

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

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

**Year Ended December 31, 2020**

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

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2020**

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, 2020. 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, 2020 was \$2,404,024. The net position increased by \$220,645, an increase of 10% over the prior year. Of this amount, \$1,637,316 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 \$641,813 for the year ended December 31, 2020. This was an increase of \$11,412 or 2% over the prior year.

Operating expenses for the Authority were \$752,478 for the year ended December 31, 2020. This was an increase of \$51,369 or 7% 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 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, 2020**

**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 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, 2020 is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	FY 2020	FY 2019	Dollar Change	Percent Change
Current and other assets	\$ 1,769,245	\$ 1,486,554	\$ 282,691	19%
Capital assets	1,134,912	1,246,808	(111,896)	-9%
Total Assets	<u>2,904,157</u>	<u>2,733,362</u>	<u>170,795</u>	<u>6%</u>
Current liabilities	66,828	111,335	(44,507)	-40%
Noncurrent liabilities	433,305	438,648	(5,343)	-1%
Total Liabilities	<u>500,133</u>	<u>549,983</u>	<u>(49,850)</u>	<u>-9%</u>
Net Position				
Net investment in capital assets	697,245	803,880	(106,635)	-13%
Restricted	69,463	41,651	27,812	67%
Unrestricted	1,637,316	1,337,848	299,468	22%
Total Net Position	<u>\$ 2,404,024</u>	<u>\$ 2,183,379</u>	<u>\$ 220,645</u>	<u>10%</u>

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**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 \$2,404,024 at the close of the year ended December 31, 2020. This represents an increase of \$220,645 which is an increase of 10% over the prior year and was attributed to operations for the year end December 31, 2020.

Current and other assets increased by \$282,691. This was attributed to operations before depreciation of \$390,033 and offset by funds used for capital improvements of (\$84,625) and debt service payments of (\$25,371) which resulted in a net increase in cash and investments of \$280,037.

Total liabilities decreased by (\$49,850). 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, 2020 was \$1,637,316. 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 \$69,463 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 \$41,040 primarily due to the increase in Federal operating grants of \$31,133 and rental income of \$9,703 or 2%. The increase in rental income was due to occupancy and rent composition from year to year.

HUD operating subsidy for the Authority was \$120,922 for the year ended December 31, 2020. This was a decrease of (\$3,696) from 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 \$210,312 of HUD capital grants for operations compared to \$192,828 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.

The Authority also recognized \$16,665 in CARES Act funding from HUD as a result of COVID-19.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**FINANCIAL ANALYSIS (CONT'D)**

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

	<u>FY 2020</u>	<u>FY 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 596,969	\$ 587,266	\$ 9,703	2%
HUD program contributions	347,899	317,446	30,453	10%
USDA program contributions	40,263	39,583	680	2%
Other	16,362	16,199	163	1%
General revenues				
Interest	3,949	3,908	41	1%
Total Revenues	<u>1,005,442</u>	<u>964,402</u>	<u>41,040</u>	<u>4%</u>
<b>Expenses</b>				
Depreciation	151,000	143,389	7,611	5%
Operating	601,478	557,720	43,758	8%
Interest	31,891	32,294	(403)	-1%
Other nonoperating	428	5,479	(5,051)	-92%
Total Expenses	<u>784,797</u>	<u>738,882</u>	<u>45,915</u>	<u>6%</u>
Changes in Net Position	220,645	225,520	(4,875)	-2%
Beginning Net Position	2,183,379	1,957,859	225,520	
Ending Net Position	<u>\$ 2,404,024</u>	<u>\$ 2,183,379</u>	<u>\$ 220,645</u>	

Operating expenses for the Authority were \$601,478 for the year ended December 31, 2020. This was an increase of \$43,758 or 8% over the prior year. The majority of the increase was in maintenance which increased by \$31,525 and was attributed to unit turnaround and various other projects that vary from year to year.

**OCCUPANCY**

Overall, the Fremont occupancy rate for the year 2020 was 99%.

At Fremont, in 2020 we updated a 2-bedroom apartment, replaced the padding, carpet, and linoleum, repaired cabinets, and painted, while it was vacant.

For the year of 2020, Hillcrest had an occupancy rate of 99%.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2020 were \$1,134,912. 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 9% in terms of net book value. The actual amount to purchase or construct capital assets was \$84,625 for the year. Depreciation charges for the year totaled \$151,000. Additional information on the Authority's capital assets can be found in Note H of the notes to the financial statements of this report.

Capital Improvements made during FY 2020 are as follows:

**Fremont**

Purchased a new 24" Range and installed in another apartment and replaced the filters in all the Range Hoods.

We replaced one new hot water tank in a tenant's apartment.

Updated the smoke alarms in the apartments and the common areas.

We ground all tripping hazards from the sidewalks and re-painted the stripes on the parking lots. We also installed new bollards in the lots and updated the parking signs. Hand railings were reinforced and painted.

