

**HOUSING AUTHORITY OF THE CITY OF TRINIDAD
TRINIDAD, COLORADO**

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

FOR THE YEAR ENDED MARCH 31, 2020

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Housing Authority of the City of Trinidad
Trinidad, Colorado

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Trinidad (Authority), Colorado, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of March 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-viii 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental information, as described in the table of contents and the Schedule of Expenditures of Federal Awards, which is required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information, as described in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, 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*, I have also issued my report dated August 11, 2020, on my consideration of the Authority's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

August 11, 2020

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
March 31, 2020

Introduction

This Management's Discussion and Analysis (MD&A) of the Trinidad Housing Authority (Authority) provides an introduction and overview to the financial statements of the Trinidad Housing Authority for the fiscal year ended March 31, 2020. The Trinidad Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended March 31, 2020, to assist the reader in focusing on significant financial issues.

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

The Authority has several individual programs. These programs are listed as follows:

- **Low Rent Public Housing Program:** The Low Rent Program consists of 198 dwelling units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula.
- **Capital Fund Program:** The Capital Fund program is also funded from HUD based on a formula. The purpose of this program is to provide funding for the modernization and improvement of the Low Rent Public Housing Program. These resources allow the Housing Authority to provide capital improvements for the current dwelling structures and assist in their operations.
- **Housing Choice Voucher Program:** The Housing Choice Voucher Program provides rental assistance to aid low income families to afford, decent, safe and sanitary rental housing. The Housing Authority provides rental assistance in the form of a Housing Assistance Payment to a landlord on behalf of the tenant. The Housing Authority currently has 83 units available. Funds are provided by HUD to provide rental assistance payments. The Housing Authority is provided an administrative fee for the purpose of covering the administrative costs of the program. The fee is preset by HUD on an annual basis.
- **Management Program:** The purpose of the Management Program is to manage and operate non owned low-income housing. One apartment complex is currently being managed from this fund. A management fee is paid to the fund from the Section 8 New Construction Program.
- **Section 8 New Construction Program.** The Section 8 New Construction Program is a project-based apartment complex that HUD has entered into a contract to provide Housing Assistance Payments (HAP) to the Authority for these specific units. This program is managed by the Authority. It consists of 50 units. Tenants typically pay rent which is the 30 percent of the adjusted gross income. The remaining portion of the rent is provided by HUD in the form of rental assistance.

Overview of the Financial Statements

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

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

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)

March 31, 2020

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

- *Net Investment in Capital Assets* consists of capital asset balances net of accumulated depreciation less any outstanding balances of related debt associated with the acquisition of these assets
- *Restricted Component of Net Position* consists of resources that are restricted by limitations placed on these resources by an external source or imposed by law through constitutional provisions.
- *Unrestricted Component of Net Position* represents the remaining resources available that does not meet the definition of the above categories. The unrestricted component of net position is basically the amount of resources available for future year appropriations.

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended March 31, 2020, to determine the change in net position for the fiscal year.

The Statement of Cash Flows report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended March 31, 2020.

Financial Highlights

- The Trinidad Housing Authority's Net Position decreased from the March 31, 2019 balance of \$3,958,195 to the March 31, 2020 balance of \$3,789,326, a decrease of \$168,869 or 4%. The total assets decreased during the same time frame by \$129,892 or 2%.
- Total revenues decreased from \$2,195,294 earned for the year ended March 31, 2019, to \$2,093,392 earned for the year ended March 31, 2020, a decrease of \$101,902 or 5%.
- Total expenses increased by \$146,234, from \$2,106,359 incurred for the year ended March 31, 2019, to \$2,252,593 incurred for the year ended March 31, 2020. This represents an increase of 7%.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended March 31, 2020 and March 31, 2019.

*Summary Statement of Net Position
As of March 31, 2020 & 2019*

Category	3/31/2020	3/31/2019	Change \$	Change %
Current Assets	\$ 2,026,713	\$ 1,969,582	\$ 57,131	3%
Fixed Assets (Net of Depreciation)	\$ 3,488,915	\$ 3,675,938	\$ (187,023)	-5%
Total Assets	\$ 5,515,628	\$ 5,645,520	\$ (129,892)	-2%
Deferred Outflow of Resources	\$ -	\$ -	\$ -	N/A
Current Liabilities	\$ 263,158	\$ 246,939	\$ 16,219	7%
Non Current Liabilities	\$ 1,410,095	\$ 1,440,386	\$ (30,291)	-2%
Total Liabilities	\$ 1,673,253	\$ 1,687,325	\$ (14,072)	-1%
Deferred Inflow of Resources	\$ 53,049	\$ -	\$ 53,049	N/A
Unrestricted	\$ 1,659,131	\$ 1,625,551	\$ 33,580	2%
Restricted	\$ 53,474	\$ 89,582	\$ (36,108)	-40%
Net Investment in Capital Assets	\$ 2,076,721	\$ 2,243,062	\$ (166,341)	-7%
Total Net Position	\$ 3,789,326	\$ 3,958,195	\$ (168,869)	-4%

Current Assets

Current assets increased by \$57,131 due primarily to an increase in cash of \$108,308 offset by a decrease in A/R – HUD of \$17,421 and prepaid expenses of \$36,253.

Noncurrent Assets –Fixed Assets (Net of Depreciation)

Noncurrent assets decreased by \$187,023. See the capital asset section for further information.

Current Liabilities

Current liabilities increased by \$16,219. This was primarily due to an increase in accrued wages/payroll taxes payable in the amount of \$12,437, accounts payable – other government in the amount of \$7,323, and unearned revenue in the amount of \$1,295 offset by a decrease in other current liabilities by \$11,638.

Non-Current Liabilities

Non-current liabilities decreased by \$30,291. This is the result of a decrease in the long-term portion of mortgage payable in the amount of \$21,904 and the long-term portion of accrued compensated absences in the amount of \$8,387.

Net Position

Restricted

The restricted component of net position of the Authority decreased by \$36,108 from the previous fiscal year. The decrease was due primarily to the N/C S/R Section 8 Program restricted accounts decreasing by \$29,551. In addition, restricted net position on the HCV program decreased by \$6,557 as a result of excess HAP costs over HAP funding.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Housing Authority Activities & Highlights – (Continued)

Net Position – (Continued)

Unrestricted

The Authority's unrestricted component of Net Position changed from \$1,625,551 to \$1,659,131, a change of \$33,580 for the current year. This balance is subject to program specific guidelines.

