

ROCKY FORD HOUSING AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

ROCKY FORD HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Rocky Ford Housing Authority

We have audited the accompanying financial statements of the business-type activities and each major fund of the Rocky Ford Housing Authority, as of and for the years ended December 31, 2020 and 2019, 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.

Auditors' 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 respective financial position of the business-type activities and each major fund of the Rocky Ford Housing Authority, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 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 Rocky Ford Housing Authority's basic financial statements. The financial data schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The financial data schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial data schedule 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 March 24, 2021 on our consideration of the Rocky Ford 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 the effectiveness of the Rocky Ford Housing Authority'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 Rocky Ford Housing Authority's internal control over financial reporting and compliance.

Hancock Froese & Company LLC

Hancock Froese & Company LLC

March 24, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROCKY FORD HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2020

The following is a narrative overview and analysis of Rocky Ford Housing Authority's (the "Authority") financial activities for the year ended December 31, 2020. Please read it in conjunction with the Authority's financial statements.

FINANCIAL HIGHLIGHTS

- Total net position increased by \$74,438 from the prior year. This increase is due to an increase in operating revenues and non-operating revenues and operating expenses remaining relatively constant.
- The assets of the Authority exceeded liabilities at December 31, 2020 by \$923,979 (net position). Of this amount, \$467,313 (unrestricted net position) may be used to meet ongoing obligation, \$442,657 is the net investment in capital assets, and \$14,009 is restricted to meet future obligations.
- Net capital assets decreased due to current year depreciation. No additions or disposals were noted in 2020. As of December 31, 2020, net capital assets were \$442,657 a decrease of \$48,107 from the prior year.
- Total liabilities decreased by \$9,940 from the prior year due to the decrease in accounts payable.
- Operating revenues increased by \$79,398 in comparison to the prior year due to an increase in government rent subsidy payments.
- Operating expenses increased by \$27,276 in comparison to the prior year. An increase in salary and employee benefits contributed to the variance.
- Non-operating revenues, net of non-operating expenses, increased by \$889. This increase is due to the increase in miscellaneous income.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The statement of net position presents the Authority's total assets and total liabilities at the end of the year. The difference between the two is reported as net position, which represents the Authority's ownership interest, or net worth, in its total assets as opposed to the creditor's interest (total liabilities). Over time, increases or decreases in net position is a useful indicator as to whether the Authority's financial health is improving or deteriorating.

The statement of activities shows how the Authority's net position changed during the calendar year. All changes in the net position are reported on the accrual basis of accounting, which reports the event as it occurs, rather than when the cash changes hands (cash basis of accounting).

The statement of cash flows reports how the Authority's cash and cash equivalents increased or decreased during the year. The statement shows how cash and cash equivalents were provided by and used in the Authority's operating, non-capital financing, capital and related financing, and investing activities. The net increase or decrease in the Authority's cash and cash equivalents is added to or subtracted from the balance at the beginning of the year to arrive at the cash and cash equivalents balance at the end of the year. These statements are presented on a cash basis and only present cash receipts and cash disbursement information.

The notes to the financial statements are an integral part of the financial statements, disclosing information which is essential to a full understanding of the statements.

FINANCIAL ANALYSIS

The financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The current year financial statements reflect that the Authority has incurred an operating income in providing essential services. In 2020, the net position increased by \$74,438 and in 2019 the net position increased by \$21,427 due to normal operating and non-operating activities. Below is a summary of changes in assets and liabilities and net position.

FINANCIAL ANALYSIS (Continued)

Summary of Net Position:

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 498,000	\$ 401,573
Restricted Cash	39,541	23,363
Capital Assets	<u>442,657</u>	<u>490,764</u>
Total Assets	<u>\$ 980,198</u>	<u>\$ 915,700</u>
Current Liabilities	<u>\$ 56,219</u>	<u>\$ 66,159</u>
Net Position		
Net Investment in Capital Assets	442,657	490,764
Restricted	14,009	-
Unrestricted	<u>467,313</u>	<u>358,777</u>
Total Net Position	<u>923,979</u>	<u>849,541</u>
Total Liabilities & Net Position	<u>\$ 980,198</u>	<u>\$ 915,700</u>

The Authority's total assets exceeded total liabilities by \$923,979 as of December 31, 2020 compared to \$849,541 as of December 31, 2019. Of this amount \$442,657 is the net investment in capital assets, \$14,009 restricted for future expenses and \$467,313 is unrestricted and may be used to meet ongoing obligations.