We hired a tree service to remove a large Cottonwood tree from the Fremont Grounds and grind the stump.

At the Fremont Laundry Room, we replaced 2 Coin Operated Washing Machines with Pedestals.

We cleaned, repaired, and resealed the roof on the Fremont Mail Room.

We updated or replaced all Attic Foyer Fan motors.

**Hillcrest**

A new Polycarbonate Window was installed at the Lobby for Covid-19 Precautions. Along with taking protective measures, we purchased masks, gloves, posters, disinfectants, and numerous sanitizing materials due to the pandemic.

Capital improvements for 2020 at Hillcrest consisted of Adding 10 New Cameras to the Hik-Vision Security System, along with a Dell Desktop Computer.

We are continuing to install Vinyl Flooring to replace the carpet in many apartments and New Cove Base, and Subfloor if required, as they are vacated.

A new Heat Supply Pump was installed for the Heating System in "A" Building, and we installed new regulators for the "C" Row Boilers. Several apartments required new copper tubing to repair the water line to the heaters.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2020**

**CAPITAL ASSETS (CONT'D)**

For the Laundry Room, we purchased a new Whirlpool Washer and Whirlpool Dryer. New Furniture was purchased for the Foyer Lobbies in "A" Building, along with a new Outdoor Patio Table and Chair Set. The floor of the Ceramics Room was cleaned and painted, along with the walls of the Community Room, Kitchen, and Restrooms.

Electrical Upgrades included new GFI's installed on all Outside Outlets, Laundry Rooms, Community Rooms, and in Apartments as required. Smoke Alarms, Fire Extinguishers, and CO Detectors were also updated. Range Hood Filters in all the apartments were replaced with new screen, motors, and/or fan blades. Interior doors of some apartments were repaired or replaced.

The Hillcrest Garden had a major overhaul to include re-routing the sprinkler heads and line system, removing all ground cover, and replacing with new matting and 40T of pea gravel. This update was in response to erosion as noted by outside inspectors.

The parking lots were painted and re-stripped and we continue to grind all tripping hazards from the sidewalks. Parking signs and outlets were also updated. A new street light wire was bored under the sidewalk along the East side of Hillcrest to the garden to improve lighting.

We repaired several pieces of equipment, which included updating the Kubota RTV Ram Hydraulic Cylinder and replacing the wheel bearings on the Polaris 4-wheeler. On the Walker Mower we replaced the Rectifier and Wiring Harness.

**DEBT ADMINISTRATION**

The Authority has outstanding notes payable of \$437,667, a decrease of (\$5,261). 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, 2020. 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 2021 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 financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2020, and the related notes to the 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 financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these 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 opinion.

### ***Opinion***

In our opinion, the 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, 2020, 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 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 June 24, 2021 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  
June 24, 2021

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**December 31, 2020**

<b>ASSETS</b>	<b>Housing</b>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 1,384,943
Investments	253,499
Accounts receivable, net	879
Due from other governments	3,305
Accrued interest receivable	20
Prepaid items	6,416
Materials inventory, net	2,784
<i>Restricted:</i>	
Cash and cash equivalents	47,936
<b>TOTAL CURRENT ASSETS</b>	<b>1,699,782</b>
 <b>NONCURRENT ASSETS:</b>	
<i>Restricted:</i>	
Cash and cash equivalents	69,463
Capital Assets, non-depreciable	81,150
Capital Assets, depreciable, net	1,053,762
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,204,375</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,904,157</b>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 962
Accrued payroll and benefits	1,071
Accrued compensated absences	11,894
Accrued interest payable	603
Tenant security deposit payable	47,936
Current-portion notes payable	4,362
<b>TOTAL CURRENT LIABILITIES</b>	<b>66,828</b>
 <b>NONCURRENT LIABILITIES:</b>	
Notes payable	433,305
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>433,305</b>
<b>TOTAL LIABILITIES</b>	<b>500,133</b>
 <b>NET POSITION</b>	
Net investment in capital assets	697,245
Restricted, replacement reserve	69,463
Unrestricted	1,637,316
<b>TOTAL NET POSITION</b>	<b>\$ 2,404,024</b>

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, 2020**

		<u>Housing</u>
<b>OPERATING REVENUES</b>		
Rental income	\$	596,969
USDA rental assistance		28,482
Other income		<u>16,362</u>
<b>TOTAL OPERATING REVENUES</b>		<b>641,813</b>
 <b>OPERATING EXPENSES</b>		
Administrative		157,196
Tenant services		9,250
Utilities		115,802
Ordinary maintenance and operations		228,171
General expense		91,059
Depreciation		<u>151,000</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>752,478</u>
<b>OPERATING INCOME (LOSS)</b>		<u>(110,665)</u>
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		120,922
HUD capital grants - operations		210,312
HUD CARES Act		16,665
USDA interest subsidy		11,781
Interest income		3,949
Interest expense		(31,891)
Loss on capital asset dispositions		<u>(428)</u>
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>		<u>331,310</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>		<b>220,645</b>
 <b>NET POSITION:</b>		
Net position, beginning balance		<u>2,183,379</u>
<b>NET POSITION - ENDING BALANCE</b>	<b>\$</b>	<u><u>2,404,024</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2020**