The individual program balances that comprise the unrestricted component of net position are as follows:

▪ Low Rent Housing Program	\$1,623,145
▪ Housing Choice Voucher	27,360
▪ Section 8 New Construction	(923)
▪ Management Program	<u>9,549</u>
Total	<u>\$1,659,131</u>

***Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended March 31, 2020 and 2019***

Category	3/31/2020	3/31/2019	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 634,062	\$ 562,067	\$ 71,995	13%
Government Operating Grants	\$ 1,255,465	\$ 1,254,667	\$ 798	0%
Capital Grants	\$ 144,018	\$ 350,478	\$ (206,460)	-59%
Other Revenue	\$ 48,759	\$ 19,003	\$ 29,756	157%
Interest Income	\$ 11,088	\$ 9,079	\$ 2,009	22%
Total Revenue	\$ 2,093,392	\$ 2,195,294	\$ (101,902)	-5%
Expenses:				
Administration	\$ 491,904	\$ 456,740	\$ 35,164	8%
Tenant Services	\$ 752	\$ 784	\$ (32)	-4%
Utilities	\$ 90,848	\$ 87,157	\$ 3,691	4%
Ordinary Maintenance	\$ 668,792	\$ 617,035	\$ 51,757	8%
Protective Services	\$ 10,402	\$ 9,118	\$ 1,284	14%
General/Insurance Expense	\$ 228,824	\$ 199,719	\$ 29,105	15%
Nonroutine Maintenance	\$ 6,028	\$ 9,994	\$ (3,966)	-40%
Depreciation	\$ 377,226	\$ 389,575	\$ (12,349)	-3%
Housing Assistance Payments	\$ 328,686	\$ 285,603	\$ 43,083	15%
Interest Expense	\$ 49,131	\$ 50,634	\$ (1,503)	-3%
Total Expenses	\$ 2,252,593	\$ 2,106,359	\$ 146,234	7%
Excess (Deficiency) Before Special Item	\$ (159,201)	\$ 88,935	\$ (248,136)	-279%
Special Item/Casualty Losses	\$ 9,668	\$ -	\$ 9,668	N/A
Change in Net Position	\$ (168,869)	\$ 88,935	\$ (257,804)	-290%
Net Position, Beginning of Year	\$ 3,958,195	\$ 3,869,260	\$ 88,935	2%
Net Position, End of Year	\$ 3,789,326	\$ 3,958,195	\$ (168,869)	-4%

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Housing Authority Activities & Highlights – (Continued)

Results of Operations

Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's total revenue decreased by \$101,902 from the previous year. Significant variances include the following:

- Tenant revenue increased by \$71,995. This increase was due primarily to a higher average rent of \$196.89 in 2020, compared to \$162.24 in 2019.
- Capital grant revenue decreased by \$206,460 or 59% due to decreased capital improvement activity in the current year.
- Other revenue increased by \$29,756 primarily due to an increase in insurance proceeds of \$6,247 and other miscellaneous revenue of \$20,509 during the current year.

Total expenses increased by \$146,234 from the previous year. Significant variances include the following:

- Administrative costs increased by \$35,164 due primarily to an increase in staffing and benefit costs. Administrative salaries and benefit costs increased by \$36,512 from the previous year due to raises in the current year.
- Ordinary maintenance costs increased by \$51,757 due to an increase in maintenance labor and benefits in the amount of \$17,510, maintenance materials in the amount of \$18,936, and maintenance contract costs of \$15,311. Maintenance contract categories that showed increases consist of garbage and trash in the amount of \$4,776, heating and cooling of \$3,100, landscape and grounds of \$2,998, electrical contracts of \$5,518, plumbing of \$2,552, and miscellaneous contracts of \$3,281.
- General/Insurance expenses increased by \$29,105 from the prior year due to an increase in overall insurance costs of \$10,866, compensated absences of \$12,036, and payments in lieu of taxes (PILOT) in the amount of \$7,323.
- Housing assistance payments increased by \$43,083 during the current year. Units leased increased from 743 in 2019, to 798 in 2020. Average HAP payments increased from \$384.39 in 2019, to \$411.89 in 2020.
- Casualty losses of \$9,668 consisted of fire damage. Extraordinary maintenance consists of sewer line replacement.

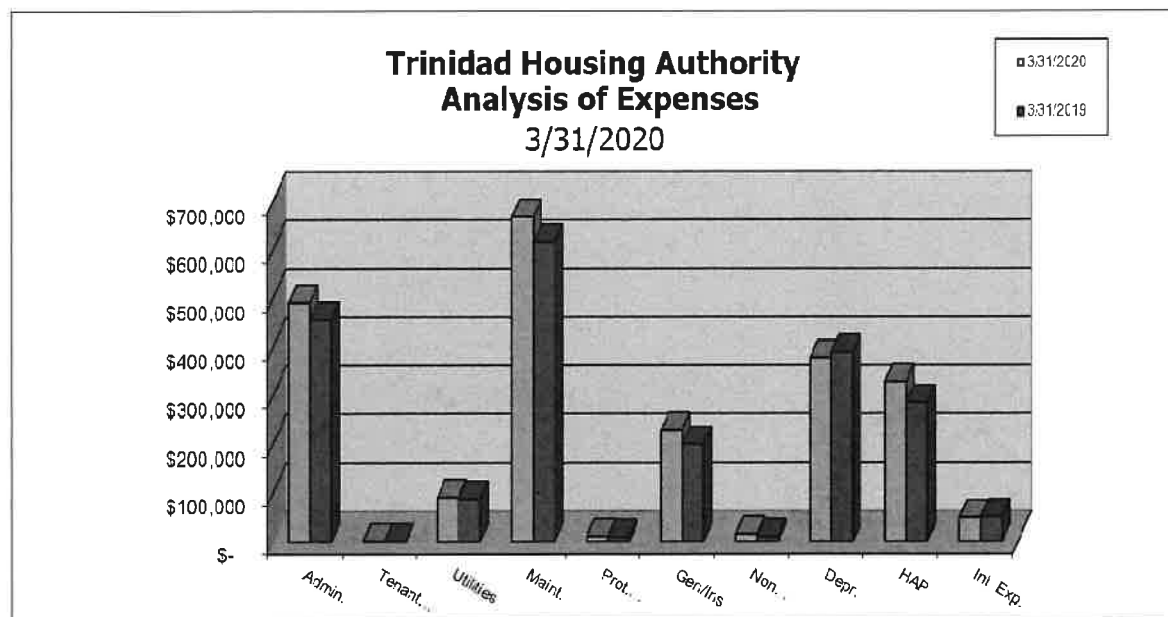
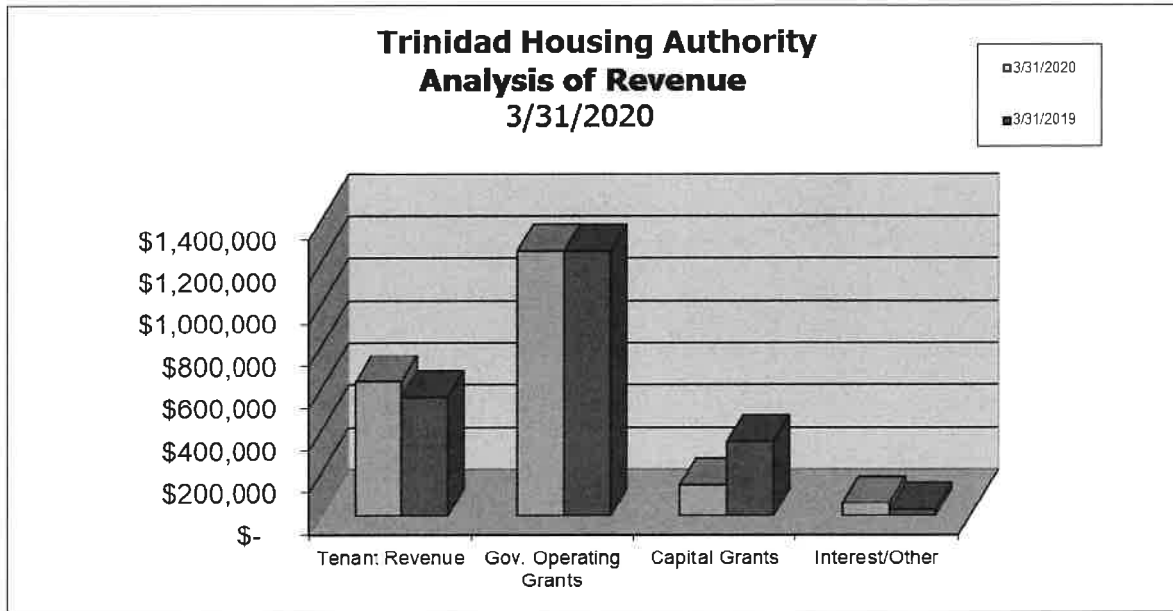
HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Housing Authority Activities & Highlights – (Continued)

