HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO

BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTAL INFORMATION AND SUPPLEMENTAL INFORMATION

Year Ended March 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Niewedde & Wiens
Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Sterling, Colorado

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the Housing Authority of the City of Sterling, Colorado, as of and for the year ended March 31, 2020, and the related notes to the basic financial statements, which collectively comprise the Housing Authority of the City of Sterling, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with 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 the basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Sterling, Colorado, as of March 31, 2020, and the 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 identified 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Housing Authority of the City of Sterling, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules and Financial Data Schedule are 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 Program Financial Schedules and Financial Data Schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by _Government Auditing Standards_

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2020 on our consideration of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and compliance.

Nieweddle & Wiens, CPA's

York, Nebraska
October 6, 2020

REQUIRED SUPPLEMENTAL INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Sterling, Colorado's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on March 31, 2020. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2020 was $3,447,228. The net position decreased by $33,335, a decrease of 1% from the prior year. Of this amount, $2,073,980 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to citizens, creditors and operations of facilities.

Operating revenues for the Authority was $900,739 for the year ended March 31, 2020. This was an increase of 6% over the prior year.

Operating expenses for the Authority were $1,243,067 for the year ended March 31, 2020. This was an increase of 4% over the prior year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report includes this *Management Discussion and Analysis* report, the *Basic Financial Statements* and the *Notes to the Basic Financial Statements*. This report also contains the Financial Data Schedule (FDS) included in the *Supplemental Information* section. The Authority's basic financial statements are presented as fund level financial statements.

Required Basic Financial Statements

Proprietary Fund Financial Statements - The basic financial statements of the Housing Authority report information of the Authority using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all the Authority's assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources and obligations of the Authority creditors. It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Supplemental Information

This report also contains the Financial Data Schedule (FDS) included in the *Supplemental Information* section. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2020 and is required to be included in the audit reporting package.

FINANCIAL HIGHLIGHTS AND ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $3,447,228 at the close of the year ended March 31, 2020. This represents a decrease of $33,335, or 1% from the prior year. The unrestricted component of net position was $2,073,980 as of March 31, 2020 which was an increase of $19,602 as a result of operations and the use of $40,000 of capital funds for operations which was offset by nongrant funded capital expenditures of $79,852.

CONDENSED STATEMENT OF NET POSITION

	FY 2020	FY 2019	Dollar Change	Percent Change
Current and other assets	$ 2,415,434	$ 2,393,404	$ 22,030	0.9%
Capital assets	1,653,507	1,762,256	(108,749)	-6.2%
Total Assets	4,068,941	4,155,660	(86,719)	-2.1%
Current liabilities	152,694	167,949	(15,255)	-9.1%
Long-term debt	469,019	507,148	(38,129)	-7.5%
Total Liabilities	621,713	675,097	(53,384)	-7.9%
Net Position				
Net investment in capital assets	1,146,359	1,218,289	(71,930)	-5.9%
Restricted	226,889	207,896	18,993	9.1%
Unrestricted	2,073,980	2,054,378	19,602	1.0%
Total Net Position	$ 3,447,228	$ 3,480,564	$ (33,335)	-1.0%

A portion of the Authority's net position reflects its net investment in capital assets (e.g. land, buildings and equipment less accumulated depreciation and related debt). The Authority uses these capital assets to provide service and consequently these assets are not available to liquidate liabilities or other spending.

The restricted component of net position consisted replacement, residual and insurance reserves.

Current and other assets increased $22,030. Within this cash and investments increased $113,170 and the receivable from other governments decreased $91,655.

Current liabilities decreased $15,255 with unearned revenues decreasing $17,742 as the Authority advanced $19,523 of capital fund grants that were not yet earned by having a qualifying expenditure in the prior year. The decrease in long-term debt was just related to required payments being made.

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

While the Statement of Net Position shows the change in net position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes.

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2020	FY 2019	Dollar Change	Percent Change
Revenues				
Program revenues				
Rental	$ 578,235	$ 536,928	$ 41,307	7.7%
Program contributions	554,983	558,962	(3,979)	-0.7%
Other	31,174	32,916	(1,742)	-5.3%
General revenues				
Interest	6,869	3,065	3,804	124.1%
Total Revenues	1,171,261	1,131,871	39,390	3.5%
Expenses				
Operating, less depreciation	967,651	936,355	31,296	3.3%
Depreciation	275,416	259,193	16,222	6.3%
Nonoperating	18,345	19,613	(1,268)	-6.5%
Total Expenses	1,261,411	1,215,161	46,250	3.8%
Excess (Deficiency) Before Contributions and Special Items	(90,150)	(83,290)	(6,860)	
Contributions	86,815	216,945	(130,131)	
Special items, net	(30,000)	-	(30,000)	
Changes in Net Position	(33,335)	133,656	(166,991)	
Beginning net position	3,480,564	3,346,908	133,656	
Ending net position	$ 3,447,228	$ 3,480,564	$ (33,335)	

Rental income increased $41,307. Within that, the Public Housing program had an increase of 20 unit months leased and a 7% increase in the average rental charge. The MacLaren program had an increase of 16 unit months leased and a 4% increase in the average rental charge.

Program contributions included rental assistance, operating subsidy, capital fund grants used for operations and interest subsidy. The largest changes were a $25,112 increase in operating subsidy which was offset by a $37,972 decrease in capital fund grants used for operations. Rental assistance increased $8,881 due to increased occupancy and an increase in the contract rent.