	<b>Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 597,591
USDA rental assistance	27,266
Other receipts	16,362
Tenant security deposits	(996)
Cash payments for goods and services	(336,050)
Cash payments to employees for services	(266,015)
	38,158
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	120,922
HUD capital grants - operations	210,312
HUD CARES Act	16,665
	347,899
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(84,625)
Interest paid on capital debt	(20,110)
Principal paid on capital debt	(5,261)
	(109,996)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
(Deposits) withdrawals to investments	(3,388)
Interest received	3,976
	588
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>276,649</b>
 <b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<b>1,225,693</b>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<b>\$ 1,502,342</b>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended December 31, 2020

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (110,665)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	151,000
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	622
(Increase) decrease in due from other governments	(1,216)
(Increase) decrease in prepaid items	(469)
(Increase) decrease in materials inventory	(1,649)
Increase (decrease) in accounts payable	514
Increase (decrease) in accrued payroll and benefits	(3,667)
Increase (decrease) in tenant security deposits	(996)
Increase (decrease) in accrued leave	<u>4,684</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>38,158</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**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, 2020**

**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, 2020**

**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, 2020**

**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, 2020, the Authority's carrying amount of deposits was \$1,755,751 and the bank balances were \$1,775,102. The Authority had cash on hand of \$90 as of December 31, 2020. 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 \$1,025,102 was covered by the Public Deposit Protection Act.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2020 are as follows:

Tenants	\$	879
Allowance for doubtful accounts		--
	\$	<u>879</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, 2020 is as follows:

Rural Development – rental assistance	\$	<u>3,305</u>
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**NOTE E – PREPAID ITEMS**

A summary of prepaid items as presented in the Statement of Net Position at December 31, 2020 is as follows:

Prepaid insurance	\$	2,991
Other prepaid expenses		3,425
	\$	<u>6,416</u>

**NOTE F – MATERIALS**

The following is a summary of materials inventory as presented in the Statement of Net Position at December 31, 2020:

Inventory supplies	\$	2,784
Allowance for obsolete inventory		--
	\$	<u>2,784</u>

**NOTE G – RESTRICTED ASSETS**

The following is a summary of restricted assets at December 31, 2020:

**Restricted Cash and Cash Equivalents**

Tenant security deposits	\$	47,936
Replacement Reserve		69,463 [1]
	\$	<u>117,399</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, 2020**

**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020
<b>Non-depreciable assets:</b>				
Land	\$ 81,150	\$ -	\$ -	\$ 81,150
Construction in progress	-	-	-	-
<b>Total non-depreciable assets</b>	<u>81,150</u>	<u>-</u>	<u>-</u>	<u>81,150</u>
<b>Depreciable assets</b>				
Buildings	4,648,543	8,859	(2,232)	4,655,170
Equipment - Dwelling	76,236	635	-	76,871
Equipment - Administration	191,967	30,040	(695)	221,312
<b>Total depreciable assets</b>	<u>4,916,746</u>	<u>39,534</u>	<u>(2,927)</u>	<u>4,953,353</u>
<b>Total Capital Assets</b>	<u>4,997,896</u>	<u>39,534</u>	<u>(2,927)</u>	<u>5,034,503</u>
<b>Accumulated depreciation</b>				
Buildings	3,626,493	118,245	(2,232)	3,742,506
Equipment - Dwelling	25,611	7,792	-	33,403
Equipment - Administration	98,984	24,963	(266)	123,681
<b>Total accumulated depreciation</b>	<u>3,751,088</u>	<u>151,000</u>	<u>(2,498)</u>	<u>3,899,590</u>
<b>Depreciable assets, net</b>	<u>1,165,658</u>	<u>(111,466)</u>	<u>(429)</u>	<u>1,053,762</u>
<b>Capital assets, net</b>	<u>\$ 1,246,808</u>	<u>\$ (111,466)</u>	<u>\$ (429)</u>	<u>\$ 1,134,912</u>

**NOTE I – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2020 is as follows:

Vendors and contractors	\$ <u>962</u>
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**NOTE J – LONG-TERM LIABILITIES**

The Authority has Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development. There are two loans on the project, one is dated July 1, 1997 and had an original principal amount of \$370,976 and loan two is dated July 3, 1997 and had an original principal amount of \$128,233. The loans require monthly debt service payments of \$787 and \$272 respectively. The combined outstanding balance as of December 31, 2020 was \$437,667. The loans are secured by the property known as Fremont Apartments and the accounts and revenue of the project.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