The Authority's increase in total assets of \$64,498 and a decrease in total liabilities of \$9,940 resulted in a net position increase of \$74,438, for the year ended December 31, 2020. The increase in assets and decrease in liabilities was caused by normal operations.

Summary of Activities:

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Rent	\$ 390,906	\$ 354,054
Government Subsidy	615,112	572,566
Total Operating Revenues	<u>1,006,018</u>	<u>926,620</u>
Operating Expenses		
Administrative	741,334	719,189
Depreciation	48,107	48,382
Assistance Payments	<u>158,342</u>	<u>152,936</u>
Total Operating Expenses	<u>947,783</u>	<u>920,507</u>
Operating Income (Loss)	58,235	6,113
Non-Operating Revenues (Expenses)	<u>16,203</u>	<u>15,314</u>
Change in Net Position	74,438	21,427
Net Position January 1	<u>849,541</u>	<u>828,114</u>
Net Position December 31	<u>\$ 923,979</u>	<u>\$ 849,541</u>

The operating revenues for 2020 increased by \$79,398 compared to 2019. The increase is primarily due to an increase in subsidy payments received as well as the increase in monthly rent charged on nonsubsidized units when compared to the prior year.

The operating expenses increased by \$27,276 compared to 2019. This is primarily due to an increase in salary expense, employee benefits and housing assistance payments.

FINANCIAL ANALYSIS (Continued)

The non-operating revenues (expenses) consists of interest earned on the cash equivalents as well as cable TV, laundry and other miscellaneous revenues.

Summary of Cash Flows:

	<u>2020</u>	<u>2019</u>
Cash Flows From (Used In) Operations	\$ 90,162	\$ 64,626
Cash Flows Used In Capital and Financing	2,169	1,353
Cash Flows From Investing	<u>16,203</u>	<u>15,314</u>
Net Change in Cash/Restricted Cash	108,534	81,293
Cash/Restricted Cash - Beginning	<u>420,129</u>	<u>338,836</u>
Cash/Restricted Cash - Ending	<u>\$ 528,663</u>	<u>\$ 420,129</u>

The cash flows used in capital and related financing activities are for the changes in security deposits by tenants.

The difference between cash flows from operations and operating income is due to depreciation a non-cash expense.

The ending cash balance includes the restricted cash accounts.

Capital Assets

Capital Assets mainly include the costs involved in constructing buildings for tenants and the land purchased. The Capital Assets less depreciation was \$442,657 as of December 31, 2020.

CONTACTING THE AUTHORITY

This financial report is designed to provide those interested with a general overview of the Authority's finances and accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Authority at 702 Sandia Drive, Rocky Ford, Colorado 81067, or telephone at 719-254-6902.

BASIC FINANCIAL STATEMENTS

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF NET POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 489,122	\$ 396,766
Accounts receivable - tenants	2,866	75
Inventory	4,820	3,488
Prepays	<u>1,192</u>	<u>1,244</u>
TOTAL CURRENT ASSETS	<u>498,000</u>	<u>401,573</u>
NONCURRENT ASSETS		
Restricted cash	<u>39,541</u>	<u>23,363</u>
PROPERTY AND EQUIPMENT		
Land	159,200	159,200
Buildings and equipment	2,651,109	2,651,109
Accumulated depreciation	<u>(2,367,652)</u>	<u>(2,319,545)</u>
NET PROPERTY AND EQUIPMENT	<u>442,657</u>	<u>490,764</u>
TOTAL ASSETS	<u><u>\$ 980,198</u></u>	<u><u>\$ 915,700</u></u>
CURRENT LIABILITIES		
Accounts payable	\$ 26,859	\$ 38,740
Accrued expenses	3,828	3,321
Security deposits	25,532	23,363
Unearned revenue	<u>-</u>	<u>735</u>
TOTAL CURRENT LIABILITIES	<u>56,219</u>	<u>66,159</u>
NET POSITION		
Net investment in capital assets	442,657	490,764
Restricted for future expenses	14,009	-
Unrestricted	<u>467,313</u>	<u>358,777</u>
TOTAL NET POSITION	<u>923,979</u>	<u>849,541</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 980,198</u></u>	<u><u>\$ 915,700</u></u>