Operating expenses increased by $31,296. Within this, utilities increased $27,021.

The Authority had HUD capital contributions of $86,815 for the year ended March 31, 2020. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent form year to year based on the Authority's number and type of units. The amount presented will vary from year to year depending on the timing of awards, project implementation and expenditures within budgets as outlined in the HUD approved capital grant budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Sterling, Colorado's capital assets as of March 31, 2020 were $1,653,507. Capital assets includes land, buildings, improvements, equipment and construction in progress net of accumulated depreciation.

The total decrease in the Authority's capital assets for the current fiscal year was 5.9% in terms of net book value. Actual expenditures to purchase or construct capital assets were $166,666. The majority of it was the kitchen remodels, elevator updates and concrete work.

Depreciation expense for the year was $275,416.

Additional information on the Authority's capital assets can be found in Note F of the notes to the basic financial statements of this report.

Debt Administration – The only debt activity for the year ended March 31, 2020 was related to the payment of debt. No new debt was issued during the year. Additional information on the Authority's debt can be found in Note J of the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Agency considered many factors when approving the fiscal year 2021 budget. The user charges are based on tenant's income as established by HUD and RD guidelines and are not adjustable. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Sterling, Colorado, 1200 N. 5th Street, Sterling, Colorado, 80751.

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2020

		Housing
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,708,861.63
Investments		300,961.98
Accounts receivable, net		1,054.90
Due from other governments		99,737.00
Accrued interest receivable		1.24
Prepaid insurance		27,199.07
Restricted:		
Cash and cash equivalents		50,729.52
TOTAL CURRENT ASSETS		2,188,545.34
NONCURRENT ASSETS:		
Restricted:		
Cash and cash equivalents		226,889.13
Capital Assets, non-depreciable		232,411.89
Capital Assets, depreciable, net		1,421,094.88
TOTAL NONCURRENT ASSETS		1,880,395.90
TOTAL ASSETS	$	4,068,941.24
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	$	7,415.71
Accrued wages and benefits payable		364.91
Compensated absences payable		28,019.00
Due to other governments		22,398.26
Accrued interest payable		1,479.18
Unearned revenue		4,158.83
Trust and deposit liabilities		50,729.52
Current portion long-term debt		38,128.54
TOTAL CURRENT LIABILITIES		152,693.95
NONCURRENT LIABILITIES		
Mortgage payable		469,019.02
TOTAL NONCURRENT LIABILITIES		469,019.02
TOTAL LIABILITIES		621,712.97
NET POSITION		
Net investment in capital assets		1,146,359.21
Restricted for:		
Replacement reserve, residual receipts, insurance		226,889.13
Unrestricted		2,073,979.93
TOTAL NET POSITION	$	3,447,228.27

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
Year Ended March 31, 2020

		Housing
OPERATING REVENUES		
Rental income	$	578,235.00
Rental assistance		291,330.00
Other income		31,173.94
TOTAL OPERATING REVENUES		900,738.94
OPERATING EXPENSES		
Administrative		275,762.35
Tenant services		4,116.00
Utilities		241,456.50
Ordinary maintenance and operations		290,997.95
Protective services		15,250.00
General expense		140,068.16
Depreciation		275,415.59
TOTAL OPERATING EXPENSES		1,243,066.55
OPERATING INCOME (LOSS)		(342,327.61)
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		223,653.00
HUD capital fund grants		40,000.00
Interest income		6,868.88
Interest expense		(18,344.51)
TOTAL NONOPERATING REVENUES(EXPENSES)		252,177.37
INCOME(LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS		(90,150.24)
CONTRIBUTIONS		
HUD capital fund grants		86,814.83
SPECIAL ITEMS		
Change in capital fund grant budget		(30,000.00)
INCREASE (DECREASE) IN NET POSITION		(33,335.41)
NET POSITION:		
Net position, beginning balance		3,480,563.68
TOTAL NET ASSETS - ENDING POSITION	$	3,447,228.27

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended March 31, 2020

		Housing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tenant receipts	$	601,133.28
Rental assistance receipts		291,330.00
Other receipts		2,784.38
Trust and deposits		2,579.00
Cash payments for goods and services		(598,667.33)
Cash payments to employees for services		(363,520.81)
NET CASH PROVIDED USED BY OPERATING ACTIVITIES		(64,361.48)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		214,563.00
HUD capital fund grants		40,000.00
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		254,563.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(166,666.49)
HUD capital fund grants		138,036.83
Principal paid on mortgage payable		(36,819.02)
Interest paid on capital debt		(18,451.90)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(83,900.58)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received		6,868.96
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		6,868.96
NET INCREASE (DECREASE) IN CASH		113,169.90
CASH AND CASH EQUIVALENTS-BEGINNING		1,873,310.38
CASH AND CASH EQUIVALENTS-ENDING	$	1,986,480.28
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$	(342,327.61)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation		275,415.59
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		1,544.44
(Increase) decrease in prepaid insurance		(2,059.71)
Increase (decrease) in accounts payable		(2,980.71)
Increase (decrease) in accrued wages and benefits payable		7.23
Increase (decrease) in accrued leave		557.00
Increase (decrease) in due to governments		1,122.31
Increase (decrease) in trust and deposit liabilities		2,579.00
Increase (decrease) in unearned revenue		1,780.98
NET CASH PROVIDED USED BY OPERATING ACTIVITIES	$	(64,361.48)

See accompanying notes.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the housing programs authorized by the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture.