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

A summary of changes in Notes payable as of December 31, 2020 is as follows:

Description	Balance 1/1/2020	Principal Retired	Balance 12/31/2020	Within One Year
Rural Development Loan #6	\$ 329,072	\$ (3,916)	\$ 325,156	\$ 1,064
Rural Development Loan #5	113,856	(1,346)	112,510	3,298
Total	<u>\$ 442,928</u>	<u>\$ (5,261)</u>	<u>\$ 437,667</u>	<u>\$ 4,362</u>
		Less current maturities	(4,362)	
		Long-term portion	<u>\$ 433,305</u>	

Fiscal Year	Principal	Interest	Total
2021	\$ 4,362	\$ 8,345	\$ 12,707
2022	4,446	8,262	12,708
2023	4,249	8,459	12,708
2024	4,619	8,089	12,708
2025	4,707	8,000	12,707
2026-2030	24,929	38,610	63,539
2031-2035	27,418	36,121	63,539
2036-2040	30,155	33,384	63,539
2041-2045	33,165	30,373	63,538
2046-2047	299,617	5,687	305,304
Total	<u>\$ 437,667</u>	<u>\$ 185,330</u>	<u>\$ 622,997</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 \$69,463 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, 2020**

**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, 2020, 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.

**NOTE N – SUBSEQUENT EVENTS**

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Authority's operations. Future potential impacts may include disruptions or restrictions on our employees' ability to work or the tenant's ability to pay the required monthly rent. Operating functions that may be changed include intake, recertifications and maintenance. Changes to the operating environment may increase operating costs. Additional impacts may include the ability of tenants to continue making rental payments as a result of job loss or other pandemic related issues. The future effects of these issues are unknown.

**SUPPLEMENTAL INFORMATION-  
PROGRAM FINANCIAL SCHEDULES**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF NET POSITION**  
December 31, 2020

	<u>Public Housing (Hillcrest)</u>	<u>Rural Development (Fremont)</u>	<u>Project Program</u>	<u>Totals</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,317,857	\$ 49,595	\$ 17,491	\$ 1,384,943
Investments	253,499	-	-	253,499
Accounts receivable, net	-	879	-	879
Due from other governments	-	3,305	-	3,305
Accrued interest receivable	20	-	-	20
Prepaid items	4,664	1,752	-	6,416
Materials inventory, net	2,364	420	-	2,784
<i>Restricted:</i>				
Cash and cash equivalents	29,646	18,290	-	47,936
<b>TOTAL CURRENT ASSETS</b>	<u>1,608,050</u>	<u>74,241</u>	<u>17,491</u>	<u>1,699,782</u>
<b>NONCURRENT ASSETS:</b>				
<i>Restricted:</i>				
Cash and cash equivalents	-	69,463	-	69,463
Capital Assets, non-depreciable	21,150	60,000	-	81,150
Capital Assets, depreciable, net	877,807	175,955	-	1,053,762
<b>TOTAL NONCURRENT ASSETS</b>	<u>898,957</u>	<u>305,418</u>	<u>-</u>	<u>1,204,375</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,507,007</u>	<u>\$ 379,659</u>	<u>\$ 17,491</u>	<u>\$ 2,904,157</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 962	\$ -	\$ -	\$ 962
Accrued payroll and benefits	1,032	39	-	1,071
Accrued compensated absences	8,088	3,806	-	11,894
Accrued interest payable	-	603	-	603
Tenant security deposit payable	29,646	18,290	-	47,936
Current-portion notes payable	-	4,362	-	4,362
<b>TOTAL CURRENT LIABILITIES</b>	<u>39,728</u>	<u>27,100</u>	<u>-</u>	<u>66,828</u>
<b>NONCURRENT LIABILITIES:</b>				
Notes payable	-	433,305	-	433,305
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>-</u>	<u>433,305</u>	<u>-</u>	<u>433,305</u>
<b>TOTAL LIABILITIES</b>	<u>39,728</u>	<u>460,405</u>	<u>-</u>	<u>500,133</u>
<b>NET POSITION:</b>				
Net investment in capital assets	898,957	(201,712)	-	697,245
Restricted, replacement reserve	-	69,463	-	69,463
Unrestricted	1,568,322	51,503	17,491	1,637,316
<b>TOTAL NET POSITION</b>	<u>\$ 2,467,279</u>	<u>\$ (80,746)</u>	<u>\$ 17,491</u>	<u>\$ 2,404,024</u>

