the end of the loan term.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 4 NOTES PAYABLE (Continued)

Loan Number 84-007

An additional loan was made by Farmers Home Administration to assist in rehabilitation of the project, also collateralized by land and buildings. The loan requires monthly payment of \$733 by the Housing Authority to satisfy the debt and related interest (at a rate of 3.125% less a one percent interest credit from the monthly subsidy of \$408 allowed by Farmers Home Administration). The original loan amount was \$346,120. Amortization will be over a 50 year period.

| <u>Loan Number</u> | <u>Interest Rate</u> | <u>Monthly Payment</u> | <u>Principal Balance</u> |
|------------------------|--------------------------|----------------------------|------------------------------|
| 84-007 | 3.125% | \$ 733 | \$ 332,198 |

Estimated interest to maturity is \$291,016. Debt reduction requirements follow:

| | |
|-----------|----------------|
| 2020 | 3,352 |
| 2021 | 3,459 |
| 2022 | 3,568 |
| 2023 | 3,681 |
| 2024 | 3,681 |
| 2025-2029 | 20,875 |
| 2030-2034 | 24,399 |
| 2035-2039 | 28,521 |
| 2040-2044 | 33,337 |
| 2045-2049 | 38,967 |
| 2050-2054 | 45,458 |
| 2055-2059 | 53,240 |
| 2060-2064 | 53,240 |
| 2065 | <u>16,420</u> |
| | <u>332,198</u> |

Valle Apartments - In 1996, the Authority borrowed \$1,099,789 from Farmers Home Administration under the Farm Labor Housing Loan Program. The debt is to be amortized in accordance with the following information:

| <u>Interest Rate</u> | <u>Payment</u> | <u>Balance</u> |
|----------------------|----------------|----------------|
| 1% | \$3,318.58 | \$312,169 |

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 4 NOTES PAYABLE (Continued)

Valle Apartments (Continued)

Estimated interest to maturity is \$13,050. Yearly payments of principal are as follows:

| | |
|-----------|----------------|
| 2020 | 36,870 |
| 2021 | 37,240 |
| 2022 | 37,614 |
| 2023 | 37,992 |
| 2024 | 38,374 |
| 2025-2028 | <u>124,079</u> |
| | <u>312,169</u> |

Changes in Notes Payable

| | <u>Beginning of Year</u> | <u>Increase</u> | <u>Payments</u> | <u>End of Year</u> | <u>Due Within One Year</u> |
|--------------------------|------------------------------|-----------------|-----------------|------------------------|--------------------------------|
| <u>Manzanola Family:</u> | | | | | |
| Loan Number 84-001,008 | 116,311 | - | - | 116,311 | - |
| Loan Number 84-005 | 95,308 | - | - | 95,308 | - |
| Loan Number 84-007 | 335,463 | - | 3,265 | 332,198 | 3,352 |
| Valle Apartments | <u>348,672</u> | <u>-</u> | <u>36,503</u> | <u>312,169</u> | <u>36,869</u> |
| | <u>895,754</u> | <u>-</u> | <u>39,768</u> | <u>855,986</u> | <u>40,221</u> |

NOTE 5 CAPITAL

The Housing Authority has capital consisting of funds advanced by and insured by the FHA under the terms of the Consolidated Farm and Rural Development Act or Title V of Housing Act of 1949.

The Housing Authority is eligible for assistance from HUD on this or any future projects.

NOTE 6 INTEREST SUBSIDY-NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Interest expense on notes payable to Farmers Home Administration does not include \$6,381 that has been credited to the Housing Authority through subsidy by Farmers Home Administration.

NOTE 7 RISK MANAGEMENT

The Authority is exposed to various risks of loss related torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 8 INTERFUND BALANCES

Individual fund interfund receivables and payable balances December 31, 2019 were:

| | <u>Due From</u> | <u>Due To</u> | <u>Transfer In</u> | <u>Transfer Out</u> |
|------------------|-----------------|---------------|--------------------|---------------------|
| Section 8 | - | 107 | - | - |
| Management | 1,243 | 103 | - | - |
| Valle Apartments | 103 | - | - | - |
| Manzanola Family | - | 194 | - | - |
| Elderly | - | 942 | - | - |
| <u>Total</u> | <u>1,346</u> | <u>1,346</u> | <u>-</u> | <u>-</u> |

Interfund balances occur due to short-term lending between funds to assist with cash flow requirements. All are expected to be repaid within one year when classified as due to/from other funds. Transfers were made to support operations.