The basic financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting.

Financial Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. The decision whether to include a component unit in the reporting entity was made by applying the criteria set forth in Section 2100 and 2600 of the Government Accounting Standards Board Codification. These criteria state that the financial reporting entity consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's basic financial statements from being misleading. In such instances, that organization should be included as a component unit. Based on these criteria, there are no additional agencies or entities which should be included in the basic financial statements of the Authority.

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

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

The reporting model as defined in Statement No. 34 and modified establishes criteria (percentage of the combined assets and deferred outflows of resources, combined liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for determination of major Funds. If non-major funds exist, these funds are combined in a single column in the fund financial statements. All of the Authority's programs are reported in a sole major fund.

Budgetary Process

The Authority establishes a budget for the fiscal year and is adopted by the Board of Commissioners.

Estimates

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

Cash and Investments

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. Cash and Cash Investments are available upon demand and are considered to be "cash equivalents" when preparing these basic financial statements. In addition, any marketable securities that are owned by a specific amount and that are purchased with a maturity of ninety days or less are also considered to be "cash equivalents".

The Authority's deposits can only be invested in the following HUD approved investments: direct obligations of the federal government backed by the full faith and credit of the United States, obligations of federal government agencies, securities of government-sponsored agencies, demand and savings deposits, money-market deposit accounts, municipal depository fund, super now accounts, certificate of deposit, repurchase agreements, sweep accounts, separate trading of registered interest and principal securities (STRIPS), and mutual funds that consist of securities purchased from the HUD approved list.

Accounts Receivable

All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible.

Prepaid Items

Prepaid balances are for payments made by the Authority in the current year to provide services occurring in the subsequent fiscal year.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date received. The Authority generally capitalized assets with a cost of $1,000 or more as purchases and construction outlays occur.

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

Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted components of net position are available, the Authority's policy is to apply restricted first.

Investment Income

Investment income from pooled cash and investments is allocated monthly based on the percentage of a fund's average pooled cash and investments balance.

Compensated Absences

The Authority's policy allows employees to accumulate vacation leave not to exceed 30 working days. Sick leave may not be accumulated.

Grant Revenue

The Authority, a recipient of grant revenues, recognizes revenues (net of estimated uncollectible amounts, if any), when all applicable eligibility requirements, including time requirements are met in accordance with GASB Statement No. 33. Resources transmitted to the Authority before the eligibility requirements are met are reported as unearned revenue.

Postemployment Benefits Other Than Pensions (OPEB)

OPEB benefits are part of an exchange of salaries and/or benefits in a future period as the result of employee services rendered during employment. In accordance with the accrual basis of accounting, generally benefits should be associated with the periods in which the exchange occurs, rather than with the periods when benefits are paid or provided. The Authority has not incurred, adopted a plan or obligated resources to other postemployment benefits as defined in GASB Statement No. 75.

Income Taxes

The Authority is a governmental subdivision of the State of Colorado and is exempt from Federal and State income taxes.

Leases

The majority of leases and subleases are short-term operating leases.

Taxpayer's Bill of Rights

In November, 1992, the voters of the State of Colorado approved an amendment to the State's Constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in

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

effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds from the limitations. The Board of Commissioners of the Authority believes it is exempt from the provisions of the TABOR amendment because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10% of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes, all basic operational requirements of TABOR.

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At March 31, 2020, the Authority's carrying amount of deposits was $2,175,628.41 and the bank balances were $2,177,721.65. The Authority had cash on hand of $400 as of March 31, 2020.

As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of $250,000 (including accrued interest) shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. The entire balance was covered FDIC insurance and the Public Deposit Protection Act.

Investments

At March 31, 2020, the Authority had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities Less Than 1 Year
Colotrust Prime	$ 111,413.85	$ 111,413.85

Interest Rate Risk: The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Authority has no investment policy that would limit its investment choices. At March 31, 2020, the Authority's investment in the Colotrust Fund was rated AAAm by Standard & Poor's.

The Colotrust Prime invests in U.S. Treasury securities, federal instrumentality securities, U.S. agency securities, collateralized bank deposits, repurchase agreements and tri-party repurchase agreements.

Concentration of Credit Risk: The Authority places no limit on the amount the Authority may invest in any one issuer.

NOTE B - DEPOSITS AND INVESTMENTS (CONT'D)

A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

Statement of Net Position		
Cash and cash equivalents	$	1,708,861.63
Investments		300,961.98
Restricted cash – current		50,729.52
Restricted cash - noncurrent		226,889.13
	$	2,287,442.26
Bank deposits	$	2,175,628.41
Investments		111,413.85
Cash on hand		400.00
	$	2,287,442.26

NOTE C – ACCOUNTS RECEIVABLE

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

Tenant receivables	$	1,280.90
Allowance for doubtful accounts		(226.00)
	$	1,054.90

NOTE D – DUE FROM OTHER GOVERNMENTS

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2020 is as follows:

HUD - Operating Subsidy	$	52,510.00
HUD - Capital Funds		47,227.00
	$	99,737.00

NOTE E—RESTRICTED ASSETS

The Authority's restricted cash and cash equivalents at March 31, 2020 which were restricted for:

Tenant security deposits	$	50,729.52	$
Replacement reserves		207,278.09	
Residual receipts		5,643.29	
Insurance escrow		13,967.75	
	$	277,618.65	$

NOTE F – CAPITAL ASSETS

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

	Balance 4/1/2019	Increases	Decreases	Balance 3/31/2020
Non-depreciable assets:				
Land	$ 232,411.89	$ -	$ -	$ 232,411.89
Construction in progress	-	-	-	-
Total non-depreciable assets	232,411.89	-	-	232,411.89
Depreciable assets				
Buildings	7,442,199.45	162,569.79	-	7,604,769.24
Equipment - Dwelling	126,974.80	4,096.70	-	131,071.50
Equipment - Administration	92,511.86	-	-	92,511.86
Total depreciable assets	7,661,686.11	166,666.49	-	7,828,352.60
Total Capital Assets	7,894,098.00	166,666.49	-	8,060,764.49
Accumulated depreciation				
Buildings	5,962,719.43	264,156.52	-	6,226,875.95
Equipment - Dwelling	84,443.79	8,352.65	-	92,796.44
Equipment - Administration	84,678.91	2,906.42	-	87,585.33
Total accumulated depreciation	6,131,842.13	275,415.59	-	6,407,257.72
Depreciable assets, net	1,529,843.98	(108,749.10)	-	1,421,094.88
Capital assets, net	$ 1,762,255.87	$ (108,749.10)	$ -	$ 1,653,506.77

NOTE G – ACCOUNTS PAYABLE

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

Vendor and contractors	$ 7,415.71 $

NOTE H – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at March 31, 2020 is as follows:

Payments in lieu of taxes	$ 22,398.26

NOTE I – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2020 is as follows:

Prepaid rents	$ 4,158.83

NOTE J—LONG TERM DEBT

Direct Placements

MacLaren House – The first mortgage payable as of March 31, 2020, represents permanent loan from the Colorado Housing Finance Authority under the SMART program with an original loan amount of $893,000 date March 15, 2001. The loan is due April 1, 2031 and had an annual interest rate of 6.35% which was modified to 6% on August 1, 2015 and then modified again to 3.5% on June 1, 2016. The loan requires monthly payment of $4,605.91. Principal and accrued interest payable at March 31, 2020 were $507,147.56 and $1,479.18, respectively.

A summary of changes in notes payable as of March 31, 2020 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within 1 Year
Long-term debt	$ 543,966.58	$ --	$ (36,819.02)	$ 507,147.56	$ 38,128.54

The principal and interest scheduled to be retired on these notes is as follows:

	Principal	Interest	Total
2021	$ 38,128.54	$ 17,142.38	$ 55,270.92
2022	39,484.66	15,786.26	55,270.92
2023	40,889.01	14,381.91	55,270.92
2024	42,343.30	12,927.62	55,270.92
2025	43,849.33	11,421.59	55,270.92
2026 - 2030	243,779.84	32,574.76	276,354.60
2031 - 2032	58,672.88	1,204.90	59,877.78
	$ 507,147.56	$ 105,439.42	$ 612,586.98

NOTE K--RETIREMENT PLAN

The Housing Authority participates in a qualified simplified employee pension plan. All eligible employees must participate. Eligible employees must be at least 21 and has performed services for the Authority in at least 3 of the preceding 5 years. The Housing Authority contributes an amount equal to 3.00% of the member's pay for the pay period. The total Housing Authority contribution was $7,989.18 for the fiscal year ended March 31, 2020 based on wages of $266,306. Total wages for the Authority was $277,410.

NOTE L—NET POSITION

The fund financial statements utilize a net position presentation. The components of net position are net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets*** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if any. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

NOTE L—NET POSITION (CONT'D)

- ***Restricted*** – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- ***Unrestricted*** – The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Authority has restricted net position in the following categories:

Replacement reserves	$	207,278.09
Residual receipts		5,643.29
Insurance escrow		13,967.75
	$	226,889.13

NOTE M – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance.

During the year ended March 31, 2020, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE N – CONTINGENT LIABILITIES

The Authority receives revenues from various federal and state grant programs, which are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

NOTE O – SPECIAL ITEMS

The Authority performed a budget revision to move grant funds from the operations category of the Authority's capital fund grant for $30,000. These funds had previously been recognized as income in accordance with GASB Statement 33. Due the budget revision, the funds no longer met the revenue recognition criteria.

NOTE P – SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF NET POSITION
March 31, 2020