**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
Year Ended December 31, 2020**

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>OPERATING REVENUES</b>				
Rental income	\$ 393,554	\$ 203,415	\$ -	\$ 596,969
USDA rental assistance	-	28,482	-	28,482
Management fee income	30,592	-	-	30,592
Other income	10,892	5,470	-	16,362
TOTAL OPERATING REVENUES	435,038	237,367	-	672,405
<b>OPERATING EXPENSES</b>				
Administrative	129,756	58,032	-	187,788
Tenant services	9,070	180	-	9,250
Utilities	93,397	22,405	-	115,802
Ordinary maintenance and operations	160,153	68,018	-	228,171
General expense	69,144	21,915	-	91,059
Depreciation	132,742	18,258	-	151,000
TOTAL OPERATING EXPENSES	594,262	188,808	-	783,070
OPERATING INCOME (LOSS)	(159,224)	48,559	-	(110,665)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
HUD operating subsidy	120,922	-	-	120,922
HUD capital grants - operations	210,312	-	-	210,312
HUD CARES Act	16,665	-	-	16,665
USDA interest subsidy	-	11,781	-	11,781
Interest income	3,890	46	13	3,949
Interest expense	-	(31,891)	-	(31,891)
Loss on capital asset dispositions	(428)	-	-	(428)
TOTAL NONOPERATING REVENUES (EXPENSES)	351,361	(20,064)	13	331,310
INCREASE (DECREASE) IN NET POSITION	192,137	28,495	13	220,645
<b>NET POSITION:</b>				
Net position, beginning balance	2,275,142	(109,241)	17,478	2,183,379
NET POSITION - ENDING BALANCE	\$ 2,467,279	\$ (80,746)	\$ 17,491	\$ 2,404,024

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS**  
Year Ended December 31, 2020

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rental receipts	\$ 393,554	\$ 204,037	\$ -	\$ 597,591
USDA rental assistance	-	27,266	-	27,266
Management fee receipts	30,592	-	-	30,592
Other receipts	10,892	5,470	-	16,362
Tenant security deposits	(1,118)	122	-	(996)
Cash payments for goods and services	(261,285)	(105,357)	-	(366,642)
Cash payments to employees for services	(201,691)	(64,324)	-	(266,015)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(29,056)	67,214	-	38,158
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
HUD operating subsidy	120,922	-	-	120,922
HUD capital grants - operations	210,312	-	-	210,312
HUD CARES Act	16,665	-	-	16,665
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	347,899	-	-	347,899
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases and construction of capital assets	(78,087)	(6,538)	-	(84,625)
Interest paid on capital debt	-	(20,110)	-	(20,110)
Principal paid on capital debt	-	(5,261)	-	(5,261)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(78,087)	(31,909)	-	(109,996)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
(Deposits) withdrawals to investments	(3,388)	-	-	(3,388)
Interest received	3,917	46	13	3,976
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	529	46	13	588
NET INCREASE (DECREASE) IN CASH	241,285	35,351	13	276,649
CASH AND CASH EQUIVALENTS-BEGINNING	1,106,218	101,997	17,478	1,225,693
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,347,503	\$ 137,348	\$ 17,491	\$ 1,502,342

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)  
Year Ended December 31, 2020

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (159,224)	\$ 48,559	\$ -	\$ (110,665)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	132,742	18,258	-	151,000
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	-	622	-	622
(Increase) decrease in due from other governments	-	(1,216)	-	(1,216)
(Increase) decrease in prepaid items	(305)	(164)	-	(469)
(Increase) decrease in materials inventory	(1,649)	-	-	(1,649)
Increase (decrease) in accounts payable	532	(18)	-	514
Increase (decrease) in accrued payroll and benefits	(3,219)	(448)	-	(3,667)
Increase (decrease) in tenant security deposits	(1,118)	122	-	(996)
Increase (decrease) in accrued leave	3,185	1,499	-	4,684
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (29,056)	\$ 67,214	\$ -	\$ 38,158