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Rent	\$ 390,906	\$ 354,054
Government rent - subsidy	615,112	572,566
	<u>1,006,018</u>	<u>926,620</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Salary - administrative	141,497	125,119
Salary - other	97,099	96,876
Utilities	271,877	273,403
Repairs and maintenance	90,881	91,138
Office expense	5,485	6,516
Property insurance	36,755	33,614
Payments in lieu of taxes	15,960	15,960
Professional fees	20,200	22,251
Employee benefits	56,876	50,945
Other	4,704	3,367
Depreciation	48,107	48,382
Assistance payments	158,342	152,936
	<u>947,783</u>	<u>920,507</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME (LOSS)	<u>58,235</u>	<u>6,113</u>
NON OPERATING REVENUES (EXPENSES)		
Interest income	1,225	1,259
Other	14,978	14,055
	<u>16,203</u>	<u>15,314</u>
TOTAL NON OPERATING REVENUES (EXPENSES)		
CHANGE IN NET POSITION	74,438	21,427
NET POSITION - JANUARY 1	<u>849,541</u>	<u>828,114</u>
NET POSITION - DECEMBER 31	<u>\$ 923,979</u>	<u>\$ 849,541</u>

ROCKY FORD HOUSING AUTHORITY

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rentals	\$ 1,002,492	\$ 928,944
Cash payment to suppliers for goods and services	(658,281)	(626,556)
Cash payments to employees for services	(238,089)	(221,802)
Payment in lieu of taxes	(15,960)	(15,960)
	<u>90,162</u>	<u>64,626</u>
NET CHANGE IN CASH FOR OPERATING ACTIVITIES		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Security deposits	<u>2,169</u>	<u>1,353</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on savings and other	<u>16,203</u>	<u>15,314</u>
NET CHANGE IN CASH AND RESTRICTED CASH	108,534	81,293
CASH BEGINNING OF YEAR - INCLUDING RESTRICTED CASH	<u>420,129</u>	<u>338,836</u>
CASH END OF YEAR - INCLUDING RESTRICTED CASH	<u>\$ 528,663</u>	<u>\$ 420,129</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED FOR OPERATING ACTIVITIES		
Operating income (loss)	\$ 58,235	\$ 6,113
Adjustments to reconcile operating income (loss) to net cash provided for operating activities		
Depreciation	48,107	48,382
Change in assets and liabilities:		
Accounts receivable	(2,791)	2,241
Inventories and prepaids	(1,280)	(607)
Accounts payable	(11,881)	8,221
Unearned revenue	(735)	83
Accrued expenses	507	193
NET CHANGE IN CASH FOR OPERATING ACTIVITIES	<u>\$ 90,162</u>	<u>\$ 64,626</u>

NOTES TO FINANCIAL STATEMENTS

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE -1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Rocky Ford Housing Authority (the "Authority") provides low-income housing to farm laborers, rural inhabitants and the elderly in the Rocky Ford, Colorado area. Approximately 70% of the tenants receive assistance payments from the federal government for the difference in the fair market value of the rentals and their individual income levels.

Accounting Policies

The accounting policies of the Rocky Ford Housing Authority conform to governmental accounting principles generally accepted in the United States.