NOTE 9 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter's approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The Authority is an entity that exists for the purpose of administering housing programs to benefit the Otero County area. They have no taxing authority, and no bonded debt. They are primarily funded by federal grants, state grants and local county contributions.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2019

NOTE 9 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

The Authority's management believes it is in compliance with the provisions of TABOR which are applicable to this entity. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

NOTE 10 DEFINED CONTRIBUTION PLANS

The Authority makes contributions to a Simplified Employee Pension-Individual Retirement Account (IRA) plan. The contributions are discretionary and are made in accordance with the restrictions of Internal Revenue Service code Section 408 (k) directly to the IRA of the employee. Employees are eligible if at least 21 years of age and have been employed for at least 3 years. Contributions are based on a percentage of compensation. The Housing Authority made 5.7% contributions for the year of \$2,635. The compensation for which contributions were calculated was \$46,228.

The Authority also maintains a Salary Reduction Simplified Employee Pension – Individual Retirement Account Plan to which elective deferrals can be made in accordance with allowable Internal Revenue Service guidelines.

NOTE 11 RESTRICTED NET POSITION

Net position restricted in the Section 8 Vouchers fund represents amounts received from HUD in excess of amounts earned for housing assistance payments and administrative fees. The funds restricted are to be used in future periods in the vouchers program.

There were \$793 of restricted amounts recorded at December 31, 2019.

NOTE 12 ALLOCATED OVERHEAD COSTS

The Otero County Housing Authority shares administration and operations employees and activities with the La Junta Housing Authority. The following are the total costs of shared services that have been allocated to each fund in the housing authorities and the percentage used to make the allocation by fund for the Otero County Housing Authority.

| | |
|--------------------------------------|----------------|
| Administrative Salaries and Benefits | 152,434 |
| Office Expenses | 5,992 |
| Accounting Fees | 23,170 |
| Computer Cost | - |
| Materials | 7,327 |
| Other General Administrative | <u>4,362</u> |
| | <u>193,285</u> |

The allocation percentages for Otero County Housing Authority were:

| | |
|------------------|-----|
| Manzanola Family | 2% |
| Elderly | 18% |
| Section 8 | 2% |
| Management | 7% |
| Valle Apartments | 2% |

SUPPLEMENTARY INFORMATION

Otero County Housing Authority (CO101)
La Junta, CO

Program Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14.871 Housing Choice Vouchers | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 1 Business Activities | 10.410 Very Low to Moderate Income Housing Loans | 14.195 Section 8 Housing Assistance Program_Special Allocations | Total |
|--|-----------------------------------|--------------------------------------|---|--------------------------|--|--|-------------|
| 111 Cash - Unrestricted | \$35,149 | | \$91,488 | \$574,188 | \$12,475 | \$389,627 | \$1,102,927 |
| 112 Cash - Restricted - Modernization and Development | \$0 | | | | | | \$0 |
| 113 Cash - Other Restricted | \$793 | | \$328,324 | | \$93,888 | | \$423,005 |
| 114 Cash - Tenant Security Deposits | \$0 | | \$2,500 | | \$4,874 | \$8,201 | \$15,575 |
| 115 Cash - Restricted for Payment of Current Liabilities | \$0 | | | | | | \$0 |
| 100 Total Cash | \$35,942 | \$0 | \$422,312 | \$574,188 | \$111,237 | \$397,828 | \$1,541,507 |
| 121 Accounts Receivable - PHA Projects | \$0 | | | | | | \$0 |
| 122 Accounts Receivable - HUD Other Projects | \$261 | \$2,494 | \$5,579 | | | | \$8,334 |
| 124 Accounts Receivable - Other Government | \$0 | | | \$7,447 | | | \$7,447 |
| 125 Accounts Receivable - Miscellaneous | \$0 | | | \$947 | | | \$947 |
| 126 Accounts Receivable - Tenants | \$0 | | \$3,010 | | \$804 | \$78 | \$3,892 |
| 126.1 Allowance for Doubtful Accounts - Tenants | \$0 | | (\$1,038) | | (\$303) | (\$9) | (\$1,350) |
| 126.2 Allowance for Doubtful Accounts - Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 127 Notes, Loans, & Mortgages Receivable - Current | \$0 | | | | | | \$0 |
| 128 Fraud Recovery | \$530 | | | | | | \$530 |
| 128.1 Allowance for Doubtful Accounts - Fraud | (\$530) | | | | | | (\$530) |
| 129 Accrued Interest Receivable | \$0 | | | | | | \$0 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | \$261 | \$2,494 | \$7,551 | \$8,394 | \$501 | \$69 | \$19,270 |
| 131 Investments - Unrestricted | \$0 | | | | | | \$0 |
| 132 Investments - Restricted | \$0 | | | | | | \$0 |
| 135 Investments - Restricted for Payment of Current Liability | \$0 | | | | | | \$0 |
| 142 Prepaid Expenses and Other Assets | \$0 | | \$2,303 | | \$1,640 | \$12,458 | \$16,401 |
| 143 Inventories | \$0 | | | | | | \$0 |
| 143.1 Allowance for Obsolete Inventories | \$0 | | | | | | \$0 |
| 144 Inter Program Due From | \$0 | | \$103 | \$1,243 | \$2,494 | | \$3,840 |
| 145 Assets Held for Sale | \$0 | | | | | | \$0 |
| 150 Total Current Assets | \$36,203 | \$2,494 | \$432,269 | \$583,825 | \$115,872 | \$410,355 | \$1,581,018 |
| 161 Land | \$0 | | | | \$17,284 | \$47,514 | \$64,798 |
| 162 Buildings | \$0 | | \$2,118,607 | | \$896,474 | \$1,038,468 | \$4,053,549 |