**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: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.416 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,317,857		\$17,491	\$49,595		\$1,384,943		\$1,384,943
113 Cash - Other Restricted				\$69,463		\$69,463		\$69,463
114 Cash - Tenant Security Deposits	\$29,646			\$18,290		\$47,936		\$47,936
100 Total Cash	\$1,347,503	\$0	\$17,491	\$137,348	\$0	\$1,502,342		\$1,502,342
124 Accounts Receivable - Other Government				\$3,305		\$3,305		\$3,305
126 Accounts Receivable - Tenants				\$879		\$879		\$879
126.1 Allowance for Doubtful Accounts - Tenants				\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other				\$0		\$0		\$0
129 Accrued Interest Receivable	\$20					\$20		\$20
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$20	\$0	\$0	\$4,184	\$0	\$4,204		\$4,204
131 Investments - Unrestricted	\$253,499					\$253,499		\$253,499
142 Prepaid Expenses and Other Assets	\$4,664			\$1,752		\$6,416		\$6,416
143 Inventories	\$2,364			\$420		\$2,784		\$2,784
143.1 Allowance for Obsolete Inventories	\$0			\$0		\$0		\$0
160 Total Current Assets	\$1,608,050	\$0	\$17,491	\$143,704	\$0	\$1,769,245		\$1,769,245
161 Land	\$21,150			\$60,000		\$81,150		\$81,150
162 Buildings	\$3,573,092			\$1,082,078		\$4,655,170		\$4,655,170
163 Furniture, Equipment & Machinery - Dwellings	\$59,853			\$8,018		\$78,871		\$78,871
164 Furniture, Equipment & Machinery - Administration	\$211,671			\$9,641		\$221,312		\$221,312
166 Accumulated Depreciation	-\$2,875,809			-\$923,782		-\$3,899,591		-\$3,899,591
160 Total Capital Assets, Net of Accumulated Depreciation	\$698,957	\$0	\$0	\$235,955	\$0	\$1,134,912		\$1,134,912
180 Total Non-Current Assets	\$698,957	\$0	\$0	\$235,955	\$0	\$1,134,912		\$1,134,912
290 Total Assets and Deferred Outflow of Resources	\$2,507,007	\$0	\$17,491	\$379,659	\$0	\$2,904,157		\$2,904,157
312 Accounts Payable <= 90 Days	\$962					\$962		\$962
321 Accrued Wage/Payroll Taxes Payable	\$1,032			\$39		\$1,071		\$1,071
322 Accrued Compensated Absences - Current Portion	\$8,088			\$3,806		\$11,894		\$11,894
325 Accrued Interest Payable				\$603		\$603		\$603
341 Tenant Security Deposits	\$29,646			\$18,290		\$47,936		\$47,936
342 Unearned Revenue				\$0		\$0		\$0
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$4,362		\$4,362		\$4,362
310 Total Current Liabilities	\$39,728	\$0	\$0	\$27,100	\$0	\$66,828		\$66,828
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$433,305		\$433,305		\$433,305
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$433,305	\$0	\$433,305		\$433,305
300 Total Liabilities	\$39,728	\$0	\$0	\$460,405	\$0	\$500,133		\$500,133
508.4 Net Investment in Capital Assets	\$698,957			-\$201,712		\$697,245		\$697,245
511.4 Restricted Net Position				\$69,463		\$69,463		\$69,463
512.4 Unrestricted Net Position	\$1,568,322	\$0	\$17,491	\$51,503	\$0	\$1,637,316		\$1,637,316
513 Total Equity - Net Assets / Position	\$2,467,279	\$0	\$17,491	-\$80,746	\$0	\$2,404,024		\$2,404,024
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,507,007	\$0	\$17,491	\$379,659	\$0	\$2,904,157		\$2,904,157