ASSETS	Public Housing	Section 8 Administration	MacLaren	Totals
CURRENT ASSETS:				
Cash and cash equivalents	$ 892,222.20	$ 52,918.48	$ 763,720.95	$ 1,708,861.63
Investments	300,961.98	-	-	300,961.98
Accounts receivable, net	839.90	-	215.00	1,054.90
Due from other governments	99,737.00	-	-	99,737.00
Accrued interest receivable	1.24	-	-	1.24
Prepaid insurance	22,873.05	-	4,326.02	27,199.07
Restricted:				
Cash and cash equivalents	34,028.52	-	16,701.00	50,729.52
TOTAL CURRENT ASSETS	1,350,663.89	52,918.48	784,962.97	2,188,545.34
NONCURRENT ASSETS:				
Restricted:				
Cash and cash equivalents	-	-	226,889.13	226,889.13
Capital Assets, non-depreciable	138,017.40	-	94,394.49	232,411.89
Capital Assets, depreciable, net	971,178.35	-	449,916.53	1,421,094.88
TOTAL NONCURRENT ASSETS	1,109,195.75	-	771,200.15	1,880,395.90
TOTAL ASSETS	$ 2,459,859.64	$ 52,918.48	$ 1,556,163.12	$ 4,068,941.24
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	$ 4,917.19	$ -	$ 2,498.52	$ 7,415.71
Accrued wages and benefits payable	243.28	-	121.63	364.91
Compensated absences payable	18,503.00	-	9,516.00	28,019.00
Due to other governments	22,398.26	-	-	22,398.26
Accrued interest payable	-	-	1,479.18	1,479.18
Unearned revenue	2,257.83	-	1,901.00	4,158.83
Trust and deposit liabilities	34,028.52	-	16,701.00	50,729.52
Current portion long-term debt	-	-	38,128.54	38,128.54
TOTAL CURRENT LIABILITIES	82,348.08	-	70,345.87	152,693.95
NONCURRENT LIABILITIES				
Mortgage payable	-	-	469,019.02	469,019.02
TOTAL NONCURRENT LIABILITIES	-	-	469,019.02	469,019.02
TOTAL LIABILITIES	82,348.08	-	539,364.89	621,712.97
NET POSITION				
Net investment in capital assets	1,109,195.75	-	37,163.46	1,146,359.21
Restricted	-	-	226,889.13	226,889.13
Unrestricted	1,268,315.81	52,918.48	752,745.64	2,073,979.93
TOTAL NET POSITION	$ 2,377,511.56	$ 52,918.48	$ 1,016,798.23	$ 3,447,228.27

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended March 31, 2020

	Public Housing	Section 8 Administration	MacLaren	Totals
OPERATING REVENUES				
Rental income	$ 386,366.00	$ -	$ 191,869.00	$ 578,235.00
Rental assistance	-	-	291,330.00	291,330.00
Other income	21,943.55	2,500.00	6,730.39	31,173.94
TOTAL OPERATING REVENUES	408,309.55	2,500.00	489,929.39	900,738.94
OPERATING EXPENSES				
Administrative	182,228.22	-	93,534.13	275,762.35
Tenant services	3,783.96	-	332.04	4,116.00
Utilities	168,483.45	-	72,973.05	241,456.50
Ordinary maintenance and operations	182,530.95	-	108,467.00	290,997.95
Protective services	7,600.00	-	7,650.00	15,250.00
General expense	116,581.34	-	23,486.82	140,068.16
Depreciation	182,013.39	-	93,402.20	275,415.59
TOTAL OPERATING EXPENSES	843,221.31	-	399,845.24	1,243,066.55
OPERATING INCOME (LOSS)	(434,911.76)	2,500.00	90,084.15	(342,327.61)
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	223,653.00	-	-	223,653.00
HUD capital fund grants	40,000.00	-	-	40,000.00
Interest income	5,455.64	-	1,413.24	6,868.88
Interest expense	-	-	(18,344.51)	(18,344.51)
TOTAL NONOPERATING REVENUES(EXPENSES)	269,108.64	-	(16,931.27)	252,177.37
INCOME(LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	(165,803.12)	2,500.00	73,152.88	(90,150.24)
CONTRIBUTIONS				
HUD capital fund grants	86,814.83	-	-	86,814.83
SPECIAL ITEMS				
Change in capital fund grant budget	(30,000.00)	-	-	(30,000.00)
INCREASE (DECREASE) IN NET POSITION	(108,988.29)	2,500.00	73,152.88	(33,335.41)
NET POSITION:				
Net position, beginning balance	2,486,499.85	50,418.48	943,645.35	3,480,563.68
TOTAL NET POSITION - ENDING BALANCE	$ 2,377,511.56	$ 52,918.48	$ 1,016,798.23	$ 3,447,228.27

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended March 31, 2020

		Public Housing		Section 8 Administration		MacLaren		Totals
CASH FLOWS FROM OPERATING ACTIVITIES:								
Tenant receipts	$	401,583.14	$	-	$	199,550.14	$	601,133.28
Rental assistance receipts		-		-		291,330.00		291,330.00
Other income		284.38		2,500.00		-		2,784.38
Trust and deposits		1,681.00		-		898.00		2,579.00
Cash payments for goods and services		(418,016.26)		-		(180,651.07)		(598,667.33)
Cash payments to employees for services		(237,981.99)		-		(125,538.82)		(363,520.81)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		(252,449.73)		2,500.00		185,588.25		(64,361.48)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
HUD operating subsidy		214,563.00		-		-		214,563.00
HUD capital fund grants		40,000.00		-		-		40,000.00
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		254,563.00		-		-		254,563.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:								
Purchases and construction of capital assets		(134,466.49)		-		(32,200.00)		(166,666.49)
HUD capital fund grants		138,036.83		-		-		138,036.83
Principal paid on mortgage payable		-		-		(36,819.02)		(36,819.02)
Interest paid on capital debt		-		-		(18,451.90)		(18,451.90)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		3,570.34		-		(87,470.92)		(83,900.58)
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest received		5,455.72		-		1,413.24		6,868.96
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES		5,455.72		-		1,413.24		6,868.96
NET INCREASE (DECREASE) IN CASH		11,139.33		2,500.00		99,530.57		113,169.90
CASH AND CASH EQUIVALENTS-BEGINNING		915,111.39		50,418.48		907,780.51		1,873,310.38
CASH AND CASH EQUIVALENTS-ENDING	$	926,250.72	$	52,918.48	$	1,007,311.08	$	1,986,480.28
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:								
Operating income (loss)	$	(434,911.76)	$	2,500.00	$	90,084.15	$	(342,327.61)
Adjustments to reconcile income from operations to net cash provided by operating activities:								
Depreciation		182,013.39		-		93,402.20		275,415.59
Change in assets and liabilities:								
(Increase) decrease in accounts receivable		1,521.44		-		23.00		1,544.44
(Increase) decrease in prepaid insurance		(2,072.47)		-		12.76		(2,059.71)
Increase (decrease) in accounts payable		(2,435.82)		-		(544.89)		(2,980.71)
Increase (decrease) in accrued wages and benefits payable		4.95		-		2.28		7.23
Increase (decrease) in accrued leave		378.00		-		179.00		557.00
Increase (decrease) in due to governments		1,122.31		-		-		1,122.31
Increase (decrease) in trust and deposit liabilities		1,681.00		-		898.00		2,579.00
Increase (decrease) in unearned revenue		249.23		-		1,531.75		1,780.98
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$	(252,449.73)	$	2,500.00	$	185,588.25	$	(64,361.48)