Results of Operations – (Continued)

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



HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Capital Assets

As of March 31, 2020, the Trinidad Housing Authority's net investment in capital assets was \$2,076,721. This investment includes land, building, site improvement, construction in progress, and equipment, less accumulated depreciation. Any debt associated with the asset including the principal balance of long-term debt is deducted in this balance.

Summary Statement of Capital Assets
Years Ended March 31, 2020 and 2019

<u>Category</u>	3/31/2020	3/31/2019	Change \$	Change %
Land	\$ 407,991	\$ 407,991	\$ -	0%
Buildings	\$ 14,608,178	\$ 14,190,836	\$ 417,342	3%
Equipment	\$ 312,038	\$ 298,788	\$ 13,250	4%
Construction in Progress	\$ -	\$ 240,389	\$ (240,389)	-100%
Accumulated Depreciation	\$ (11,839,292)	\$ (11,462,066)	\$ (377,226)	3%
Total Net Fixed Assets	\$ 3,488,915	\$ 3,675,938	\$ (187,023)	-5%

Additions to buildings consist of completed apartment conversions, tankless water heaters, and fencing funded by the Operating and Capital Fund Program. Equipment additions include a dump trailer, leak locator, and a carpet shampooer.

Long Term Debt Activity

At March 31, 2020, the Housing Authority had \$1,412,194 in mortgages payable outstanding versus \$1,432,876 in the previous year, a decrease of 1.44%. During the fiscal year, the Housing Authority did not incur any additional debt. The amount classified as non-current is \$1,390,290.

In addition, the Authority classifies a portion of the employee's leave as long-term debt. This is due to the Authority not anticipating to pay out the total amount in the following year. The amount listed as long term is \$19,805.

Subsequent Event

Due to the 2020 Congressional Appropriations, the Authority's operating subsidy for the 2020 calendar year is estimated at 96.54%.

The amount of funding for the 2020 calendar year for the Housing Choice Voucher Program has not been finalized by HUD. The 2020 administrative fees are estimated at 80% and HAP funding at 99.4%.

Additional funding from the Cares Act legislation has been provided to the Low Rent Housing Program and the Housing Choice Voucher Program to aid in the preventing, preparing and responding to the COVID-19 virus. This funding, totaling \$96,220 and \$18,917 respectively, has been obligated. The supplemental funding for the Low Rent Program must be spent by December 31, 2020, while the Housing Choice Voucher must be spent by June 30, 2021.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2020

Request for Information

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

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

Trinidad Housing Authority
Tonya Valdez, Executive Director
422 E. First Street
Trinidad, CO 81082

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF NET POSITION
March 31, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$	1,010,790
Cash - restricted		180,718
Investments		757,098
Receivables - net of allowances		9,993
Inventory - net of allowances		48,737
Prepaid expenses		<u>19,377</u>

Total Current Assets 2,026,713

Capital assets:

Land and construction in progress		407,991
Other capital assets, net of depreciation		<u>3,080,924</u>

Total capital assets - net 3,488,915

Total Non-current Assets 3,488,915

Total Assets 5,515,628

DEFERRED OUTFLOWS OF RESOURCES

Total Deferred Outflow of Resources -

Total Assets and Deferred Outflow of Resources \$ 5,515,628

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF NET POSITION - (Continued)
March 31, 2020

LIABILITIES

Current Liabilities:

Accounts payable	\$	109,689
Accrued salaries and benefits		21,383
Tenant security deposit liability		74,195
Accrued compensated absences		25,671
Accrued interest payable		2,180
Current portion of long-term debt		21,904
Unearned revenues		<u>8,136</u>

Total Current Liabilities 263,158

Non-current Liabilities:

Long-term debt, net of current portion		1,390,290
Compensated absences		<u>19,805</u>

Total Non-current Liabilities 1,410,095

Total Liabilities 1,673,253

DEFERRED INFLOWS OF RESOURCES

Excess operating subsidy		<u>53,049</u>
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Total Deferred Inflow of Resources 53,049

NET POSITION

Net investment in capital assets		2,076,721
Restricted		53,474
Unrestricted		<u>1,659,131</u>

Total Net Position 3,789,326

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 5,515,628

See accompanying notes to the basic financial statements.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended March 31, 2020