The Authority is accounted for as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through users charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, management control, accountability, or other purposes. Enterprise funds are accounted for using accrual basis of accounting; revenues are recognized when earned, and expenses are recognized when incurred. The enterprise fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is charges to tenants and government subsidized rent. Operating expenses for the enterprise fund include the cost of rent and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Program revenues consist of government subsidized rent from the Section 8 Housing Choice Vouchers Program and the Section 8 Housing Assistance Payments Program.

The Authority does not have any indirect expenses. Direct expenses are those that are clearly identifiable with a specific function or segment.

Reporting Entity

The Rocky Ford Housing Authority is governed by a five-member board affirmed by the council of the City of Rocky Ford. The Authority provides housing to certain qualified residents and is principally funded through Federal grants and rental charges. Because these appointments are administrative in nature and control over the organization is at the Federal Government level, the Authority is treated as a related organization of the City of Rocky Ford rather than a component unit. Currently no component units have been included in the Authority's reporting entity because of a lack of operational relationships or financial accountability to the Authority.

Budgets

The Rocky Ford Housing Authority is not legally required to adopt budgets nor are there legal requirements to hold public hearings. However, the Authority adopts budgets for administrative controls. The budgets are not compatible with the GAAP financial presentation included in this report. Therefore, the budgetary data is not included in the financial statements. All annual appropriations lapse at fiscal year-end. The Authority does not use encumbrance accounting procedures.

Cash and Cash Equivalents

The Authority's cash and cash equivalents are represented by cash on hand as well as demand deposits and certificate of deposits held in banks. For purposes of the statement of cash flows, the Authority considers all certificates of deposit to be cash equivalents.

Restricted Cash

Restricted cash accounts are maintained to account for resources to repay tenant security deposits and to account for overfunded Housing Assistance Payments, if applicable.

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE -1 NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The inventory of appliances and supplies is reported at cost, using the first-in, first-out method.

Property and Equipment

Property and equipment is stated at cost. Depreciation is determined using the straight-line method based on the estimated useful lives of three to twenty-five years for equipment and fifty years for buildings. The capitalization limit is \$5,000.

Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments are generally capitalized. Gains or losses due to disposal are charged or credited to income.

Net Position

In the proprietary financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

Use of Estimates

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

NOTE -2 DEPOSITS

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial credit risk is 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. The following discloses the credit risk of the Authority.

At December 31, 2020, the Rocky Ford Housing Authority cash deposits had a bank balance of \$540,369 and a corresponding carrying balance as follows:

Insured deposits	<u>\$ 528,663</u>
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The following is a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of net position that sum to the total of the same such amounts shown in the statement of cash flows:

Cash	\$ 496,122
Restricted cash	<u>39,541</u>
Total	<u>\$ 528,663</u>

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE -3 PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2020, is as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Business-Type Activities:				
Capital assets, not being depreciated				
Land	\$ 159,200	\$ -	\$ -	\$ 159,200
Capital assets being depreciated				
Buildings	2,355,066	-	-	2,355,066
Equipment	296,043	-	-	296,043
Less accumulated depreciation for buildings & equipment	<u>(2,319,545)</u>	<u>(48,107)</u>	<u>-</u>	<u>(2,367,652)</u>
TOTAL	<u>\$ 490,764</u>	<u>\$ (48,107)</u>	<u>\$ -</u>	<u>\$ 442,657</u>

For the year ending December 31, 2020, the total amount of depreciation charged to expense was \$48,107.

NOTE -4 CONTINGENT LIABILITIES

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 or claims which may be disallowed by the grantor cannot be determined at this time although the Rocky Ford Housing Authority expects such amounts, if any, to be immaterial.

NOTE -5 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. The Authority manages its risk by purchasing commercial insurance for all risks of loss, including health insurance for its employees. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE -6 GENERAL INFORMATION

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 governments for years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Authority believes that it is exempt from the provisions of TABOR because it qualifies as an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenues from state and local government grants) as defined by in the constitutional amendment.

Additionally, the Board believes that 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.

ROCKY FORD HOUSING AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

NOTE -7 INCOME TAXES

The Authority is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Authority's tax-exempt purpose is subject to taxation as unrelated business income.