Housing Authority of the City of Sterling (CO025)
STERLING, CO
Entity Wide Balance Sheet Summary

Submission Type: Audited/Non Single Audit   Fiscal Year End: 03/31/2020

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	$892,222	$763,722	$52,918	$1,708,862		$1,708,862
113 Cash - Other Restricted		$226,889		$226,889		$226,889
114 Cash - Tenant Security Deposits	$34,029	$16,701		$50,730		$50,730
100 Total Cash	$926,251	$1,007,312	$52,918	$1,986,481		$1,986,481
122 Accounts Receivable - HUD Other Projects	$99,737			$99,737		$99,737
126 Accounts Receivable - Tenants	$840	$441		$1,281		$1,281
126.1 Allowance for Doubtful Accounts -Tenants	$0	-$226		-$226		-$226
129 Accrued Interest Receivable	$1			$1		$1
120 Total Receivables, Net of Allowances for Doubtful Accounts	$100,578	$215	$0	$100,793		$100,793
131 Investments - Unrestricted	$300,962			$300,962		$300,962
142 Prepaid Expenses and Other Assets	$22,873	$4,326		$27,199		$27,199
150 Total Current Assets	$1,350,664	$1,011,853	$52,918	$2,415,435		$2,415,435
161 Land	$138,017	$94,394		$232,411		$232,411
162 Buildings	$5,339,096	$2,265,673		$7,604,769		$7,604,769
163 Furniture, Equipment & Machinery - Dwellings	$73,096	$57,976		$131,072		$131,072
164 Furniture, Equipment & Machinery - Administration	$79,576	$12,937		$92,513		$92,513
166 Accumulated Depreciation	-$4,520,589	-$1,886,669		-$6,407,258		-$6,407,258
160 Total Capital Assets, Net of Accumulated Depreciation	$1,109,196	$544,311	$0	$1,653,507		$1,653,507
180 Total Non-Current Assets	$1,109,196	$544,311	$0	$1,653,507		$1,653,507
290 Total Assets and Deferred Outflow of Resources	$2,459,860	$1,556,164	$52,918	$4,068,942		$4,068,942
312 Accounts Payable <= 90 Days	$230	$231		$461		$461
321 Accrued Wage/Payroll Taxes Payable	$243	$122		$365		$365
322 Accrued Compensated Absences - Current Portion	$18,503	$9,516		$28,019		$28,019
325 Accrued Interest Payable		$1,479		$1,479		$1,479
333 Accounts Payable - Other Government	$22,398			$22,398		$22,398
341 Tenant Security Deposits	$34,029	$16,701		$50,730		$50,730
342 Unearned Revenue	$2,258	$1,901		$4,159		$4,159
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		$38,129		$38,129		$38,129
346 Accrued Liabilities - Other	$4,687	$2,268		$6,955		$6,955
310 Total Current Liabilities	$82,348	$70,347	$0	$152,695		$152,695
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		$469,019		$469,019		$469,019
350 Total Non-Current Liabilities	$0	$469,019	$0	$469,019		$469,019
300 Total Liabilities	$82,348	$539,366	$0	$621,714		$621,714
508.4 Net Investment in Capital Assets	$1,109,196	$37,163		$1,146,359		$1,146,359
511.4 Restricted Net Position		$226,889		$226,889		$226,889
512.4 Unrestricted Net Position	$1,268,316	$752,746	$52,918	$2,073,980		$2,073,980
513 Total Equity - Net Assets / Position	$2,377,512	$1,016,798	$52,918	$3,447,228		$3,447,228
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,459,860	$1,556,164	$52,918	$4,068,942		$4,068,942

Housing Authority of the City of Sterling (CO025)
STERLING, CO
Entity Wide Revenue and Expense Summary