Otero County Housing Authority (CO101)
La Junta, CO

Program Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14,871 Housing Choice Vouchers | 10,415 Rural Rental Housing Loans | 10,427 Rural Rental Assistance Payments | 1 Business Activities | 10,410 Very Low to Moderate Income Housing Loans | 14,195 Section 8 Housing Assistance Program_Special Allocations | Total |
|---|-----------------------------------|--------------------------------------|---|--------------------------|--|--|---------------|
| 163 Furniture, Equipment & Machinery - Dwellings | \$0 | | | | | | \$0 |
| 164 Furniture, Equipment & Machinery - Administration | \$0 | | \$21,363 | \$12,297 | \$2,521 | \$15,822 | \$52,003 |
| 165 Leasehold Improvements | \$0 | | | | | | \$0 |
| 166 Accumulated Depreciation | \$0 | | (\$2,011,586) | (\$11,522) | (\$435,066) | (\$897,412) | (\$3,355,586) |
| 167 Construction in Progress | \$0 | | | | | | \$0 |
| 168 Infrastructure | \$0 | | | | | | \$0 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | \$0 | \$0 | \$128,384 | \$775 | \$481,213 | \$204,392 | \$814,764 |
| 171 Notes, Loans and Mortgages Receivable - Non-Current | \$0 | | | | | | \$0 |
| 172 Notes, Loans, & Mortgages Receivable - Non Current - Past | \$0 | | | | | | \$0 |
| 173 Grants Receivable - Non Current | \$0 | | | | | | \$0 |
| 174 Other Assets | \$0 | | | | | | \$0 |
| 176 Investments in Joint Ventures | \$0 | | | | | | \$0 |
| 180 Total Non-Current Assets | \$0 | \$0 | \$128,384 | \$775 | \$481,213 | \$204,392 | \$814,764 |
| 200 Deferred Outflow of Resources | \$0 | | | | | | \$0 |
| 290 Total Assets and Deferred Outflow of Resources | \$36,203 | \$2,494 | \$560,653 | \$584,600 | \$597,085 | \$614,747 | \$2,395,782 |
| 311 Bank Overdraft | \$0 | | | | | | \$0 |
| 312 Accounts Payable <= 90 Days | \$63 | | \$2 | \$2,492 | \$15 | \$337 | \$2,909 |
| 313 Accounts Payable >90 Days Past Due | \$0 | | | | | | \$0 |
| 321 Accrued Wage/Payroll Taxes Payable | \$0 | | | | | | \$0 |
| 322 Accrued Compensated Absences - Current Portion | \$0 | | | \$13,355 | | | \$13,355 |
| 324 Accrued Contingency Liability | \$0 | | | | | | \$0 |
| 325 Accrued Interest Payable | \$0 | | \$260 | | \$13,696 | | \$13,956 |
| 331 Accounts Payable - HUD PHA Programs | \$0 | | | | | | \$0 |
| 332 Account Payable - PHA Projects | \$1,003 | | \$912 | | \$849 | \$4,737 | \$7,501 |
| 333 Accounts Payable - Other Government | \$0 | | \$2,500 | | \$4,874 | \$8,201 | \$15,575 |
| 341 Tenant Security Deposits | \$0 | | \$172 | | \$233 | \$62 | \$467 |
| 342 Unearned Revenue | \$0 | | \$36,869 | | \$3,352 | | \$40,221 |
| 343 Current Portion of Long-term Debt - Capital | \$0 | | | | | | \$0 |