The Authority adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Authority has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Authority believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Authority's financial condition, results of operations or cash flows. Accordingly, the Authority has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions as of December 31, 2020.

The Authority is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE -8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated. As a result of the continuing spread of COVID-19 coronavirus, economic uncertainties exist which are likely to negatively impact revenues related to unsubsidized rental income. Other financial impact could occur though such potential impact is unknown at this time.

**INDEPENDENT AUDITORS' 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***

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Rocky Ford 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, and each major fund, and the aggregate remaining fund information of the Rocky Ford Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Rocky Ford Housing Authority's basic financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rocky Ford 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 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.

Hancock Froese & Company LLC

Hancock Froese & Company LLC

March 24, 2021

FINANCIAL DATA SCHEDULE

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
111 Cash - Unrestricted	\$281,577		\$207,545		\$489,122
112 Cash - Restricted - Modernization and Development					
113 Cash - Other Restricted		\$14,009		\$0	\$14,009
114 Cash - Tenant Security Deposits	\$5,452		\$20,080		\$25,532
115 Cash - Restricted for Payment of Current Liabilities					
100 Total Cash	\$287,029	\$14,009	\$227,625	\$0	\$528,663
121 Accounts Receivable - PHA Projects					
122 Accounts Receivable - HUD Other Projects					
124 Accounts Receivable - Other Government					
125 Accounts Receivable - Miscellaneous					
126 Accounts Receivable - Tenants	\$1,824		\$1,042		\$2,866
126.1 Allowance for Doubtful Accounts -Tenants	\$0		\$0		\$0
126.2 Allowance for Doubtful Accounts - Other					
127 Notes, Loans, & Mortgages Receivable - Current					
128 Fraud Recovery					
128.1 Allowance for Doubtful Accounts - Fraud					
129 Accrued Interest Receivable					
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,824	\$0	\$1,042	\$0	\$2,866
131 Investments - Unrestricted					
132 Investments - Restricted					
135 Investments - Restricted for Payment of Current Liability					
142 Prepaid Expenses and Other Assets			\$1,192		\$1,192
143 Inventories			\$4,820		\$4,820

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
143.1 Allowance for Obsolete Inventories			\$0		\$0
144 Inter Program Due From					
145 Assets Held for Sale					
150 Total Current Assets	\$288,853	\$14,009	\$234,679	\$0	\$537,541
161 Land					
162 Buildings			\$2,810,309		\$2,810,309
163 Furniture, Equipment & Machinery - Dwellings					
164 Furniture, Equipment & Machinery - Administration					
165 Leasehold Improvements					
166 Accumulated Depreciation			-\$2,367,652		-\$2,367,652
167 Construction in Progress					
168 Infrastructure					
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$442,657	\$0	\$442,657
171 Notes, Loans and Mortgages Receivable - Non-Current					
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					
173 Grants Receivable - Non Current					
174 Other Assets					
176 Investments in Joint Ventures					
180 Total Non-Current Assets	\$0	\$0	\$442,657	\$0	\$442,657
200 Deferred Outflow of Resources					
290 Total Assets and Deferred Outflow of Resources	\$288,853	\$14,009	\$677,336	\$0	\$980,198

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
311 Bank Overdraft					
312 Accounts Payable <= 90 Days			\$26,859		\$26,859
313 Accounts Payable >90 Days Past Due					
321 Accrued Wage/Payroll Taxes Payable			\$3,828		\$3,828
322 Accrued Compensated Absences - Current Portion					
324 Accrued Contingency Liability					
325 Accrued Interest Payable					
331 Accounts Payable - HUD PHA Programs					
332 Account Payable - PHA Projects					
333 Accounts Payable - Other Government					
341 Tenant Security Deposits	\$5,452		\$20,080		\$25,532
342 Unearned Revenue				\$0	\$0
343 Current Portion of Long-term Debt - Capital					
344 Current Portion of Long-term Debt - Operating Borrowings					
345 Other Current Liabilities					
346 Accrued Liabilities - Other					
347 Inter Program - Due To					
348 Loan Liability - Current					
310 Total Current Liabilities	\$5,452	\$0	\$50,767	\$0	\$56,219
351 Long-term Debt, Net of Current - Capital Projects/Mortgage					
352 Long-term Debt, Net of Current - Operating Borrowings					
353 Non-current Liabilities - Other					
354 Accrued Compensated Absences - Non Current					
355 Loan Liability - Non Current					
356 FASB 5 Liabilities					