OPERATING REVENUES	
Tenant revenue	\$ 634,062
Governmental grants and subsidy	1,255,465
Miscellaneous	<u>48,759</u>
Total operating revenue	<u>1,938,286</u>
OPERATING EXPENSES	
Administrative	491,904
Tenant services	752
Utilities	90,848
Ordinary maintenance and operations	668,792
Protective services	10,402
Insurance	96,235
General	132,589
Non routine maintenance	15,696
Housing assistance payment	328,686
Depreciation expense	<u>377,226</u>
Total operating expenses	<u>2,213,130</u>
Operating income (loss)	<u>(274,844)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	11,088
Interest expense	<u>(49,131)</u>
Net non-operating revenues (expenses)	<u>(38,043)</u>
Income (loss) before contributions and transfers	<u>(312,887)</u>
Capital contributions	<u>144,018</u>
Change in net position	(168,869)
Total net position - beginning of year	<u>3,958,195</u>
Total net position - end of year	\$ <u><u>3,789,326</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 633,758
Received from governmental grants and subsidy	1,270,021
Received from other operating activities	48,949
Payments for goods and services	(607,502)
Payments to employees	(747,787)
Payment in lieu of taxes	(45,658)
Payment for housing assistance	<u>(328,686)</u>
Net cash provided by (used in) operating activities	<u>223,095</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	144,018
Purchases of capital assets	(190,203)
Principal paid on capital debt	(20,682)
Interest paid on capital debt	<u>(49,221)</u>
Net cash provided by (used in) capital and related financing activities	<u>(116,088)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	(9,676)
Receipts of interest and dividends	<u>10,977</u>
Net cash provided by (used in) investing activities	<u>1,301</u>
Net increase (decrease) in cash and cash equivalents	108,308
Cash and cash equivalents at beginning of year	<u>1,083,200</u>
Cash and cash equivalents at end of year	<u>\$ 1,191,508</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended March 31, 2020

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(274,844)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		377,226
Change in assets and liabilities:		
Receivables, net		18,844
Inventories, net		5,867
Prepaid expenses		36,253
Accounts and other payables		(3,376)
Tenant security deposit		2,072
Unearned revenues		54,344
Compensated absences		(6,754)
Accrued expenses		<u>13,463</u>
Net cash provided by (used) by operating activities	\$	<u><u>223,095</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2020

The Housing Authority of the City of Trinidad (Authority) is a public body and a body corporate and politic organized under the laws of the State of Colorado that is legally separate, fiscally independent and governed by a Board of Commissioners. The Authority was established to provide Low-Rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other applicable federal agencies. Additionally, HUD has entered into Annual Contributions Contract with the Authority for the purpose of administering housing and housing relating programs described herein. The Authority is not subject to federal or state income taxes and is not required to file federal or state income tax returns.

The financial statements of the Authority have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, the financial statements of the reporting entity include the Housing Authority of the City of Trinidad, Colorado and its component unit, Corazon Square. Corazon Square is a separate project formed in the State of Colorado as an instrumentality of the Authority and is reported as Blended Component Unit. The financial statements of the component unit are prepared separately. Copies of these statements can be obtained by contacting the staff at the Authority's office. The Authority is not part of any other entity nor does it have oversight responsibility over any other agency.

1B. Basis of Presentation

The accounts of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. The operations of each fund are reported as a separate set of self-balancing accounts that are comprised of each fund's assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds consist of three major categories: governmental, proprietary and fiduciary. Funds within each major category are grouped by fund type in the combined financial statements. The Authority uses the following fund:

Proprietary Fund Types - This fund is used to account for the Authority's ongoing activities that are similar to those often found in the private sector. The accounting objectives are a determination of net income, financial position and changes in cash flow. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position. Proprietary fund equity is segregated into net investment in capital assets and restricted and unrestricted net position. The following are the Authority's proprietary fund types:

Enterprise Fund - Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Authority's programs as an enterprise fund.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1B. Basis of Presentation - (Continued)

The Authority operates the following programs in the enterprise fund:

Public and Indian Housing – The objective of the program is to provide decent, safe and sanitary housing and related facilities for eligible low-income individuals.

Public Housing Capital Fund – The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

Section 8 Housing Choice Vouchers – The objective of the program is to help low-income families obtain decent, safe, and sanitary housing through a system of rental assistance. HUD reimburses the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Business Activities – The Authority acts as a managing agent for Corazon Square property. The Authority receives monthly payment as management fee for the upkeep of the property.

Section 8 New Construction & Substantial Rehabilitation (Blended Component Unit - Corazon Square) – The organization operates 50-unit apartment project located in Trinidad, Colorado under Federal Home Administration (FHA) Insured Project. Under this program, HUD provides Section 8 project-based assistance to the housing authorities to help bridge the gap between the rents needed to make a project feasible and the rents affordable to the tenants.

Community Development Block Grant (CDBG) – This program provides communities with resources to address a wide range of unique community development needs by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

1F. Assets, Deferred Outflow, Liabilities, Deferred Inflow and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of HUD, tenant accounts and accrued interest receivable.

Inventories

Inventories are accounted for under the consumption method and recorded at lower of cost or market. Inventories consist primarily of maintenance materials and supplies held for consumption. The cost of these supplies is regarded as an expenditure at the time the items are consumed. Inventories are classified as current assets on the Statement of Net Position, net of an allowance for obsolete inventory.

Fixed Assets

Fixed assets in the proprietary fund types are stated at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. It is the policy of the Authority to capitalize all assets with a cost of \$1,000 or greater. The cost of maintenance and repairs are charged to operations as incurred. Costs of major additions, improvements, and betterments are capitalized.

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

1F. Assets, Liabilities, and Equity - (Continued)

Fixed Assets - (Continued)

Building	15-40 years
Furniture, equipment and machinery - dwelling	5 years
Furniture, equipment and machinery - administrative	3-15 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the security deposit fund, reserve accounts and restricted cash under the Low Rent, Section 8 N/C and CDBG program.

Compensated Absences

The Authority's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term and short-term liabilities based on historical trends. Amounts not expected to be paid within the next fiscal year are classified as long-term liabilities.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority had no deferred outflows of resources as of the year-end.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time. The Authority has deferred inflows of resources relating to the excess operating subsidy received as of the year-end reported in the Statement of Net Position.

Equity Classifications

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

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority's policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

1G. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Inter-fund Transfers

Permanent reallocation of resources between programs of the reporting entity is classified as inter-fund transfers. For the purposes of the Statement of Revenues, Expenses and Change in Net Position, all inter-fund transfers between individual programs, if any, have been eliminated.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Authority and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Authority's compliance with significant laws and regulations and demonstration of its stewardship over Authority resources follows.

2A. Program Accounting Requirements

The Authority's complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Authority are as follows:

<u>Program</u>	<u>Required By</u>
Public and Indian Housing	U.S. Department of Housing and Urban Development
Public Housing Capital Fund	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Community Development Block Grant	U.S. Department of Housing and Urban Development
Business Activities	Housing Authority
Blended Component Unit: - Corazon Square (Sec 8 N/C)	U.S. Department of Housing and Urban Development

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions. As reflected in Note 3A, all deposits were fully insured or collateralized.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - (Continued)

2B. Deposits and Investments Laws and Regulations - (Continued)

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

2C. Revenue Restrictions

The Authority has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Public Housing Capital Fund	Modernization
HAP Grant	Housing assistance payments

For the year ended March 31, 2020, the Authority complied, in all material respects, with these revenue restrictions.