Otero County Housing Authority (CO101)
La Junta, CO

Program Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14.871 Housing Choice Vouchers | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 1 Business Activities | 10.410 Very Low to Moderate Income Housing Loans | 14.195 Section 8 Housing Assistance Program_Special Allocations | Total |
|---|-----------------------------------|--------------------------------------|---|--------------------------|--|--|-------------|
| 344 Current Portion of Long-term Debt - Operating Borrowings | \$0 | | | | | | \$0 |
| 345 Other Current Liabilities | \$0 | | | | | | \$0 |
| 346 Accrued Liabilities - Other | \$0 | | \$1,872 | | \$1,650 | \$1,988 | \$5,510 |
| 347 Inter Program - Due To | \$107 | \$2,494 | | \$103 | \$194 | \$942 | \$3,840 |
| 348 Loan Liability - Current | \$0 | | | | | | \$0 |
| 310 Total Current Liabilities | \$1,173 | \$2,494 | \$42,587 | \$15,950 | \$24,863 | \$16,267 | \$103,334 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage | \$0 | | \$275,299 | | \$540,466 | | \$815,765 |
| 352 Long-term Debt, Net of Current - Operating Borrowings | \$0 | | | | | | \$0 |
| 353 Non-current Liabilities - Other | \$0 | | | | | | \$0 |
| 354 Accrued Compensated Absences - Non Current | \$0 | | | \$153,582 | | | \$153,582 |
| 355 Loan Liability - Non Current | \$0 | | | | | | \$0 |
| 356 FASB 5 Liabilities | \$0 | | | | | | \$0 |
| 357 Accrued Pension and OPEB Liabilities | \$0 | | | | | | \$0 |
| 350 Total Non-Current Liabilities | \$0 | \$0 | \$275,299 | \$153,582 | \$540,466 | \$0 | \$969,347 |
| 300 Total Liabilities | \$1,173 | \$2,494 | \$317,886 | \$169,532 | \$565,329 | \$16,267 | \$1,072,681 |
| 400 Deferred Inflow of Resources | | | | | | | |
| 508.4 Net Investment in Capital Assets | | | | | | | |
| 511.4 Restricted Net Position | \$793 | | (\$183,784) | \$775 | (\$62,605) | \$204,392 | (\$41,222) |
| 512.4 Unrestricted Net Position | \$34,237 | \$0 | \$426,551 | \$414,293 | \$94,361 | \$394,088 | \$1,363,530 |
| 513 Total Equity - Net Assets / Position | \$35,030 | \$0 | \$242,767 | \$415,068 | \$31,756 | \$598,480 | \$1,323,101 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - | \$36,203 | \$2,494 | \$560,653 | \$584,600 | \$597,085 | \$614,747 | \$2,395,782 |

