

LAS ANIMAS / BENT COUNTY HOUSING AUTHORITY

Financial Statements

With Independent Auditor's Report

December 31, 2020

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Las Animas / Bent County Housing Authority
Las Animas / Bent County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, of the Las Animas / Bent County Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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 of the Las Animas / Bent County Housing Authority as of December 31, 2020, 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.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, 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 Las Animas / Bent County Housing Authority's basic financial statements. The combining program schedules, financial data schedule, and schedule of expenditures of federal awards, 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, as listed in the table of contents, are not a required part of the basic financial statements and are presented for purposes of additional analysis.

The *combining program 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 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 *combining financial statement, financial data schedule and schedule of expenditures of federal awards* is 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 September 7, 2021 on our consideration of the Las Animas / Bent 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 Las Animas / Bent County Housing Authority's internal control over financial reporting and compliance.



Longmont, Colorado
September 7, 2021

Management Discussion and Analysis

Management Discussion and Analysis

As management of the Las Animas / Bent County Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2020.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority one proprietary enterprise fund that consists of three housing and grant programs which are described in Note 1 to Financial Statements.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 9 to 16 of this report.

Financial Analysis

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. The Liabilities of the Authority exceeded its assets at the close of the most recent fiscal year by \$135,856.

The largest portion of the Authority's net position is restricted for future uses such as renovation of current assets and funding of housing assistance payments.

Condensed Statement of Net Position

	2020	2019	2018	Increase (Decrease)
ASSETS				
Cash and equivalents	\$ 134,638	\$ 134,349	\$ 149,626	\$ 289
Other current assets	6,626	8,295	10,350	(1,669)
Capital assets	341,985	398,007	475,338	(56,022)
Total Assets	<u>483,249</u>	<u>540,651</u>	<u>635,314</u>	<u>(57,402)</u>
LIABILITIES				
Current liabilities	124,441	114,344	95,275	10,097
Long term liabilities	494,664	549,465	609,235	(54,801)
Total liabilities	<u>619,105</u>	<u>663,809</u>	<u>704,510</u>	<u>(44,704)</u>
NET POSITION				
Net investment in capital assets	(166,585)	(155,101)	(127,379)	(11,484)
Restricted	104,197	105,366	132,517	(1,169)
Unrestricted	(73,468)	(73,423)	(74,334)	(45)
Total Net Position	<u>\$ (135,856)</u>	<u>\$ (123,158)</u>	<u>\$ (69,196)</u>	<u>\$ (12,698)</u>

Current and other assets are increased due to increase in cash. This is primarily a result of timing of payments throughout the year.

Long term liabilities are decreased due to the repayment of long-term debt.

Condensed Statement of Activities

	2020	2019	2018	Increase (Decrease)	% Change
Revenue:					
Operating Revenue	\$ 280,692	\$ 276,325	\$ 301,705	\$ 4,367	1%
Non Operating Revenue	654,224	534,648	565,923	119,576	21%
Interest Income	285	434	391	(149)	-38%
Total Revenue	<u>935,201</u>	<u>811,407</u>	<u>868,019</u>	<u>(56,612)</u>	<u>-7%</u>
Expenses:					
Operating Expenses	306,022	283,274	277,955	22,748	8%
Housing Assistance Payments	621,977	562,619	547,448	59,358	11%
Interest Expense	19,900	19,476	21,229	424	2%
Total Expenses	<u>947,899</u>	<u>865,369</u>	<u>846,632</u>	<u>18,737</u>	<u>2%</u>
Change in Net Position	(12,698)	(53,962)	21,387	41,264	
NetPosition-Beginning	(123,158)	(69,196)	(90,583)	(53,962)	
Net Position-Ending	<u>\$ (135,856)</u>	<u>\$ (123,158)</u>	<u>\$ (69,196)</u>	<u>\$ (12,698)</u>	<u>18%</u>

Operating revenue decreased by 9% due to an increase in vacancy rates. Operating expenses increased by 2% from the prior year due to maintenance of buildings. The Authority had a decrease in net position of \$12,698.