**FORT MORGAN, CO**  
**Entity Wide Revenue and Expense Summary**

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$361,230			\$190,348		\$551,578		\$551,578
70400 Tenant Revenue - Other	\$32,324			\$13,067		\$45,391		\$45,391
70500 Total Tenant Revenue	\$393,554	\$0	\$0	\$203,415	\$0	\$596,969	\$0	\$596,969
70600 HUD PHA Operating Grants	\$331,234	\$16,665				\$347,899		\$347,899
70800 Other Government Grants				\$11,781	\$28,482	\$40,263		\$40,263
71100 Investment Income - Unrestricted	\$3,890		\$13	\$10		\$3,913		\$3,913
71500 Other Revenue	\$41,484			\$5,470		\$46,954	-\$30,592	\$16,362
71600 Gain or Loss on Sale of Capital Assets	-\$428					-\$428		-\$428
72000 Investment Income - Restricted				\$36		\$36		\$36
70000 Total Revenue	\$769,734	\$16,665	\$13	\$220,712	\$28,482	\$1,035,606	-\$30,592	\$1,005,014
91100 Administrative Salaries	\$81,196			\$16,836		\$98,034		\$98,034
91200 Auditing Fees	\$3,350			\$2,650		\$6,000		\$6,000
91300 Management Fee				\$30,592		\$30,592	-\$30,592	\$0
91400 Advertising and Marketing	\$625			\$294		\$919		\$919
91500 Employee Benefit contributions - Administrative	\$20,054			\$6,918		\$26,972		\$26,972
91600 Office Expenses	\$10,950	\$70		\$291		\$11,311		\$11,311
91800 Travel	\$1,523					\$1,523		\$1,523
91900 Other	\$11,406	\$582		\$449		\$12,437		\$12,437
91000 Total Operating - Administrative	\$129,104	\$652	\$0	\$58,032	\$0	\$187,788	-\$30,592	\$157,196
92100 Tenant Services - Salaries	\$6,498					\$6,498		\$6,498
92300 Employee Benefit Contributions - Tenant Services	\$1,544					\$1,544		\$1,544
92400 Tenant Services - Other	\$1,028			\$180		\$1,208		\$1,208
92500 Total Tenant Services	\$9,070	\$0	\$0	\$180	\$0	\$9,250	\$0	\$9,250
93100 Water	\$33,012			\$15,253		\$48,265		\$48,265
93200 Electricity	\$27,720			\$3,001		\$30,721		\$30,721
93300 Gas	\$15,813					\$15,813		\$15,813
93600 Sewer	\$16,852			\$4,151		\$21,003		\$21,003
93000 Total Utilities	\$93,397	\$0	\$0	\$22,405	\$0	\$115,802	\$0	\$115,802
94100 Ordinary Maintenance and Operations - Labor	\$69,969	\$612		\$28,155		\$98,736		\$98,736
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,381	\$4,479		\$4,965		\$23,825		\$23,825
94300 Ordinary Maintenance and Operations Contracts	\$52,642	\$960		\$23,922		\$77,524		\$77,524
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,110			\$10,976		\$28,086		\$28,086
94000 Total Maintenance	\$154,102	\$6,051	\$0	\$68,018	\$0	\$228,171	\$0	\$228,171
96110 Property Insurance	\$58,261			\$17,649		\$75,910		\$75,910
96120 Liability Insurance	\$1,412			\$665		\$2,077		\$2,077
96130 Workmen's Compensation	\$2,322			\$948		\$3,270		\$3,270
96140 All Other Insurance	\$1,852			\$165		\$2,027		\$2,027
96100 Total Insurance Premiums	\$63,857	\$0	\$0	\$19,427	\$0	\$83,284	\$0	\$83,284
96210 Compensated Absences	\$5,287			\$2,488		\$7,775		\$7,775
96000 Total Other General Expenses	\$5,287	\$0	\$0	\$2,488	\$0	\$7,775	\$0	\$7,775
96710 Interest of Mortgage (or Bonds) Payable				\$31,891		\$31,891		\$31,891
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$31,891	\$0	\$31,891	\$0	\$31,891
96900 Total Operating Expenses	\$454,817	\$6,703	\$0	\$202,441	\$0	\$663,961	-\$30,592	\$633,369
97000 Excess of Operating Revenue over Operating Expenses	\$314,917	\$9,962	\$13	\$18,271	\$28,482	\$371,645	\$0	\$371,645
97400 Depreciation Expense	\$132,742			\$18,258		\$151,000		\$151,000
90000 Total Expenses	\$587,559	\$6,703	\$0	\$220,699	\$0	\$814,961	-\$30,592	\$784,369
10010 Operating Transfer In	\$210,312			\$28,482		\$238,794	-\$238,794	\$0
10020 Operating transfer Out	-\$210,312				-\$28,482	-\$238,794	\$238,794	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$28,482	-\$28,482	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$182,175	\$9,962	\$13	\$28,495	\$0	\$220,645	\$0	\$220,645
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$5,261	\$0	\$5,261		\$5,261
11030 Beginning Equity	\$2,275,142	\$0	\$17,478	-\$109,241	\$0	\$2,183,379		\$2,183,379
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,962	-\$9,962				\$0		\$0
11190 Unit Months Available	1032			480		1512		1512
11210 Number of Unit Months Leased	1025			478		1503		1503
11270 Excess Cash	\$1,523,393					\$1,523,393		\$1,523,393
11620 Building Purchases	\$6,463					\$6,463		\$6,463
11640 Furniture & Equipment - Administrative Purchases	\$26,533					\$26,533		\$26,533