Otero County Housing Authority (CO101)
La Junta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14.871 Housing Choice Vouchers | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 1 Business Activities | 10.410 Very Low to Moderate Income Housing Loans | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | ELIM | Total |
|---|--------------------------------|-----------------------------------|---|-----------------------|--|--|-----------|------|-----------|
| 70300 Net Tenant Rental Revenue | \$0 | | \$55,531 | | \$36,754 | \$93,983 | \$186,268 | \$0 | \$186,268 |
| 70400 Tenant Revenue - Other | \$0 | | \$521 | | \$2,998 | \$1,565 | \$5,084 | \$0 | \$5,084 |
| 70500 Total Tenant Revenue | \$0 | \$0 | \$56,052 | \$0 | \$39,752 | \$95,548 | \$191,352 | \$0 | \$191,352 |
| 70600 HUD PHA Operating Grants | \$212,516 | | | | | \$223,402 | \$435,918 | \$0 | \$435,918 |
| 70610 Capital Grants | \$0 | | | | | | \$0 | \$0 | \$0 |
| 70710 Management Fee | | | | | | | \$0 | \$0 | \$0 |
| 70720 Asset Management Fee | | | | | | | \$0 | \$0 | \$0 |
| 70730 Book Keeping Fee | | | | | | | \$0 | \$0 | \$0 |
| 70740 Front Line Service Fee | | | | | | | \$0 | \$0 | \$0 |
| 70750 Other Fees | | | | | | | \$0 | \$0 | \$0 |
| 70700 Total Fee Revenue | \$212,516 | | | | | \$223,402 | \$435,918 | \$0 | \$435,918 |
| 70800 Other Government Grants | \$0 | \$35,958 | \$95,219 | | | | \$131,177 | \$0 | \$131,177 |
| 71100 Investment Income - Unrestricted | \$9 | | \$1,103 | \$1,747 | \$141 | \$563 | \$3,563 | \$0 | \$3,563 |
| 71200 Mortgage Interest Income | \$0 | | | | | | \$0 | \$0 | \$0 |
| 71300 Proceeds from Disposition of Assets Held for Sale | \$0 | | | | | | \$0 | \$0 | \$0 |
| 71310 Cost of Sale of Assets | \$0 | | | | | | \$0 | \$0 | \$0 |
| 71400 Fraud Recovery | \$356 | | | | | | \$356 | \$0 | \$356 |
| 71500 Other Revenue | \$0 | | \$7,584 | \$32,518 | \$516 | \$1,456 | \$42,074 | \$0 | \$42,074 |
| 71600 Gain or Loss on Sale of Capital Assets | \$0 | | | | | | \$0 | \$0 | \$0 |
| 72000 Investment Income - Restricted | \$0 | | | | | | \$0 | \$0 | \$0 |
| 70000 Total Revenue | \$212,881 | \$35,958 | \$159,956 | \$34,265 | \$40,409 | \$320,969 | \$804,440 | \$0 | \$804,440 |
| 91100 Administrative Salaries | \$5,537 | | | | | | \$8,640 | \$0 | \$8,640 |
| 91200 Auditing Fees | \$1,650 | | \$2,375 | \$1,700 | \$2,050 | \$1,725 | \$9,500 | \$0 | \$9,500 |
| 91300 Management Fee | \$0 | | | | | | \$0 | \$0 | \$0 |
| 91310 Book-keeping Fee | \$0 | | | | | | \$0 | \$0 | \$0 |
| 91400 Advertising and Marketing | \$0 | | \$925 | | \$250 | \$120 | \$695 | \$0 | \$695 |
| 91500 Employee Benefit contributions - Administrative | \$1,629 | | | | | \$874 | \$2,503 | \$0 | \$2,503 |
| 91600 Office Expenses | \$750 | | \$1,095 | \$1,075 | | \$550 | \$3,470 | \$0 | \$3,470 |
| 91700 Legal Expense | \$0 | | \$1,611 | | \$802 | \$776 | \$3,189 | \$0 | \$3,189 |

Otero County Housing Authority (CO101)
La Junta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14,871 Housing Choice Vouchers | 10,415 Rural Rental Housing Loans | 10,427 Rural Rental Assistance Payments | 1 Business Activities | 10,410 Very Low to Moderate Income Housing Loans | 14,195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | ELIM | Total |
|---|--------------------------------|-----------------------------------|---|-----------------------|--|--|-----------|------|-----------|
| 91800 Travel | \$0 | | | | | \$777 | \$777 | \$0 | \$777 |
| 91810 Allocated Overhead | \$3,528 | | \$3,552 | \$12,435 | \$3,480 | \$31,585 | \$54,580 | \$0 | \$54,580 |
| 91900 Other | \$785 | | \$4,229 | \$300 | \$1,429 | | \$6,743 | \$0 | \$6,743 |
| 91000 Total Operating - Administrative | \$13,879 | \$0 | \$13,187 | \$15,510 | \$8,011 | \$39,510 | \$90,097 | \$0 | \$90,097 |
| 92000 Asset Management Fee | \$0 | | | | | | \$0 | \$0 | \$0 |
| 92100 Tenant Services - Salaries | \$0 | | | | | | \$0 | \$0 | \$0 |
| 92200 Relocation Costs | \$0 | | | | | | \$0 | \$0 | \$0 |
| 92300 Employee Benefit Contributions - Tenant Services | \$0 | | | | | | \$0 | \$0 | \$0 |
| 92400 Tenant Services - Other | \$0 | | | | | | \$0 | \$0 | \$0 |
| 92500 Total Tenant Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 93100 Water | \$0 | | \$1,452 | | \$6,086 | \$4,964 | \$12,502 | \$0 | \$12,502 |
| 93200 Electricity | \$0 | | \$19,754 | | \$9,501 | \$20,881 | \$50,136 | \$0 | \$50,136 |
| 93300 Gas | \$0 | | \$6,417 | | \$5,782 | \$14,297 | \$26,496 | \$0 | \$26,496 |
| 93400 Fuel | \$0 | | | | | | \$0 | \$0 | \$0 |
| 93500 Labor | \$0 | | | | | | \$0 | \$0 | \$0 |
| 93600 Sewer | \$0 | | \$827 | | \$4,282 | \$6,874 | \$11,983 | \$0 | \$11,983 |
| 93700 Employee Benefit Contributions - Utilities | \$0 | | | | | | \$0 | \$0 | \$0 |
| 93800 Other Utilities Expense | \$0 | | | | | | \$0 | \$0 | \$0 |
| 93000 Total Utilities | \$0 | \$0 | \$28,450 | \$0 | \$25,651 | \$47,016 | \$101,117 | \$0 | \$101,117 |
| 94100 Ordinary Maintenance and Operations - Labor | \$0 | | \$5,683 | | \$4,319 | \$30,158 | \$40,160 | \$0 | \$40,160 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | \$0 | | \$1,226 | | \$1,848 | \$17,993 | \$21,067 | \$0 | \$21,067 |
| 94300 Ordinary Maintenance and Operations Contracts | \$0 | | \$22,323 | | \$16,909 | \$56,801 | \$96,033 | \$0 | \$96,033 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | \$0 | | \$1,635 | | \$1,001 | \$8,645 | \$11,281 | \$0 | \$11,281 |
| 94000 Total Maintenance | \$0 | \$0 | \$30,867 | \$0 | \$24,077 | \$113,597 | \$168,541 | \$0 | \$168,541 |
| 95100 Protective Services - Labor | \$0 | | | | | | \$0 | \$0 | \$0 |
| 95200 Protective Services - Other Contract Costs | \$0 | | | | | | \$0 | \$0 | \$0 |
| 95300 Protective Services - Other | \$0 | | | | | | \$0 | \$0 | \$0 |
| 95500 Employee Benefit Contributions - Protective Services | \$0 | | | | | | \$0 | \$0 | \$0 |