Condensed Statement of Cash Flows

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
Cash from (for) Operating Activities	\$ 61,904	\$ 89,758	\$ 82,445	\$ (27,854)
Cash from Non Capital Financing Activities	32,247	(27,971)	18,475	60,218
Cash from (for) Capital and Related Financing Activities	(94,147)	(77,498)	(70,507)	(16,649)
Cash from (for) Investing Activities	285	434	391	(149)
Increase (Decrease)	<u>289</u>	<u>(15,277)</u>	<u>30,804</u>	<u>15,566</u>
Cash and Cash Equivalents, Beginning of Year	134,349	149,626	118,822	(15,277)
Cash and Cash Equivalents, End of Year	<u>\$ 134,638</u>	<u>\$ 134,349</u>	<u>\$ 149,626</u>	<u>\$ 289</u>

Capital Asset and Debt Administration

Capital Assets. The Authority's net capital assets as of December 31, 2020, amounts to \$341,985 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditure during fiscal year 2020 were \$21,309. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

Long Term Debt

At the end of the year, the Authority had outstanding long-term debt of \$548,883. The only changes in long term debt were the scheduled payments of principal and the addition of the payable to HUD from the restatement of equity. Additional information on the Authority's Long-Term Debt can be found in note 5.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. The Authority is not expected to receive another capital contribution in 2020. It is anticipated that vacancy rates will decrease which will increase rental revenues. The remaining revenues are expected to remain similar as the prior year.

Request for Information

This financial report is designed to provide an overview of the Las Animas/Bent County Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Authority's Executive Director, 326 Prowers Ct, PO Box 247, Las Animas, CO 81054.

Basic Financial Statements

Las Animas / Bent County Housing Authority
Statement of Net Position
December 31, 2020

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$	44,512
Cash security deposits		8,708
Accounts receivable, net		2,049
Escrow accounts		4,577
Cash - restricted		81,418
		141,264

Capital assets

Land		82,007
Buildings		1,734,113
Machinery and equipment		51,647
Less: accumulated depreciation		(1,525,782)
Net Capital Assets		341,985

Total Assets

483,249

LIABILITIES

Current Liabilities

Accounts payable		55,588
Accrued interest		125
Tenant security deposits		8,708
Accrued payroll taxes		5,801
Long term debt - current portion		54,219
Total Current Liabilities		124,441

Long Term Liabilities

Long term debt		494,664
Total Long Term Liabilities		494,664
Total Liabilities		619,105

Net Position

Net investment in capital assets		(166,585)
Restricted for HAP		54,040
Restricted - other		50,157
Unrestricted		(73,468)
Total Net Position		\$ (135,856)

Las Animas / Bent County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
December 31, 2020

Operating Revenues	
Dwelling Rental - Net	\$ 56,895
Rental subsidy	140,188
Administrative fee	77,835
Miscellaneous revenue	<u>5,774</u>
Total Operating Revenues	<u>280,692</u>
 Operating Expenses	
General and Administrative	113,466
Utilities	30,861
Maintenance and Operation	84,364
Depreciation and Amortization	<u>77,331</u>
Total Operating Expenses	<u>306,022</u>
 Operating Income (Loss)	 (25,330)
 Non-Operating Revenues (Expenses)	
HUD Contributions and Grants	654,224
Housing Assistance Payments	(621,977)
Interest Expense	(19,900)
Interest Income	<u>285</u>
Total Non-Operating Revenues (Expenses)	<u>12,632</u>
 Capital Contributions	 -
Change in Net Position	<u>(12,698)</u>
 Net Position, Beginning of Year	 (123,158)
Net Position, End of Year	<u>\$ (135,856)</u>

Las Animas / Bent County Housing Authority
Statement of Cash Flows
December 31, 2020

Cash Flows From Operating Activities:	
Cash Received from Tenants and Subsidies	\$ 281,109
Cash Payments to Tenants and Suppliers	(219,205)
Net Cash (Used) For Operating Activities	61,904
 Cash Flows From Noncapital Financing Activities:	
HUD Contributions and Grants	654,224
Housing Assistance Payments	(621,977)
Net Cash Provided by Non-Capital Financing Activities	32,247
 Cash Flows From Capital and Related Financing Activities:	
Purchase of Property, Plant and Equipment	(21,309)
Repayment of Notes and Mortgage	(52,938)
Interest on Notes and Mortgage	(19,900)
Net Cash Provided (Used) by Capital and Related Financing Activities	(94,147)
 Cash Flows from Investing Activities:	
Interest Income	285
Net Cash Provided by Investing Activities	285
Net increase in Cash and Cash Equivalents	289
Cash and Cash Equivalents, Beginning	134,349
Cash and Cash Equivalents, Ending	\$ 134,638
 Detail of cash and cash equivalents:	
Cash - Unrestricted	44,512
Cash - Security Deposits	8,708
Cash-Restricted	81,418
Total	\$ 134,638
 Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating (Loss)	(25,330)
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation and Amortization	77,331
Changes in Assets and Liabilities:	
Accounts Receivable	2,669
Prepaid Expenses and Escrow	(1,000)
Accounts Payable	10,486
Security Deposits	(2,252)
Net Cash Used for Operating Activities	61,904