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of March 31, 2020, the Authority had the following cash deposits and investments:

Cash deposits	\$ 1,191,108
Petty cash / Change fund	400
Certificate of deposit	<u>757,098</u>
Total	<u>\$ 1,948,606</u>

Following is a reconciliation of the Authority's deposit balances as of March 31, 2020:

Cash and cash equivalents	\$ 1,010,790
Restricted assets	180,718
Investments	<u>757,098</u>
Total	<u>\$ 1,948,606</u>

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash and Investments – (Continued)

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At March 31, 2020, the Authority's bank balances of \$1,330,396 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank.

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At March 31, 2020, the Authority's investment balance of \$757,098 was entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank.

The State of Colorado's (the State) Public Deposit Protection Act (PDPA) precludes the Authority from requiring banks to hold securities in the Authority's name. The Authority deposits are subject to and in accordance with the PDPA. Under this act, all uninsured deposits are fully collateralized. The eligible collateral pledged is held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner prescribed by rule and regulation or is segregated from other trust department securities. All collateral so held must be clearly identified as being securities maintained or pledged for the aggregate amount of public deposits accepted and held on deposit by the eligible public depository. The depository has the right at any time to make substitutions of eligible collateral maintained or pledged and must at all times be entitled to collect and retain all income derived from those investments without restriction.

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

State law limits investment in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organization. As the Authority's investments consist entirely of certificate of deposits, credit risk is not applicable to the Housing Authority.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3A. Cash and Investments – (Continued)

Investments – (Continued)

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At March 31, 2020, the concentration of the Authority’s investment (excluding cash deposits) was as follows:

<u>Type of Investment</u>	<u>Market Value</u>	<u>Maturity Date</u>
Certificate of Deposit	\$ 114,456	7/19/2020
Certificate of Deposit	80,407	2/15/2021
Certificate of Deposit	141,047	12/30/2021
Certificate of Deposit	138,185	4/20/2022
Certificate of Deposit	138,860	10/31/2020
Certificate of Deposit	144,143	1/8/2021
Total	<u>\$ 757,098</u>	

3B. Restricted Assets

Restricted assets at March 31, 2020 consist of the following:

<u>Type of Restricted Assets</u>	<u>Cash Including Time Deposits</u>	<u>Investments</u>	<u>Accrued Interest</u>	<u>Total</u>
Reserve account – Sec 8 N/C	\$ 49,843	\$ ----	\$ ----	\$ 49,843
Restricted cash – CDBG	3,631	----	----	3,631
Restricted cash – Low Rent	53,049	----	----	53,049
Security deposit	74,195	----	----	74,195
Total	<u>\$ 180,718</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 180,718</u>

3C. Receivables

Receivables at March 31, 2020, consist of the following:

Tenants - net of allowance	\$ 2,332	
Less: Allowance for doubtful account - tenants	<u>(538)</u>	
Tenants - net of allowance		\$ 1,794
HUD		7,324
Interest		<u>875</u>
Total Accounts Receivable		<u>\$ 9,993</u>

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3D. Inventory

Inventory at March 31, 2020 comprised of the following:

Inventory	\$	54,152
Less: Allowance for obsolete inventory		<u>(5,415)</u>
Inventory - net of allowance	\$	<u>48,737</u>

3E. Capital Assets

A summary of capital asset activity for the year ended March 31, 2020 is as follows:

	<u>Balance April 1, 2019</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Reclass/ Transfers in (out)</u>	<u>Balance March 31, 2020</u>
Non-depreciable assets:					
Land	\$ 407,991	\$ -	\$ -	\$ -	\$ 407,991
Construction in progress	<u>240,389</u>	<u>-</u>	<u>-</u>	<u>(240,389)</u>	<u>-</u>
Total non-depreciable assets	<u>648,380</u>	<u>-</u>	<u>-</u>	<u>(240,389)</u>	<u>407,991</u>
Depreciable assets:					
Building	14,182,328	176,953	-	240,389	14,599,670
Equipment - dwelling	24,758	-	-	-	24,758
Equipment - administration	274,030	13,250	-	-	287,280
Leasehold improvements	<u>8,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,508</u>
Total depreciable assets	<u>14,489,624</u>	<u>190,203</u>	<u>-</u>	<u>240,389</u>	<u>14,920,216</u>
Accumulated depreciation	<u>(11,462,066)</u>	<u>(377,226)</u>	<u>-</u>	<u>-</u>	<u>(11,839,292)</u>
Total depreciable assets, net	<u>3,027,558</u>	<u>(187,023)</u>	<u>-</u>	<u>240,389</u>	<u>3,080,924</u>
Capital assets, net	<u>\$ 3,675,938</u>	<u>\$ (187,023)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,488,915</u>

Depreciation expense is charged to programs as follows:

<u>Business-type Activities</u>	
Low Rent	\$ 251,991
CFP	9,611
HCV	471
Sec 8 N/C	115,059
Business Activities	<u>94</u>
Total depreciation expense	<u>\$ 377,226</u>

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3F. Accounts Payable

Accounts payable at March 31, 2020, consist of the following:

Vendors & contractors	\$	8,974
PILOT		52,981
Other current liabilities		39,523
Accrued utilities		<u>8,211</u>
 Total Accounts Payable	 \$	 <u>109,689</u>

3G. Non-current Liabilities

Non-current liabilities at March 31, 2020, consist of the following:

Accrued compensated absences	\$	19,805
Mortgage payable		<u>1,390,290</u>
 Total Non-Current Liabilities	 \$	 <u>1,410,095</u>

The following is the summary of changes in long-term liabilities:

	<u>Balance</u>		<u>Balance</u>		<u>Amounts</u>
	<u>April 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>March</u>	<u>Due within</u>
				<u>31, 2020</u>	<u>One Year</u>
Accrued compensated absences	\$ 28,192	\$ ---	\$ 8,387	\$ 19,805	\$ 25,671
Mortgage payable	<u>1,412,194</u>	<u>---</u>	<u>21,904</u>	<u>1,390,290</u>	<u>21,904</u>
 Total Non-Current Liabilities	 <u>\$ 1,440,386</u>	 <u>---</u>	 <u>\$ 30,291</u>	 <u>\$ 1,410,095</u>	 <u>\$ 47,575</u>

Annual Debt Service Requirements

The long-term debt consists of the following mortgages:

The Project has a mortgage payable to Colorado Housing and Finance Authority which is due in monthly installments of \$3,949, including principal and interest, with final maturity scheduled for March 2034 at an interest rate of 5.75%. The balance due as of March 31, 2020 is \$453,152 (including current portion). The Corazon Square apartment project serves as collateral for this loan.