Otero County Housing Authority (CO101)
La Junta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14,871 Housing Choice Vouchers | 10,415 Rural Rental Housing Loans | 10,427 Rural Rental Assistance Payments | 1 Business Activities | 10,410 Very Low to Moderate Income Housing Loans | 14,195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | ELIM | Total |
|---|--------------------------------|-----------------------------------|---|-----------------------|--|--|-----------|------|-----------|
| 95000 Total Protective Services | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 96110 Property Insurance | \$0 | | \$7,321 | | \$2,378 | \$20,487 | \$30,186 | \$0 | \$30,186 |
| 96120 Liability Insurance | \$0 | | \$2,416 | | \$755 | \$1,306 | \$4,477 | \$0 | \$4,477 |
| 96130 Workmen's Compensation | \$232 | | \$232 | | \$138 | \$1,403 | \$2,005 | \$0 | \$2,005 |
| 96140 All Other Insurance | \$45 | | \$1,303 | \$905 | \$500 | \$2,981 | \$5,734 | \$0 | \$5,734 |
| 96100 Total Insurance Premiums | \$277 | \$0 | \$11,272 | \$905 | \$3,771 | \$26,177 | \$42,402 | \$0 | \$42,402 |
| 96200 Other General Expenses | \$0 | | | \$1,113 | | | \$1,113 | \$0 | \$1,113 |
| 96210 Compensated Absences | \$779 | | \$443 | \$1,550 | \$1,186 | \$9,534 | \$13,492 | \$0 | \$13,492 |
| 96300 Payments in Lieu of Taxes | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96400 Bad debt - Tenant Rents | \$0 | | \$1,891 | | | | \$1,891 | \$0 | \$1,891 |
| 96500 Bad debt - Mortgages | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96600 Bad debt - Other | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96800 Severance Expense | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96000 Total Other General Expenses | \$779 | \$0 | \$2,334 | \$2,663 | \$1,186 | \$9,534 | \$16,496 | \$0 | \$16,496 |
| 96710 Interest of Mortgage (or Bonds) Payable | \$0 | | \$3,289 | | \$8,135 | | \$11,424 | \$0 | \$11,424 |
| 96720 Interest on Notes Payable (Short and Long Term) | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96730 Amortization of Bond Issue Costs | \$0 | | | | | | \$0 | \$0 | \$0 |
| 96700 Total Interest Expense and Amortization Cost | \$0 | \$0 | \$3,289 | \$0 | \$8,135 | \$0 | \$11,424 | \$0 | \$11,424 |
| 96900 Total Operating Expenses | \$14,935 | \$0 | \$89,399 | \$19,078 | \$70,831 | \$235,834 | \$430,077 | \$0 | \$430,077 |
| 97000 Excess of Operating Revenue over Operating Expenses | \$197,946 | \$35,958 | \$70,559 | \$15,187 | (\$30,422) | \$85,135 | \$374,363 | \$0 | \$374,363 |
| 97100 Extraordinary Maintenance | \$0 | | | | | | \$0 | \$0 | \$0 |
| 97200 Casualty Losses - Non-capitalized | \$0 | | | | | | \$0 | \$0 | \$0 |
| 97300 Housing Assistance Payments | \$186,354 | | | | | | \$186,354 | \$0 | \$186,354 |
| 97350 HAP Portability-In | \$0 | | | | | | \$0 | \$0 | \$0 |
| 97400 Depreciation Expense | \$0 | | \$14,961 | \$41 | \$41,414 | \$14,547 | \$70,963 | \$0 | \$70,963 |
| 97500 Fraud Losses | \$0 | | | | | | \$0 | \$0 | \$0 |