Las Animas / Bent County Housing Authority
Notes to the Financial Statements
December 31, 2020

Note 1 Summary of Significant Accounting Policies

The Las Animas / Bent County Housing Authority (the Authority) was established in 1976 by the City of Las Animas, Colorado and Bent County, Colorado. The Authority is operated by a Board of Commissioners.

The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority follows all pronouncements issued by GASB. The more significant of the Authority's policies are described below.

Financial Reporting Entity

The Authority follows the Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Based upon the application of these criteria, no entities will be included in the Authority's reporting entity. The Las Animas / Bent County Housing Authority is not a component unit of any other entities.

Basis of Accounting

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. All assets, deferred inflows, liabilities, deferred outflows associated with the operation of the Authority are included in the statement of net position. The principal operating revenues of the Authority are rental revenues received from tenants and rental subsidies received from government agencies.

The Authority distinguishes operating revenues and expenses from non-operating 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 Authority's enterprises fund is charges for providing low income housing. Operating expenses for the enterprise fund include the cost of providing low income housing, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

The Authority presents its activities as a single enterprise proprietary fund and its primary operations are comprised of a number of grant programs as follows:

State and Local Program accounts for the financial activities associated with 12 houses situated in the City of Las Animas, which were constructed with the bond proceeds.

Rural Development Program accounts for the financial activities associated with 10 Farm Labor Housing Units.

Housing Choice Vouchers Program accounts for the financial activities associated with Section 8 Housing Choice Vouchers.

Deferred Outflows / Inflows of Resources

The Authority implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result, in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Assets, Liabilities and Net Position

Investments - Investments are recorded at fair value, which approximates cost.

Receivables - All receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - These consist of all property, plant and equipment. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	10 - 20 years
Equipment	1 - 20 years

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020**

Note 1 Summary of Significant Accounting Policies (Continued)

Restricted Assets - Certain resources are set restricted for future uses and are classified as restricted cash and cash equivalents on the balance sheet in the amount of \$81,418 because they are restricted by loan covenants or grant requirements. Of this amount \$50,157 is restricted for capital projects in the farm labor program. The Authority receives payments in advance that are designated for housing assistance by the Department of Housing and Urban Development. These amounts are shown as restricted cash on the Statement of Net Position in the amount of \$31,261. At December 31, 2020 the Authority did not have enough cash to cover the restricted fund balance related to the housing choice vouchers.

Short-Term Inter-program Receivables/Payables and Transfers - During the course of operations, transactions may occur between individual programs for the goods provided or services rendered. These receivables and payables are classified as due from other programs or due to other programs on the balance sheet and have been eliminated in the government wide statement of net position. The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The composition of inter program balances is as follows:

Due To:

Due From:

Program	Farm Labor	HUD	State & Local	Total
Farm labor	\$ -	\$ (8,836)	\$ (55,454)	\$ (64,290)
HUD	8,836	-	6,792	15,628
State & Local	55,454	(6,792)	-	48,662
Total	<u>\$ 64,290</u>	<u>\$ (15,628)</u>	<u>\$ (48,662)</u>	<u>\$ -</u>

Net Position – Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net positions are available for future operations or distributions. The Authority utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020

Note 1 Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter total expenditures by fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Authority Board or revised by the Authority Board.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2020, the Authority's cash deposits had a carrying balance of \$134,638 and a corresponding bank balance of \$177,722 all of which was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2020, none of the Authority's bank deposits were exposed to custodial credit risk.

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020**

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The Authority does not have a formal investment policy.