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Balance Sheet Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
357 Accrued Pension and OPEB Liabilities					
350 Total Non-Current Liabilities	\$0	\$0	\$0	\$0	\$0
300 Total Liabilities	\$5,452	\$0	\$50,767	\$0	\$56,219
400 Deferred Inflow of Resources					
508.4 Net Investment in Capital Assets			\$442,657		\$442,657
511.4 Restricted Net Position		\$14,009		\$0	\$14,009
512.4 Unrestricted Net Position	\$283,401	\$0	\$183,912	\$0	\$467,313
513 Total Equity - Net Assets / Position	\$283,401	\$14,009	\$626,569	\$0	\$923,979
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$288,853	\$14,009	\$677,336	\$0	\$980,198

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
70300 Net Tenant Rental Revenue	\$248,758		\$584,067		\$832,825
70400 Tenant Revenue - Other					
70500 Total Tenant Revenue	\$248,758	\$0	\$584,067	\$0	\$832,825
70600 HUD PHA Operating Grants	\$404,122	\$198,836		\$12,154	\$615,112
70610 Capital Grants					
70710 Management Fee					
70720 Asset Management Fee					
70730 Book Keeping Fee					
70740 Front Line Service Fee					
70750 Other Fees					
70700 Total Fee Revenue					
70800 Other Government Grants					
71100 Investment Income - Unrestricted	\$1,108	\$30	\$88		\$1,226
71200 Mortgage Interest Income					
71300 Proceeds from Disposition of Assets Held for Sale					
71310 Cost of Sale of Assets					
71400 Fraud Recovery					
71500 Other Revenue			\$14,978		\$14,978
71600 Gain or Loss on Sale of Capital Assets					
72000 Investment Income - Restricted					
70000 Total Revenue	\$653,988	\$198,866	\$599,133	\$12,154	\$1,464,141
91100 Administrative Salaries	\$45,961	\$35,614	\$47,768	\$12,154	\$141,497

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
91200 Auditing Fees	\$3,800	\$2,250	\$7,550		\$13,600
91300 Management Fee					
91310 Book-keeping Fee	\$1,296	\$2,304	\$3,000		\$6,600
91400 Advertising and Marketing					
91500 Employee Benefit contributions - Administrative	\$11,840	\$7,720	\$12,305		\$31,865
91600 Office Expenses			\$5,485		\$5,485
91700 Legal Expense					
91800 Travel					
91810 Allocated Overhead					
91900 Other			\$4,704		\$4,704
91000 Total Operating - Administrative	\$62,897	\$47,888	\$80,812	\$12,154	\$203,751
92000 Asset Management Fee					
92100 Tenant Services - Salaries	\$61,790		\$35,309		\$97,099
92200 Relocation Costs					
92300 Employee Benefit Contributions - Tenant Services	\$15,917		\$9,095		\$25,012
92400 Tenant Services - Other					
92500 Total Tenant Services	\$77,707	\$0	\$44,404	\$0	\$122,111
93100 Water			\$104,624		\$104,624
93200 Electricity			\$114,115		\$114,115
93300 Gas			\$33,391		\$33,391
93400 Fuel					
93500 Labor					
93600 Sewer					
93700 Employee Benefit Contributions - Utilities					