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

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2020

Project: CO011011011 HILLCREST APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$361,230		\$361,230
70400 Tenant Revenue - Other	\$32,324		\$32,324
70500 Total Tenant Revenue	\$393,554	\$0	\$393,554
70600 HUD PHA Operating Grants	\$120,922	\$210,312	\$331,234
71100 Investment Income - Unrestricted	\$3,890		\$3,890
71500 Other Revenue	\$41,484		\$41,484
71600 Gain or Loss on Sale of Capital Assets	-\$428		-\$428
70000 Total Revenue	\$559,422	\$210,312	\$769,734
91100 Administrative Salaries	\$81,196		\$81,196
91200 Auditing Fees	\$3,350		\$3,350
91400 Advertising and Marketing	\$625		\$625
91500 Employee Benefit contributions - Administrative	\$20,054		\$20,054
91600 Office Expenses	\$10,950		\$10,950
91800 Travel	\$1,523		\$1,523
91900 Other	\$11,406		\$11,406
91000 Total Operating - Administrative	\$129,104	\$0	\$129,104
92100 Tenant Services - Salaries	\$6,498		\$6,498
92300 Employee Benefit Contributions - Tenant Services	\$1,544		\$1,544
92400 Tenant Services - Other	\$1,028		\$1,028
92500 Total Tenant Services	\$9,070	\$0	\$9,070
93100 Water	\$33,012		\$33,012
93200 Electricity	\$27,720		\$27,720
93300 Gas	\$15,813		\$15,813
93600 Sewer	\$16,852		\$16,852
93000 Total Utilities	\$93,397	\$0	\$93,397
94100 Ordinary Maintenance and Operations - Labor	\$69,969		\$69,969
94200 Ordinary Maintenance and Operations - Materials and Other	\$14,381		\$14,381
94300 Ordinary Maintenance and Operations Contracts	\$52,642		\$52,642
94500 Employee Benefit Contributions - Ordinary Maintenance	\$17,110		\$17,110
94000 Total Maintenance	\$154,102	\$0	\$154,102
96110 Property Insurance	\$58,261		\$58,261
96120 Liability Insurance	\$1,412		\$1,412
96130 Workmen's Compensation	\$2,322		\$2,322
96140 All Other Insurance	\$1,862		\$1,862
96100 Total Insurance Premiums	\$63,857	\$0	\$63,857
96210 Compensated Absences	\$5,287		\$5,287
96000 Total Other General Expenses	\$5,287	\$0	\$5,287
96900 Total Operating Expenses	\$454,817	\$0	\$454,817
97000 Excess of Operating Revenue over Operating Expenses	\$104,605	\$210,312	\$314,917
97400 Depreciation Expense	\$132,742		\$132,742
90000 Total Expenses	\$587,559	\$0	\$587,559
10010 Operating Transfer In	\$210,312		\$210,312
10020 Operating transfer Out		-\$210,312	-\$210,312
10100 Total Other financing Sources (Uses)	\$210,312	-\$210,312	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$182,175	\$0	\$182,175
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,275,142	\$0	\$2,275,142
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$9,962		\$9,962
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	1025		1025
11270 Excess Cash	\$1,523,393		\$1,523,393
11620 Building Purchases	\$6,463	\$0	\$6,463
11640 Furniture & Equipment - Administrative Purchases	\$26,533	\$0	\$26,533

**SINGLE AUDIT SECTION**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2020**

Federal Grantor	Federal CFDA Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Public and Indian Housing:</b>		
Operating subsidy	14.850	\$ 120,922
CARES Act funding	14.850	16,665
Total Public and Indian Housing		137,587
<b>Capital Funds</b>		
Public Housing Capital Fund	14.872	210,312
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 347,899
 <b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Rural Rental Housing Loan Program:</b>		
Loan balance	10.415	442,928
Interest subsidy	10.415	11,781
		454,709
<b>Rural Rental Housing Assistance Program:</b>		
Rental assistance	10.427	28,482
TOTAL U.S. DEPARTMENT OF AGRICULTURE		483,191
TOTAL FEDERAL AWARDS		\$ 831,090

**Notes to Schedule**

1. The Schedule of Expenditures of Federal Awards includes the federal grant activity for the year ended December 31, 2020 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 \$437,667 under the Rural Rental Housing Loan Program as of December 31, 2020.

**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**

**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 financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2020, and the related notes to the 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 June 24, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 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 financial statements. 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  
June 24, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, 2020. 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 federal statutes, regulations and terms and conditions of its federal awards 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 Authority'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, 2020.

## 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  
June 24, 2021

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2020**

The audit report for the year ended December 31, 2019 contained no findings and no questioned costs.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2020**

**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, 2020.

**Financial Statements:**

- The results of our audit procedures disclosed no material weakness in internal control over financial reporting for the year ended December 31, 2020.
- 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, 2020.

**Federal Awards:**

- We issued an unmodified opinion on compliance for major programs for the fiscal year ended December 31, 2020.
- 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, 2020.
- 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: 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, 2020, the Housing Authority of the City of Fort Morgan, Colorado qualified 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.

**AGREED-UPON PROCEDURE**

### Independent Accountant's Report on Applying Agreed-Upon Procedure

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

We have performed the procedure enumerated in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Fort Morgan, Colorado and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents. The Housing Authority of the City of Fort Morgan, Colorado is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure enumerated below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below:

Procedures	UFRS Rule Information	Hard Copy Document(s)	Finding
1	Balance Sheet and Revenue and Revenue and Expense (account numbers 111 to 13901)	Financial Data Schedule, all CFDA's, if applicable.	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (date element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-50)	Schedule of Findings and Questioned Costs, Part 1 and OMD Data Collection Form.	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

We were engaged to perform an audit in accordance with *2 CFR 200, Subpart F, Audit Requirements* for the Housing Authority of the City of Fort Morgan, Colorado as of and for the year ended December 31, 2020, and have issued our report thereon dated June 24, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Fort Morgan, Colorado's Financial Data Schedule dated June 24, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the Financial Data Schedule, which includes the auditor's report, is available in its entirety from the Housing Authority of the City of Fort Morgan, Colorado. We have not performed any additional auditing procedures since the date of the aforementioned audit report.

This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

*Niewedde & Wiens, CPA's*

York, Nebraska  
June 24, 2021