Additionally, the Project has a second and third mortgage payable to Federal Housing Administration obtained through the Mark to Market program, consisting of a mortgage restructuring in the amount of \$841,541 and \$117,501 respectively. These mortgages have a maturity date of March 1, 2034 at an interest rate of 5.00%. Principal is due in full at maturity, however, if the Project operates Corazon Square as affordable housing until maturity, the second and third mortgages will be forgiven. The Corazon Square apartment project serves as collateral for this loan.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3G. Non-current Liabilities - (Continued)

The annual debt service requirements to maturity for long-term debt as of March 31, 2020, are as follows:

Year Ending March 31,	Principal	Interest	Total
2021	\$ 21,904	\$ 25,485	\$ 47,389
2022	23,197	24,192	47,389
2023	24,566	22,822	47,388
2024	26,017	21,372	47,389
2025	27,552	19,836	47,388
2026-2030	164,172	72,771	236,943
2031-2034	165,744	19,746	185,490
	\$ 453,152	\$ 206,224	\$ 659,376

3H. Inter-program Transactions and Balances

Transfers are used to move revenues from one program to the other program in accordance with the budgetary authorizations.

Operating Transfers

No operating transfer occurred during FY 2020.

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. The following inter-program receivable/payable existed at March 31, 2020:

	Due From	Due To
Low Rent	\$ 9,242	\$ ---
HCV	---	(5,910)
Business Activities	---	(3,332)
	\$ 9,242	\$ (9,242)

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3I. Condensed Combining Financial Information – Blended Component Unit

The Authority has the following condensed combining financial information:

Condensed Statement of Net Position
March 31, 2020

	PHA	Blended Component Unit	Total
Current Assets (includes interfund of \$750,000)	\$1,882,259	\$144,454	\$2,026,713
Capital Assets, Net	\$2,486,479	\$1,002,436	\$3,488,915
Total Assets	\$4,368,738	\$1,146,890	\$5,515,628
Current Liabilities (includes interfund of \$750,000)	\$153,511	\$109,647	\$263,158
Non-Current Liabilities	\$12,014	\$1,398,081	\$1,410,095
Total Liabilities	\$165,525	\$1,507,728	\$1,673,253
Net Position:			
Invested in Capital Assets	\$2,486,479	(\$409,758)	\$2,076,721
Restricted Assets	\$3,631	\$49,843	\$53,474
Unrestricted Assets	\$1,660,054	(\$923)	\$1,659,131
Total Net Position	\$4,150,164	(\$360,838)	\$3,789,326

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS - (Continued)

3I. Condensed Combining Financial Information – Blended Component Unit

**Condensed Statement of Revenues, Expenses and Changes in Net Position
March 31, 2020**

	<u>PHA</u>	<u>Blended Component Unit</u>	<u>Total</u>
Revenue:			
Tenant Revenue	\$445,711	\$188,351	\$634,062
Federal Grants & Subsidy	\$1,180,442	\$219,041	\$1,399,483
Investment Income	\$10,813	\$275	\$11,088
Other Income (includes elimination of \$28,450)	\$58,441	\$18,768	\$77,209
Gain/Loss on Sale of Fixed Assets	\$0	\$0	\$0
Total Revenue	\$1,695,407	\$426,435	\$2,121,842
Expenses:			
Administrative (includes elimination of \$28,450)	\$430,040	\$90,314	\$520,354
Tenant Services	\$752	\$0	\$752
Utilities	\$40,196	\$50,652	\$90,848
Routine Maintenance	\$534,833	\$133,959	\$668,792
Protective Services	\$550	\$9,852	\$10,402
General Expenses	\$172,566	\$56,258	\$228,824
Interest Expenses	\$0	\$49,131	\$49,131
Non-Routine Maintenance	\$15,696	\$0	\$15,696
Housing Assistance Payments	\$328,686	\$0	\$328,686
Depreciation	\$262,167	\$115,059	\$377,226
Total Expenses	\$1,785,486	\$505,225	\$2,290,711
Increase (Decrease) in Net Position	(\$90,079)	(\$78,790)	(\$168,869)

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan with Met Life. The Plan administrator has complete control of the administration of the plan, including complete discretions to interpret or construe the provisions of the Plan and under which contributions are established or may be amended.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan requires the Authority to contribute 3% of covered wages. Benefits are fully vested at the time of employment.

The following information related to the defined contribution plan at March 31, 2020:

Total payroll	\$	527,546
Total payroll for eligible participants	\$	328,667
Employer contributions made	\$	9,860

4B. Commitments – Construction

At March 31, 2020, the Authority had the following pending Capital Fund project in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-17	\$ 291,622	\$ 288,663

4C. Risk Management

The Authority is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee’s health and life; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Authority manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with State Farm Insurance.
b. Injuries to employees (workers' compensation)	Purchased insurance with Pinnacol Assurance. Claims are administered by the same company.
c. Physical property loss and natural disasters	Purchased commercial insurance with deductible ranging from \$5,000 - \$20,000.
d. Health and life	Purchased health insurance from Blue Cross Blue Shield; Life insurance is provided by Guardian Inc.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Authority. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2020

NOTE 4 – OTHER NOTES - (Continued)

4D. Contingencies

The Authority is subject to possible examinations made by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Authority in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.

4E. Financial Data Schedule

The Authority prepares its Financial Data Schedule (FDS) in accordance with HUD requirements in a prescribed format which differs from the presentation of the basic financial statements. The FDS format excludes depreciation expense, Housing Assistance Payment (HAP), extraordinary maintenance, casualty losses and interest expense and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4F. Related Party

The Authority is a special limited partner in the Artspace Trinidad Limited Partnership. The ownership interest is .001%. The partnership has been formed to develop, construct, rehabilitate, own, maintain and operate a 41-unit multifamily apartment complex for rental to individuals and families of low -income.

4G. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes.

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

Management evaluated the activity of the Authority through August 11, 2020 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4H. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2021 federal budget.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2020

Federal Grantor	Federal CFDA #	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 672,249
Public Housing Capital Fund	14.872	144,018
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	364,175
Section 8 Project-Based Cluster: Section 8 New Construction & Substantial Rehabilitation	14.182	219,041
Supportive Housing for the Elderly	14.157	* 1,412,194
Total Expenditures of Federal Awards		\$ <u>2,811,677</u>