Submission Type: Audited/Non Single Audit   Fiscal Year End: 03/31/2020

	Project Total	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	1 Business Activities	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$386,366	$191,869		$578,235		$578,235
70400 Tenant Revenue - Other	$21,659	$6,730		$28,389		$28,389
70500 Total Tenant Revenue	$408,025	$198,599	$0	$606,624	$0	$606,624
70600 HUD PHA Operating Grants	$263,653	$291,330		$554,983		$554,983
70610 Capital Grants	$86,815			$86,815		$86,815
71100 Investment Income - Unrestricted	$5,456			$5,456		$5,456
71500 Other Revenue	$284		$2,500	$2,784		$2,784
72000 Investment Income - Restricted		$1,413		$1,413		$1,413
70000 Total Revenue	$764,233	$491,342	$2,500	$1,258,075	$0	$1,258,075
91100 Administrative Salaries	$115,824	$59,688		$175,512		$175,512
91200 Auditing Fees	$6,159	$3,079		$9,238		$9,238
91400 Advertising and Marketing	$3,873	$2,099		$5,972		$5,972
91500 Employee Benefit contributions - Administrative	$36,673	$18,521		$55,194		$55,194
91600 Office Expenses	$10,787	$7,006		$17,793		$17,793
91700 Legal Expense	$3,356			$3,356		$3,356
91800 Travel	$224			$224		$224
91900 Other	$5,332	$3,140	$1	$8,473		$8,473
91000 Total Operating - Administrative	$182,228	$93,533	$1	$275,762	$0	$275,762
92100 Tenant Services - Salaries	$3,120			$3,120		$3,120
92400 Tenant Services - Other	$664	$332		$996		$996
92500 Total Tenant Services	$3,784	$332	$0	$4,116	$0	$4,116
93100 Water	$32,863	$44,885		$77,748		$77,748
93200 Electricity	$57,031	$21,642		$78,673		$78,673
93300 Gas	$11,902	$6,446		$18,348		$18,348
93600 Sewer	$66,688			$66,688		$66,688
93000 Total Utilities	$168,484	$72,973	$0	$241,457	$0	$241,457
94100 Ordinary Maintenance and Operations - Labor	$65,218	$36,123		$101,341		$101,341
94200 Ordinary Maintenance and Operations - Materials and Other	$26,477	$13,776		$40,253		$40,253
94300 Ordinary Maintenance and Operations Contracts	$70,185	$47,359		$117,544		$117,544
94500 Employee Benefit Contributions - Ordinary Maintenance	$20,650	$11,209		$31,859		$31,859
94000 Total Maintenance	$182,530	$108,467	$0	$290,997	$0	$290,997
95200 Protective Services - Other Contract Costs	$7,600	$7,650		$15,250		$15,250
95000 Total Protective Services	$7,600	$7,650	$0	$15,250	$0	$15,250
96110 Property Insurance	$67,683	$15,953		$83,636		$83,636
96120 Liability Insurance	$10,539	$3,317		$13,856		$13,856
96130 Workmen's Compensation	$5,386	$2,832		$8,218		$8,218
96140 All Other Insurance	$1,985	$602		$2,587		$2,587
96100 Total insurance Premiums	$85,593	$22,704	$0	$108,297	$0	$108,297
96210 Compensated Absences	$378	$179		$557		$557
96300 Payments in Lieu of Taxes	$22,398			$22,398		$22,398
96400 Bad debt - Tenant Rents	$8,213	$604		$8,817		$8,817
96000 Total Other General Expenses	$30,989	$783	$0	$31,772	$0	$31,772
96710 Interest of Mortgage (or Bonds) Payable		$18,345		$18,345		$18,345
96700 Total Interest Expense and Amortization Cost	$0	$18,345	$0	$18,345	$0	$18,345
96900 Total Operating Expenses	$661,208	$324,787	$1	$985,996	$0	$985,996
97000 Excess of Operating Revenue over Operating Expenses	$103,025	$166,555	$2,499	$272,079	$0	$272,079
97400 Depreciation Expense	$182,013	$93,402		$275,415		$275,415
90000 Total Expenses	$843,221	$418,189	$1	$1,261,411	$0	$1,261,411
10010 Operating Transfer In	$40,000			$40,000	-$40,000	$0
10020 Operating transfer Out	-$40,000			-$40,000	$40,000	$0
10080 Special Items (Net Gain/Loss)	-$30,000			-$30,000		-$30,000
10100 Total Other financing Sources (Uses)	-$30,000	$0	$0	-$30,000	$0	-$30,000
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$108,988	$73,153	$2,499	-$33,336	$0	-$33,336
11020 Required Annual Debt Principal Payments	$0	$36,819	$0	$36,819		$36,819
11030 Beginning Equity	$2,486,500	$943,645	$50,419	$3,480,564		$3,480,564
11190 Unit Months Available	1320	648		1968		1968
11210 Number of Unit Months Leased	1300	638		1938		1938
11270 Excess Cash	$1,190,343			$1,190,343		$1,190,343
11620 Building Purchases	$130,370			$130,370		$130,370
11630 Furniture & Equipment - Dwelling Purchases	$4,097			$4,097		$4,097

Housing Authority of the City of Sterling (CO025)
STERLING, CO
Single Project Revenue and Expense

Submission Type: Audited/Non Single Audit   Fiscal Year End: 03/31/2020   Project: CO025000001 STERLING