Otero County Housing Authority (CO101)
La Junta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14.871 Housing Choice Vouchers | 10.415 Rural Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 1 Business Activities | 10.410 Very Low to Moderate Income Housing Loans | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | ELIM | Total |
|---|--------------------------------|-----------------------------------|---|-----------------------|--|--|-------------|------------|-------------|
| 97600 Capital Outlays - Governmental Funds | | | | | | | | | |
| 97700 Debt Principal Payment - Governmental Funds | | | | | | | | | |
| 97800 Dwelling Units Rent Expense | \$0 | | | | | | \$0 | \$0 | \$0 |
| 90000 Total Expenses | \$201,289 | \$0 | \$104,360 | \$19,119 | \$112,245 | \$250,381 | \$687,394 | \$0 | \$687,394 |
| 10010 Operating Transfer In | \$0 | | | | \$35,958 | | \$35,958 | (\$35,320) | \$638 |
| 10020 Operating transfer Out | \$0 | (\$35,958) | | | | | (\$35,958) | \$35,320 | (\$638) |
| 10030 Operating Transfers from/to Primary Government | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10040 Operating Transfers from/to Component Unit | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10050 Proceeds from Notes, Loans and Bonds | | | | | | | | | |
| 10060 Proceeds from Property Sales | | | | | | | | | |
| 10070 Extraordinary Items, Net Gain/Loss | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10080 Special Items (Net Gain/Loss) | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10091 Inter Project Excess Cash Transfer In | | | | | | | \$0 | \$0 | \$0 |
| 10092 Inter Project Excess Cash Transfer Out | | | | | | | \$0 | \$0 | \$0 |
| 10093 Transfers between Program and Project - In | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10094 Transfers between Project and Program - Out | \$0 | | | | | | \$0 | \$0 | \$0 |
| 10100 Total Other financing Sources (Uses) | \$0 | (\$35,958) | \$0 | \$0 | \$35,958 | \$0 | \$0 | \$0 | \$0 |
| 10000 Excess (Deficiency) or Total Revenue Over (Under) Total Expenses | \$11,592 | \$0 | \$55,598 | \$15,146 | (\$35,878) | \$70,588 | \$117,046 | | \$117,046 |
| 11020 Required Annual Debt Principal Payments | \$0 | | \$36,504 | \$0 | \$3,264 | \$0 | \$39,768 | | \$39,768 |
| 11030 Beginning Equity | \$23,438 | \$0 | \$187,169 | \$399,922 | \$67,634 | \$527,892 | \$1,206,055 | \$0 | \$1,206,055 |
| 11040 Prior Period Adjustments, Equity Transfers and Correction of Errors | \$0 | | | | | | \$0 | \$0 | \$0 |
| 11050 Changes in Compensated Absence Balance | | | | | | | | | |
| 11060 Changes in Contingent Liability Balance | | | | | | | | | |
| 11070 Changes in Unrecognized Pension Transition Liability | | | | | | | | | |
| 11080 Changes in Special Term/Severance Benefits Liability | | | | | | | | | |
| 11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents | | | | | | | | | |
| 11100 Changes in Allowance for Doubtful Accounts - Other | | | | | | | | | |
| 11170 Administrative Fee Equity | \$34,237 | | | | | | \$34,237 | | \$34,237 |