* Consists of principal loan balance at March 31, 2020.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Trinidad (Authority) under programs of the federal government for the year ended March 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE
Year Ended March 31, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	1 Business Activities	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$913,528	\$66,444	\$20,525		\$10,293	\$1,010,790	\$0	\$1,010,790
113 Cash - Other Restricted	\$53,049	\$49,843	\$0	\$3,631		\$106,523	\$0	\$106,523
114 Cash - Tenant Security Deposits	\$58,308	\$15,887	\$0			\$74,195	\$0	\$74,195
100 Total Cash	\$1,024,885	\$132,174	\$20,525	\$3,631	\$10,293	\$1,191,508	\$0	\$1,191,508
122 Accounts Receivable - HUD Other Projects	\$0	\$0	\$7,324			\$7,324	\$0	\$7,324
126 Accounts Receivable - Tenants	\$1,966	\$366	\$0			\$2,332	\$0	\$2,332
126.1 Allowance for Doubtful Accounts - Tenants	-\$520	-\$18	\$0			-\$538	\$0	-\$538
129 Accrued Interest Receivable	\$875	\$0	\$0			\$875	\$0	\$875
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,321	\$348	\$7,324	\$0	\$0	\$9,993	\$0	\$9,993
131 Investments - Unrestricted	\$757,098	\$0	\$0			\$757,098	\$0	\$757,098
142 Prepaid Expenses and Other Assets	\$11,880	\$7,443	\$45		\$9	\$19,377	\$0	\$19,377
143 Inventories	\$49,164	\$4,988	\$0			\$54,152	\$0	\$54,152
143.1 Allowance for Obsolete Inventories	-\$4,916	-\$499	\$0			-\$5,415	\$0	-\$5,415
150 Total Current Assets	\$1,840,432	\$144,454	\$27,894	\$3,631	\$10,302	\$2,026,713	\$0	\$2,026,713
161 Land	\$381,908	\$10,000	\$0		\$16,083	\$407,991	\$0	\$407,991
162 Buildings	\$11,788,976	\$2,788,116	\$18,815		\$3,763	\$14,599,670	\$0	\$14,599,670
163 Furniture, Equipment & Machinery - Dwellings	\$24,758	\$0	\$0			\$24,758	\$0	\$24,758
164 Furniture, Equipment & Machinery - Administration	\$267,442	\$19,838	\$0			\$287,280	\$0	\$287,280
165 Leasehold Improvements	\$0	\$0	\$0		\$8,508	\$8,508	\$0	\$8,508
166 Accumulated Depreciation	-\$10,022,645	-\$1,815,518	-\$941		-\$188	-\$11,839,292	\$0	-\$11,839,292
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,440,439	\$1,002,436	\$17,874	\$0	\$28,166	\$3,488,915	\$0	\$3,488,915
180 Total Non-Current Assets	\$2,440,439	\$1,002,436	\$17,874	\$0	\$28,166	\$3,488,915	\$0	\$3,488,915
200 Deferred Outflow of Resources	\$0	\$0	\$0			\$0	\$0	\$0
290 Total Assets and Deferred Outflow of Resources	\$4,280,871	\$1,146,890	\$45,768	\$3,631	\$38,468	\$5,515,628	\$0	\$5,515,628

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended March 31, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	1 Business Activities	Subtotal	ELIM	Total
312 Accounts Payable <= 90 Days	\$8,619	\$0	\$219		\$136	\$8,974	\$0	\$8,974
321 Accrued Wage/Payroll Taxes Payable	\$17,863	\$3,520	\$0			\$21,383	\$0	\$21,383
322 Accrued Compensated Absences - Current Portion	\$19,399	\$5,654	\$271		\$347	\$25,671	\$0	\$25,671
325 Accrued Interest Payable	\$0	\$2,180	\$0			\$2,180	\$0	\$2,180
333 Accounts Payable - Other Government	\$39,296	\$13,685	\$0			\$52,981	\$0	\$52,981
341 Tenant Security Deposits	\$58,308	\$15,887	\$0			\$74,195	\$0	\$74,195
342 Unearned Revenue	\$6,010	\$2,126	\$0			\$8,136	\$0	\$8,136
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$21,904	\$0			\$21,904	\$0	\$21,904
345 Other Current Liabilities	\$0	\$39,523	\$0			\$39,523	\$0	\$39,523
346 Accrued Liabilities - Other	\$3,043	\$5,168	\$0			\$8,211	\$0	\$8,211
310 Total Current Liabilities	\$152,538	\$109,647	\$490	\$0	\$483	\$263,158	\$0	\$263,158
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,390,290	\$0			\$1,390,290	\$0	\$1,390,290
354 Accrued Compensated Absences - Non Current	\$11,700	\$7,791	\$44		\$270	\$19,805	\$0	\$19,805
350 Total Non-Current Liabilities	\$11,700	\$1,398,081	\$44	\$0	\$270	\$1,410,095	\$0	\$1,410,095
300 Total Liabilities	\$164,238	\$1,507,728	\$534	\$0	\$753	\$1,673,253	\$0	\$1,673,253
400 Deferred Inflow of Resources	\$53,049	\$0	\$0		\$0	\$53,049	\$0	\$53,049
508.4 Net Investment in Capital Assets	\$2,440,439	-\$409,758	\$17,874	\$0	\$28,166	\$2,076,721	\$0	\$2,076,721
511.4 Restricted Net Position	\$0	\$49,843	\$0	\$3,631	\$0	\$53,474	\$0	\$53,474
512.4 Unrestricted Net Position	\$1,623,145	-\$923	\$27,360	\$0	\$9,549	\$1,659,131	\$0	\$1,659,131
513 Total Equity - Net Assets / Position	\$4,063,584	-\$360,838	\$45,234	\$3,631	\$37,715	\$3,789,326	\$0	\$3,789,326
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,280,871	\$1,146,890	\$45,768	\$3,631	\$38,468	\$5,515,628	\$0	\$5,515,628

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended March 31, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	1 Business Activities	Subtotal	ELJM	Total
70300 Net Tenant Rental Revenue	\$433,154	\$187,501	\$0			\$620,655	\$0	\$620,655
70400 Tenant Revenue - Other	\$12,557	\$850	\$0			\$13,407	\$0	\$13,407
70500 Total Tenant Revenue	\$445,711	\$188,351	\$0	\$0	\$0	\$634,062	\$0	\$634,062
70600 HUD PHA Operating Grants	\$672,249	\$219,041	\$364,175			\$1,255,465	\$0	\$1,255,465
70610 Capital Grants	\$144,018	\$0	\$0			\$144,018	\$0	\$144,018
71100 Investment Income - Unrestricted	\$10,775	\$102	\$29		\$9	\$10,915	\$0	\$10,915
71500 Other Revenue	\$22,486	\$18,768	\$0		\$35,955	\$77,209	-\$28,450	\$48,759
72000 Investment Income - Restricted	\$0	\$173	\$0			\$173	\$0	\$173
70000 Total Revenue	\$1,295,239	\$426,435	\$364,204	\$0	\$35,964	\$2,121,842	-\$28,450	\$2,093,392
91100 Administrative Salaries	\$249,558	\$24,336	\$5,744		\$5,990	\$285,628	\$0	\$285,628
91200 Auditing Fees	\$6,199	\$4,395	\$330		\$66	\$10,990	\$0	\$10,990
91300 Management Fee	\$0	\$28,450	\$0			\$28,450	-\$28,450	\$0
91400 Advertising and Marketing	\$3,186	\$1,279	\$169		\$514	\$5,148	\$0	\$5,148
91500 Employee Benefit contributions - Administrative	\$69,912	\$2,236	\$1,770		\$1,788	\$75,706	\$0	\$75,706
91600 Office Expenses	\$36,220	\$9,000	\$3,427		\$822	\$49,469	\$0	\$49,469
91700 Legal Expense	\$3,764	\$0	\$0			\$3,764	\$0	\$3,764
91800 Travel	\$3,365	\$0	\$33		\$6	\$3,404	\$0	\$3,404
91900 Other	\$18,622	\$20,618	\$4,572		\$13,983	\$57,795	\$0	\$57,795
91000 Total Operating - Administrative	\$390,826	\$90,314	\$16,045	\$0	\$23,169	\$520,354	-\$28,450	\$491,904
92200 Relocation Costs	\$654	\$0	\$0			\$654	\$0	\$654
92400 Tenant Services - Other	\$98	\$0	\$0			\$98	\$0	\$98
92500 Total Tenant Services	\$752	\$0	\$0	\$0	\$0	\$752	\$0	\$752
93100 Water	\$7,950	\$3,777	\$0			\$11,727	\$0	\$11,727
93200 Electricity	\$12,886	\$37,651	\$0			\$50,537	\$0	\$50,537
93300 Gas	\$6,715	\$6,719	\$0			\$13,434	\$0	\$13,434
93600 Sewer	\$12,645	\$2,505	\$0			\$15,150	\$0	\$15,150
93000 Total Utilities	\$40,196	\$50,652	\$0	\$0	\$0	\$90,848	\$0	\$90,848