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	$386,366		$386,366
70400 Tenant Revenue - Other	$21,659		$21,659
70500 Total Tenant Revenue	$408,025	$0	$408,025
70600 HUD PHA Operating Grants	$223,653	$40,000	$263,653
70610 Capital Grants		$86,815	$86,815
71100 Investment Income - Unrestricted	$5,456		$5,456
71500 Other Revenue	$284		$284
70000 Total Revenue	$637,418	$126,815	$764,233
91100 Administrative Salaries	$115,824		$115,824
91200 Auditing Fees	$6,159		$6,159
91400 Advertising and Marketing	$3,873		$3,873
91500 Employee Benefit contributions - Administrative	$36,673		$36,673
91600 Office Expenses	$10,787		$10,787
91700 Legal Expense	$3,356		$3,356
91800 Travel	$224		$224
91900 Other	$5,332		$5,332
91000 Total Operating - Administrative	$182,228	$0	$182,228
92100 Tenant Services - Salaries	$3,120		$3,120
92400 Tenant Services - Other	$664		$664
92500 Total Tenant Services	$3,784	$0	$3,784
93100 Water	$32,863		$32,863
93200 Electricity	$57,031		$57,031
93300 Gas	$11,902		$11,902
93600 Sewer	$66,688		$66,688
93000 Total Utilities	$168,484	$0	$168,484
94100 Ordinary Maintenance and Operations - Labor	$65,218		$65,218
94200 Ordinary Maintenance and Operations - Materials and Other	$26,477		$26,477
94300 Ordinary Maintenance and Operations Contracts	$70,185		$70,185
94500 Employee Benefit Contributions - Ordinary Maintenance	$20,650		$20,650
94000 Total Maintenance	$182,530	$0	$182,530
95200 Protective Services - Other Contract Costs	$7,600		$7,600
95000 Total Protective Services	$7,600	$0	$7,600
96110 Property Insurance	$67,683		$67,683
96120 Liability Insurance	$10,539		$10,539
96130 Workmen's Compensation	$5,386		$5,386
96140 All Other Insurance	$1,985		$1,985
96100 Total insurance Premiums	$85,593	$0	$85,593
96210 Compensated Absences	$378		$378
96300 Payments in Lieu of Taxes	$22,398		$22,398
96400 Bad debt - Tenant Rents	$8,213		$8,213
96000 Total Other General Expenses	$30,989	$0	$30,989
96900 Total Operating Expenses	$661,208	$0	$661,208
97000 Excess of Operating Revenue over Operating Expenses	-$23,790	$126,815	$103,025
97400 Depreciation Expense	$162,711	$19,302	$182,013
90000 Total Expenses	$823,919	$19,302	$843,221
10010 Operating Transfer In	$40,000		$40,000
10020 Operating transfer Out		-$40,000	-$40,000
10080 Special Items (Net Gain/Loss)	-$30,000		-$30,000
10100 Total Other financing Sources (Uses)	$10,000	-$40,000	-$30,000
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-$176,501	$67,513	-$108,988
11030 Beginning Equity	$2,486,500	$0	$2,486,500
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$67,513	-$67,513	$0
11190 Unit Months Available	1320		1320
11210 Number of Unit Months Leased	1300		1300
11270 Excess Cash	$1,190,343		$1,190,343
11620 Building Purchases	$43,555	$86,815	$130,370
11630 Furniture & Equipment - Dwelling Purchases	$4,097	$0	$4,097

GOVERNMENT AUDITING STANDARDS SECTION

Niewedde & Wiens
Randal D. Niewedde, CPA
Jeffrey J. Wiens, CPA
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of the City of Sterling, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Sterling, Colorado, as of and for the year ended March 31, 2020, and the related notes to the basic financial statements, which collectively comprise Housing Authority of the City of Sterling, Colorado's basic financial statements, and have issued our report thereon dated October 6, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2020-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing Authority of the City of Sterling, Colorado's basic 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

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opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as Finding 2020-1.

Housing Authority of the City of Sterling, Colorado's Response to Finding

Housing Authority of the City of Sterling, Colorado's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Housing Authority of the City of Sterling, Colorado's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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 result 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.

Nieweddе & Wiens, CPA's

York, Nebraska
October 6, 2020

Finding 2020-1: Capital Funds
Material Weakness/Noncompliance
Questioned Costs - $48,397.28

Criteria: The Authority is awarded an annual Capital Fund grant each year. The Authority prepares a five-year plan which indicates what each annual grant will be spent. This annual budget is modified upon the grant award to match the grant amount. Only items included within the budget are allowable costs.

Condition: During the year, we noted the Authority expended $48,397.28 of its 2017 Capital Funds grant for items that were not included as work items in the approved budget.

Cause: The Authority was not adequately monitoring grant expenditures to ensure they were properly budgeted with the grant prior to requisitioning the funds.

Effect or Potential Effect: $48,397.28 of costs are being questioned as unallowable costs.

Recommendation: The Authority should review the items with HUD and determine if they can do a budget revision to correct the error or what other action should be taken. For future grants, the Authority must ensure all work items are included in the budget prior to incurring the expense.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
SCHEDULE O F FINDING AND RESPONSES
MARCH 31, 2020

For finding number 2020-1: Capital Funds Material Weakness/Noncompliance Questioned cost - $48,397.28

The auditee's management agrees with the finding. In prior years' audits, the Authority placed most, if not all funding into Operations (1406). There was a transition period wherein the Authority was to place more funding into the category General Capital Fund (1480). The Authority did not respond to this rule; the Authority continued to treat the 1480 account like we did in prior years for Operations (1406). This is when EPIC became a management tool. The Authority will respond to follow the Capital Fund Guidebook rules regarding the drawdown/spending requirements.