Otero County Housing Authority (CO101)
La Junta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2019

| | 14.871 Housing Choice Vouchers | 10.415 Rental Housing Loans | 10.427 Rural Rental Assistance Payments | 1 Business Activities | 10.410 Very Low to Moderate Income Housing Loans | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | ELIM | Total |
|--|--------------------------------|-----------------------------|---|-----------------------|--|--|----------|------|-------|
| 11180 Housing Assistance Payments Equity | \$793 | | | | | | \$793 | | \$793 |
| 11190 Unit Months Available | 552 | 120 | 576 | | 120 | 384 | 1752 | 0 | 1752 |
| 11210 Number of Unit Months Leased | 519 | 119 | 206 | | 119 | 332 | 1295 | 0 | 1295 |
| 11270 Excess Cash | | | | | | | | | |
| 11610 Land Purchases | | | | | | | | | |
| 11620 Building Purchases | | | | | | | | | |
| 11630 Furniture & Equipment - Dwelling Purchases | | | | | | | | | |
| 11640 Furniture & Equipment - Administrative Purchases | | | | | | | | | |
| 11650 Leasehold Improvements Purchases | | | | | | | | | |
| 11660 Infrastructure Purchases | | | | | | | | | |
| 13510 CFFP Debt Service Payments | | | | | | | | | |
| 13901 Replacement Housing Factor Funds | | | | | | | | | |

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

INDEPENDENT AUDITOR'S 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*

Board of Directors
Otero County Housing Authority
La Junta, Colorado 81050

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Otero County Housing Authority as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Otero County Housing Authority's basic financial statements, and have issued our report thereon dated July 17, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (See item 2019-001).

Compliance and Other Matters

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

Purpose of this Report

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

Signon, Waller & Co., Inc.

July 17, 2020

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

Board of Directors
Otero County Housing Authority
La Junta, Colorado 81050

Report on Compliance for Each Major Federal Program

We have audited Otero County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Otero County Housing Authority's major federal programs for the year ended December 31, 2019. Otero County Housing Authority'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 Otero County Housing Authority'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 Otero County Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Otero County Housing Authority 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 Otero County Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Otero County Housing Authority's internal control over compliance.

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

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

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

Dixon, Waller & Co., Inc.

July 17, 2020

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified report has been issued on the financial statements of Otero County Housing Authority.

Internal Control Over Financial Reporting

A significant deficiency was disclosed by the audit; there were no material weaknesses identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of Otero County Housing Authority were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified report has been issued on Otero County Housing Authority compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

Very Low to Moderate Income Housing Loans 10,410

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

Otero County Housing Authority qualified as a low-risk auditee for the year ended December 31, 2019.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Item 2019-001

Otero County Housing Authority has an inherent problem it shares with other entities in that it has a limited number of personnel performing accounting and administrative functions. Therefore, a proper separation of duties and responsibilities is not possible.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2019

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Expenditures</u> |
|---|------------------------|---------------------|
| <u>United States Department of Agriculture</u> | | |
| Farm Labor Housing Loans | 10.405 | 348,672 |
| Rural Rental Assistance Payments | 10.427 | 95,219 |
| Rural Rental Housing Loans - Supplement | 10.415 | 35,958 |
| Low Income Housing Loans | 10.410 | <u>547,082</u> |
| <u>Total Department of Agriculture</u> | | <u>1,026,931</u> |
| <u>Department of Housing and Urban Development</u> | | |
| Section 8-Housing Choice Vouchers | 14.871 | 212,516 |
| (Passed through Otero County, Colorado) | | |
| Section 8-Housing Assistance Program-Special Allocation | 14.195 | <u>223,402</u> |
| <u>Total Department of Housing</u> | | <u>435,918</u> |
| <u>TOTAL EXPENDITURES</u> | | <u>1,462,849</u> |

The accompanying notes are an integral part of this schedule.

THE HOUSING AUTHORITY OF THE COUNTY OF OTERO, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes grant activity of Otero County Housing Authority and is presented on the accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 LOANS OUTSTANDING

Otero County Housing Authority had the following loan balances outstanding at December 31, 2019. The balances outstanding are included in the federal expenditures presented in this schedule.

| <u>Title</u> | <u>CFDA Number</u> | <u>Amount Outstanding</u> |
|--------------------------|--------------------|-------------------------------|
| Farm Labor Housing Loans | 10.405 | 312,169 |
| Low Income Housing Loans | 10.410 | 543,817 |

NOTE 3 INDIRECT COSTS

The Housing Authority has elected not to use the 10 percent de minimis indirect cost rate.