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2020, was comprised of the following:

Program	Subsidy and Other Receivable	Tenants Receivable	Allowance for Bad Debt	Receivable Net of Allowance
State & Local	\$ -	\$ 5,110	\$ (4,960)	\$ 150
HCV	-	-	-	-
Rural Development	905	2,518	(1,524)	1,899
Total	<u>\$ 905</u>	<u>\$ 7,628</u>	<u>\$ (6,484)</u>	<u>\$ 2,049</u>

Note 4 Fixed Assets

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

	Balance at 12/31/2019	Additions	Deletions	Balance at 12/31/2020
Nondepreciable				
Land	\$ 82,007	\$ -	\$ -	\$ 82,007
Total Nondepreciable	<u>82,007</u>	<u>-</u>	<u>-</u>	<u>82,007</u>
Depreciable				
Buildings and improvements	1,712,804	21,309	-	1,734,113
Machinery and equipment	51,647	-	-	51,647
Total Depreciable	<u>1,764,451</u>	<u>21,309</u>	<u>-</u>	<u>1,785,760</u>
TOTAL	<u>1,846,458</u>	<u>21,309</u>	<u>-</u>	<u>1,867,767</u>
Less Accumulated Depreciation	<u>(1,448,451)</u>	<u>(77,331)</u>	<u>-</u>	<u>(1,525,782)</u>
Total Accumulated Depreciation	<u>(1,448,451)</u>	<u>(77,331)</u>	<u>-</u>	<u>(1,525,782)</u>
Net Capital Assets	<u>\$ 398,007</u>	<u>\$ (56,022)</u>	<u>\$ -</u>	<u>\$ 341,985</u>

Depreciation expense charged to business activities for the year ended December 31, 2020 was \$77,331.

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020**

Note 5 Notes Payable

On September 5, 2014 the Authority entered into a promissory note with First National bank of Las Animas totaling \$300,000. The note carries a rate of 5.75% interest requiring the repayment of interest only for the first 12 months and is fully amortized thereafter with a maturity date of September 1, 2028. Out of the note proceeds the Authority paid off the 2009 Series Bonds totaling \$270,288 and used the balance of funds to pay off the sidewalk loan and improvements to the building. The loan is utilized by the State and Local program. The requirements to amortize the bonds outstanding as of December 31, 2020 are as follows:

Year	Principal	Interest	Total
2021	20,569	10,678	31,247
2022	21,784	9,463	31,247
2023	23,070	8,177	31,247
2024	24,432	6,815	31,247
2025	25,874	5,373	31,247
2026-2027	74,915	6,625	81,540
Total	<u>\$ 190,644</u>	<u>\$ 47,131</u>	<u>\$ 237,775</u>

On October 25, 1995, the authority obtained a First Mortgage Construction Loan (“loan”) from Colorado Housing and Finance Authority (CHFA) in the amount of \$159,000 bearing 8% interest rate. The loan proceeds were used to construct the 10 Farm labor units in the Bent County. On March 28, 1997, the loan was converted to a permanent 30-year first mortgage payable monthly with principal and interest beginning May 1, 1997. The rate of interest on loan was 7.5%. The loan is secured by 10 Farm Labor units.

Effective January 1, 2002 CHFA agreed to reduce the interest rate to 6.5 percent. On January 1, 2013 CHFA issued a 6-month forbearance and capitalized the interest from that time period. Regular payments resumed on July 1, 2013 with a maturity date of April 1, 2027. As of December 31, 2020, future payments were as follows:

Year	Principal	Interest	Total
2021	8,790	4,072	12,862
2022	9,378	3,484	12,862
2023	10,006	2,856	12,862
2024	10,676	2,185	12,861
2025	11,391	1,470	12,861
2026-2027	16,384	765	17,149
Total	<u>\$ 66,625</u>	<u>\$ 14,832</u>	<u>\$ 81,457</u>

On October 25, 1995, the Authority obtained a second mortgage loan from United States Department of Agriculture, Farmers Home Administration, in the amount of \$420,200. The loan is secured by second mortgage lien on 10 farm labor housing units and the revenues derived from rents from the property. On September 1, 2020 the Authority entered into a reamortization agreement on the loan which extended its payments until October 1, 2028. The loan has an interest rate of 1% and payments of \$1,477 due monthly. As of December 31, 2020, future payments were as follows:

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020**

Note 5 Long-term Debt (Continued)

Year	Principal	Interest	Total
2021	16,460	1,264	17,724
2022	16,625	1,099	17,724
2023	16,792	932	17,724
2024	16,960	758	17,718
2025	17,131	588	17,719
2026-2028	49,480	1,313	50,793
Total	<u>\$ 133,448</u>	<u>\$ 5,954</u>	<u>\$ 139,402</u>

During 2014 HUD conducted an audit of the Authority's Housing Choice Vouchers program. As a result of this review HUD has determined that funding from prior years designated for housing assistance payments were used for unallowable purposes. On May 28, 2014 the Authority executed a formal repayment agreement with HUD. The Authority is required to repay \$700 per month to the housing choice voucher program until the balance is repaid in full, with payments beginning on July 1, 2014 and the term not to exceed a 15-year period at 0% interest.