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
93800 Other Utilities Expense			\$19,747		\$19,747
93000 Total Utilities	\$0	\$0	\$271,877	\$0	\$271,877
94100 Ordinary Maintenance and Operations - Labor					
94200 Ordinary Maintenance and Operations - Materials and			\$90,881		\$90,881
94300 Ordinary Maintenance and Operations Contracts					
94500 Employee Benefit Contributions - Ordinary Maintenance					
94000 Total Maintenance	\$0	\$0	\$90,881	\$0	\$90,881
95100 Protective Services - Labor					
95200 Protective Services - Other Contract Costs					
95300 Protective Services - Other					
95500 Employee Benefit Contributions - Protective Services					
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance			\$36,755		\$36,755
96120 Liability Insurance					
96130 Workmen's Compensation					
96140 All Other Insurance					
96100 Total insurance Premiums	\$0	\$0	\$36,755	\$0	\$36,755
96200 Other General Expenses					
96210 Compensated Absences					
96300 Payments in Lieu of Taxes			\$15,960		\$15,960
96400 Bad debt - Tenant Rents					
96500 Bad debt - Mortgages					

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
96600 Bad debt - Other					
96800 Severance Expense					
96000 Total Other General Expenses	\$0	\$0	\$15,960	\$0	\$15,960
96710 Interest of Mortgage (or Bonds) Payable					
96720 Interest on Notes Payable (Short and Long Term)					
96730 Amortization of Bond Issue Costs					
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$0	\$0
96900 Total Operating Expenses	\$140,604	\$47,888	\$540,689	\$12,154	\$741,335
97000 Excess of Operating Revenue over Operating Expenses	\$513,384	\$150,978	\$58,444	\$0	\$722,806
97100 Extraordinary Maintenance					
97200 Casualty Losses - Non-capitalized					
97300 Housing Assistance Payments	\$441,919	\$158,342			\$600,261
97350 HAP Portability-In					
97400 Depreciation Expense			\$48,107		\$48,107
97500 Fraud Losses					
97600 Capital Outlays - Governmental Funds					
97700 Debt Principal Payment - Governmental Funds					
97800 Dwelling Units Rent Expense					
90000 Total Expenses	\$582,523	\$206,230	\$588,796	\$12,154	\$1,389,703
10010 Operating Transfer In	\$0	\$21,373			\$21,373
10020 Operating transfer Out	\$0		-\$21,373		-\$21,373

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
10030 Operating Transfers from/to Primary Government					
10040 Operating Transfers from/to Component Unit					
10050 Proceeds from Notes, Loans and Bonds					
10060 Proceeds from Property Sales					
10070 Extraordinary Items, Net Gain/Loss					
10080 Special Items (Net Gain/Loss)					
10091 Inter Project Excess Cash Transfer In					
10092 Inter Project Excess Cash Transfer Out					
10093 Transfers between Program and Project - In					
10094 Transfers between Project and Program - Out					
10100 Total Other financing Sources (Uses)	\$0	\$21,373	-\$21,373	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$71,465	\$14,009	-\$11,036	\$0	\$74,438
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$211,936	\$0	\$637,605	\$0	\$849,541
11040 Prior Period Adjustments, Equity Transfers and					
11050 Changes in Compensated Absence Balance					
11060 Changes in Contingent Liability Balance					
11070 Changes in Unrecognized Pension Transition Liability					
11080 Changes in Special Term/Severance Benefits Liability					
11090 Changes in Allowance for Doubtful Accounts - Dwelling					
11100 Changes in Allowance for Doubtful Accounts - Other					
11170 Administrative Fee Equity		\$0			\$0
11180 Housing Assistance Payments Equity		\$14,009			\$14,009

Rocky Ford Housing Authority (CO045)

Rocky Ford, CO

Program Revenue and Expense Summary

Submission Type: Audited/Non Single Audit

Fiscal Year End: 12/31/2020

	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	1 Business Activities	14.HCC HCV CARES Act Funding	Total
11190 Unit Months Available	840	600	480		1920
11210 Number of Unit Months Leased	820	490	465		1775
11270 Excess Cash					
11610 Land Purchases					
11620 Building Purchases					
11630 Furniture & Equipment - Dwelling Purchases					
11640 Furniture & Equipment - Administrative Purchases					
11650 Leasehold Improvements Purchases					
11660 Infrastructure Purchases					
13510 CFFP Debt Service Payments					
13901 Replacement Housing Factor Funds					