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended March 31, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	I Business Activities	Subtotal	ELIM	Total
94100 Ordinary Maintenance and Operations - Labor	\$247,792	\$49,695	\$0			\$297,487	\$0	\$297,487
94200 Ordinary Maintenance and Operations - Materials and Other	\$112,726	\$13,946	\$0			\$126,672	\$0	\$126,672
94300 Ordinary Maintenance and Operations Contracts	\$97,371	\$65,377	\$1,347			\$164,095	\$0	\$164,095
94500 Employee Benefit Contributions - Ordinary Maintenance	\$75,597	\$4,941	\$0			\$80,538	\$0	\$80,538
94000 Total Maintenance	\$533,486	\$133,959	\$1,347	\$0	\$0	\$668,792	\$0	\$668,792
95100 Protective Services - Labor	\$0	\$8,514	\$0			\$8,514	\$0	\$8,514
95300 Protective Services - Other	\$550	\$0	\$0			\$550	\$0	\$550
95500 Employee Benefit Contributions - Protective Services	\$0	\$1,338	\$0			\$1,338	\$0	\$1,338
95000 Total Protective Services	\$550	\$9,852	\$0	\$0	\$0	\$10,402	\$0	\$10,402
96110 Property Insurance	\$55,433	\$14,231	\$0		\$0	\$69,664	\$0	\$69,664
96120 Liability Insurance	\$431	\$0	\$23		\$5	\$459	\$0	\$459
96130 Workmen's Compensation	\$11,664	\$4,211	\$620		\$124	\$16,619	\$0	\$16,619
96140 All Other Insurance	\$9,069	\$0	\$353		\$71	\$9,493	\$0	\$9,493
96100 Total Insurance Premiums	\$76,597	\$18,442	\$996	\$0	\$200	\$96,235	\$0	\$96,235
96200 Other General Expenses	\$290	\$12,766	\$1,475			\$14,531	\$0	\$14,531
96210 Compensated Absences	\$45,132	\$10,754	\$656		\$766	\$57,308	\$0	\$57,308
96300 Payments in Lieu of Taxes	\$39,296	\$13,685	\$0			\$52,981	\$0	\$52,981
96400 Bad debt - Tenant Rents	\$7,158	\$611	\$0			\$7,769	\$0	\$7,769
96000 Total Other General Expenses	\$91,876	\$37,816	\$2,131	\$0	\$766	\$132,589	\$0	\$132,589
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$49,131	\$0			\$49,131	\$0	\$49,131
96700 Total Interest Expense and Amortization Cost	\$0	\$49,131	\$0	\$0	\$0	\$49,131	\$0	\$49,131
96900 Total Operating Expenses	\$1,134,283	\$390,166	\$20,519	\$0	\$24,135	\$1,569,103	-\$28,450	\$1,540,653
97000 Excess of Operating Revenue over Operating Expenses	\$160,956	\$36,269	\$343,685	\$0	\$11,829	\$552,739	\$0	\$552,739

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended March 31, 2020

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.228 Community Development Block Grants/State's Program	1 Business Activities	Subtotal	ELJM	Total
97100 Extraordinary Maintenance	\$6,028	\$0	\$0			\$6,028	\$0	\$6,028
97200 Casualty Losses - Non-capitalized	\$9,668	\$0	\$0			\$9,668	\$0	\$9,668
97300 Housing Assistance Payments	\$0	\$0	\$328,686			\$328,686	\$0	\$328,686
97400 Depreciation Expense	\$261,602	\$115,059	\$471		\$94	\$377,226	\$0	\$377,226
90000 Total Expenses	\$1,411,581	\$505,225	\$349,676	\$0	\$24,229	\$2,290,711	-\$28,450	\$2,262,261
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$116,342	-\$78,790	\$14,528	\$0	\$11,735	-\$168,869	\$0	-\$168,869
11020 Required Annual Debt Principal Payments	\$0	\$20,682	\$0	\$0	\$0	\$20,682		\$20,682
11030 Beginning Equity	\$4,179,926	-\$1,032,122	\$30,706	\$753,705	\$25,980	\$3,958,195	\$0	\$3,958,195
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$750,074	\$0	-\$750,074		\$0	\$0	\$0
11170 Administrative Fee Equity			\$45,234			\$45,234		\$45,234
11190 Unit Months Available	2332	600	798			3730	0	3730
11210 Number of Unit Months Leased	2200	592	663			3455	0	3455
11270 Excess Cash	\$1,484,194					\$1,484,194		\$1,484,194
11620 Building Purchases	\$146,518					\$146,518		\$146,518
11640 Furniture & Equipment - Administrative Purchases	\$11,100					\$11,100		\$11,100



Audit Solutions, LLC.

Certified Public Accountant

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
Housing Authority of the City of Trinidad
Trinidad, Colorado

I 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 of the Housing Authority of the City of Trinidad (Authority), Colorado, as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated August 11, 2020.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 the Authority's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

Audit Solutions, LLC

Chesterfield, Missouri

August 11, 2020



Audit Solutions, LLC.

Certified Public Accountant

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

Board of Commissioners
Housing Authority of the City of Trinidad
Trinidad, Colorado

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Trinidad (Authority), Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In my opinion, the Housing Authority of the City of Trinidad, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

August 11, 2020

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of Major programs:</u>	
➤ CFDA #14.850 Public and Indian Housing	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended March 31, 2020 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the period ended March 31, 2020 disclosed no Federal Awards audit finding and questioned costs.