Year	Principal	Interest	Total
2021	8,400	-	8,400
2022	8,400	-	8,400
2023	8,400	-	8,400
2024	8,400	-	8,400
2025	6,713	-	6,713
Total	<u>\$ 40,313</u>	<u>\$ -</u>	<u>\$ 40,313</u>

The Authority entered into a note agreement in 2014 in the amount of \$123,822 with Tri County Housing. The proceeds of the note were used to fund operations and repairs and maintenance to the facilities. The note carries an interest rate of 0% and is payable as cash flow becomes available, therefore a schedule of annual payments is not available.

Changes in long term debt for the year ending December 31, 2020 were as follows:

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Amounts Due Within One Year
CHFA	\$ 74,863	\$ -	\$ 8,238	\$ 66,625	\$ 8,790
USDA	149,744	-	16,296	133,448	16,460
First National Bank	211,945	-	21,301	190,644	20,569
HUD	48,713	-	8,400	40,313	8,400
Tri County Housing	116,556	1,297	-	117,853	-
Total Long-term Debt	<u>\$ 601,821</u>	<u>\$ 1,297</u>	<u>\$ 54,235</u>	<u>\$ 548,883</u>	<u>\$ 54,219</u>

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2020

Note 6 Tax, Spending, and Debt Limitation

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations; however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Note 7 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 disaster. These risks are covered by commercial insurance purchased from independent insurance companies. Settled claims for these risks have not exceeded commercial insurance coverage's in the past three years.

Note 8 Claims and Judgments and Subsequent Events

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government.

Other Supplemental Information

Las Animas / Bent County Housing Authority
Combining Schedule of Program Net Position
December 31, 2020

	State & Local	Housing Choice Vouchers	Rural Development	Total
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 27,835	\$ -	\$ 16,677	\$ 44,512
Cash security deposits	6,088	-	2,620	8,708
Accounts receivable, net	150	-	1,899	2,049
Escrow accounts	-	-	4,577	4,577
Due from other programs	55,454	15,628	-	71,082
Cash - restricted	-	31,261	50,157	81,418
Total Current Assets	<u>89,527</u>	<u>46,889</u>	<u>75,930</u>	<u>212,346</u>
Capital assets				
Land	79,007	3,000	-	82,007
Buildings	1,094,359	22,000	617,754	1,734,113
Machinery and equipment	26,674	18,439	6,534	51,647
Less: accumulated depreciation	<u>(916,261)</u>	<u>(29,008)</u>	<u>(580,513)</u>	<u>(1,525,782)</u>
Net Capital Assets	<u>283,779</u>	<u>14,431</u>	<u>43,775</u>	<u>341,985</u>
Total Assets	<u>373,306</u>	<u>61,320</u>	<u>119,705</u>	<u>554,331</u>
LIABILITIES				
Current Liabilities				
Accounts payable	2,019	40,672	12,897	55,588
Accrued interest	-	-	125	125
Tenant security deposits	6,088	-	2,620	8,708
Accrued payroll taxes	5,801	-	-	5,801
Due to other programs	6,791	-	64,291	71,082
Long term debt - current portion	20,569	8,400	25,250	54,219
Total Current Liabilities	<u>41,268</u>	<u>49,072</u>	<u>105,183</u>	<u>195,523</u>
Long Term Liabilities				
Long term debt	287,928	31,913	174,823	494,664
Total Long Term Liabilities	<u>287,928</u>	<u>31,913</u>	<u>174,823</u>	<u>494,664</u>
Total Liabilities	<u>329,196</u>	<u>80,985</u>	<u>280,006</u>	<u>690,187</u>
Net Position				
Net investment in capital assets	(24,718)	14,431	(156,298)	(166,585)
Restricted for HAP	-	54,040	-	54,040
Restricted - other	-	-	50,157	50,157
Unrestricted	68,828	(88,136)	(54,160)	(73,468)
Total Net Position	<u>\$ 44,110</u>	<u>\$ (19,665)</u>	<u>\$ (160,301)</u>	<u>\$ (135,856)</u>

Las Animas / Bent County Housing Authority
Combining Schedule of Program Revenues, Expenses and Changes in Net Position
December 31, 2020

	State & Local	Housing Choice Vouchers	Rural Development	Total
Operating Revenues				
Dwelling Rental - Net	\$ 42,894	\$ -	\$ 14,001	\$ 56,895
Rental Subsidy	85,584	-	54,604	140,188
Administrative Fee	-	77,835	-	77,835
Miscellaneous Revenue	790	1,180	3,804	5,774
Total Operating Revenues	<u>129,268</u>	<u>79,015</u>	<u>72,409</u>	<u>280,692</u>
Operating Expenses				
General and Administrative	26,053	63,146	24,267	113,466
Utilities	15,420	2,904	12,537	30,861
Maintenance and Operation	30,718	18,744	34,902	84,364
Depreciation and Amortization	54,678	564	22,089	77,331
Total Operating Expenses	<u>126,869</u>	<u>85,358</u>	<u>93,795</u>	<u>306,022</u>
Operating Income (Loss)	2,399	(6,343)	(21,386)	(25,330)
Non-Operating Revenues (Expenses)				
HUD Contributions and Grants	-	654,224	-	654,224
Housing Assistance Payments	-	(621,977)	-	(621,977)
Interest Expense	(13,854)	-	(6,046)	(19,900)
Interest Income	95	7	183	285
Total Non-Operating Revenues (Expenses)	<u>(13,759)</u>	<u>32,254</u>	<u>(5,863)</u>	<u>12,632</u>
Change in Net Position	<u>(11,360)</u>	<u>25,911</u>	<u>(27,249)</u>	<u>(12,698)</u>
Net Position, Beginning of Year	55,470	(45,576)	(133,052)	(123,158)
Net Position, End of Year	<u>\$ 44,110</u>	<u>\$ (19,665)</u>	<u>\$ (160,301)</u>	<u>\$ (135,856)</u>

SINGLE AUDIT SECTION

Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners

Las Animas / Bent County Housing Authority

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 as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Las Animas / Bent County Housing Authority's basic financial statements, and have issued our report thereon dated September 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Las Animas / Bent 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 Las Animas / Bent County Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Las Animas / Bent 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Las Animas / Bent 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. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "G. & Associates LLP". The signature is written in black ink and is positioned above the typed name and date.

Longmont, Colorado
September 7, 2021

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE UNIFORM GUIDANCE

To the Board of Commissioners
Las Animas / Bent County Housing Authority

Report on Compliance for Each Major Federal Program

We have audited Las Animas / Bent 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 Las Animas / Bent County Housing Authority's major federal programs for the year ended December 31, 2020. Las Animas / Bent 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 federal statutes, regulations and the 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 Las Animas / Bent 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 Las Animas / Bent 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 Las Animas / Bent County Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Las Animas / Bent 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, 2020.

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Report on Internal Control Over Compliance

Management of Las Animas / Bent 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 Las Animas / Bent 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 Las Animas / Bent 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.

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. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Longmont, Colorado
September 7, 2021

**Las Animas / Bent County Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Award Expenditures
U.S. Department of Housing and Urban Development (HUD)		
Housing Choice Vouchers	14.871	\$ 699,811
Cares Act	14.HCC	12,531
Total HUD		<u>712,342</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	54,604
Rural Development Loan	10.415	149,745
Total U.S. Department of Agriculture		<u>204,349</u>
Total Federal Awards Expended		<u><u>\$ 916,691</u></u>

There were no federal awards passed through to sub recipients in the current year.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Las Animas / Bent County Housing Authority. All federal financial assistance received by the reporting entity directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

Basis of presentation

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 basic financial statements. Federal financial assistance provided to sub recipients is treated as an expenditure when it is paid to the sub recipient.

Las Animas / Bent County Housing Authority uses the de minimis indirect cost rate of 10%.

**Las Animas / Bent County Housing Authority
Schedule of Findings and Questioned Costs
December 31, 2020**

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

Noncompliance material to financial

- statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

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

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

Identification of major programs:

Housing Choice Vouchers 14.871

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

Audited qualified as low-risk audited? Yes No

Current Year Findings:

None

Prior Year Findings:

None