

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

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

**Year Ended December 31, 2021**

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>Required Supplemental Information:</b>	
Management's Discussion and Analysis	1
<b>Independent Auditor's Report</b>	7
<b>Financial Statements:</b>	
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	11
Statement of Cash Flows – Proprietary Fund	12
Notes to Financial Statements	14
<b>Supplemental Information:</b>	
Program Schedule of Net Position	22
Program Schedule of Revenues, Expenses and Changes in Net Position	23
Program Schedule of Cash Flows	24
Financial Data Schedule	26
<b>Single Audit Section:</b>	
Schedule of Expenditures of Federal Awards	29
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	30
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	32
Summary Schedule of Prior Audit Findings	34
Schedule of Findings and Questioned Costs	35
<b>Agreed-Upon Procedure:</b>	
Independent Accountant's Report on Applying Agreed-Upon Procedure	36

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

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

---

Hillcrest & Fremont Apartments  
970-867-2734 Fax 970-867-7303 TDD 1-800-659-2656

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2021**

This section of the Housing Authority of the City of Fort Morgan, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

**FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2021 was \$2,645,245. The net position increased by \$241,221, an increase of 10% over the prior year. Of this amount, \$1,894,273 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$659,300 for the year ended December 31, 2021. This was an increase of \$17,487 or 3% over the prior year.

Operating expenses for the Authority were \$769,180 for the year ended December 31, 2021. This was an increase of \$16,702 or 2% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report includes this *management discussion and analysis* report, the *basic financial statements* and the *notes to financial statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of supplemental information required by HUD. Since the Authority is comprised of all enterprise funds, no entity-wide basic financial statements are shown.

**Required Financial Statements**

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2021**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONT'D)**

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

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

The Authority combines all of its programs into a single enterprise fund. The Authority has no nonmajor funds.

Notes to the Financial Statements

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

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2021 is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	FY 2021	FY 2020	Dollar Change	Percent Change
Current and other assets	\$ 2,049,457	\$ 1,769,245	\$ 280,212	16%
Capital assets	1,105,707	1,134,912	(29,205)	-3%
Total Assets	3,155,164	2,904,157	251,007	9%
Current liabilities	79,601	66,828	12,773	19%
Noncurrent liabilities	430,318	433,305	(2,987)	-1%
Total Liabilities	509,919	500,133	9,786	2%
Net Position				
Net investment in capital assets	673,696	697,245	(23,549)	-3%
Restricted	77,276	69,463	7,813	11%
Unrestricted	1,894,273	1,637,316	256,957	16%
Total Net Position	\$ 2,645,245	\$ 2,404,024	\$ 241,221	10%

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2021**

**FINANCIAL ANALYSIS (CONT'D)**

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$2,645,245 at the close of the year ended December 31, 2021. This represents an increase of \$241,221 which is an increase of 10% over the prior year and was attributed to operations for the year end December 31, 2021.

Current and other assets increased by \$280,212. This was attributed to operations before depreciation and offset by funds used for capital improvements and debt service payments which resulted in a net increase in cash and investments of \$281,564.

Total liabilities increased by \$9,786. There was no unusual reason for the change only the typical variability from year to year based on the timing of payments.

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

Unrestricted net position as of December 31, 2021 was \$1,894,273. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had \$77,276 net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

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

As can be seen on the next page, total revenues increased by \$36,791 primarily due to the increase in Federal operating grants of \$18,339 and rental income of \$17,980 or 3%. The increase in rental income was due to occupancy and rent composition from year to year.

HUD operating subsidy for the Authority was \$146,823 for the year ended December 31, 2021. This was an increase of \$25,901 over the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. In the current year the Authority expended \$218,716 of HUD capital grants for operations compared to \$210,312 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

The Authority also recognized \$699 in CARES Act funding from HUD as a result of COVID-19 compared to \$16,665 in the previous year.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2021**

**FINANCIAL ANALYSIS (CONT'D)**

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

	<u>FY 2021</u>	<u>FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 614,949	\$ 596,969	\$ 17,980	3%
HUD program contributions	366,238	347,899	18,339	5%
USDA program contributions	42,985	40,263	2,722	7%
Other	14,977	16,362	(1,385)	-8%
General revenues				
Interest	3,084	3,949	(865)	-22%
Total Revenues	<u>1,042,233</u>	<u>1,005,442</u>	<u>36,791</u>	<u>4%</u>
<b>Expenses</b>				
Depreciation	143,919	151,000	(7,081)	-5%
Operating	625,261	601,478	23,783	4%
Interest expense	31,511	31,891	(380)	-1%
Other nonoperating	1,568	428	1,140	266%
Total Expenses	<u>802,259</u>	<u>784,797</u>	<u>17,462</u>	<u>2%</u>
Excess (deficiency) before contributions	239,974	220,645	19,329	
Capital Contributions	1,247	-	1,247	
Changes in Net Position	241,221	220,645	20,576	
Beginning Net Position	2,404,024	2,183,379	220,645	
Ending Net Position	<u>\$ 2,645,245</u>	<u>\$ 2,404,024</u>	<u>\$ 241,221</u>	

Operating expenses for the Authority were \$625,261 for the year ended December 31, 2021. This was an increase of \$23,783 or 4% over the prior year. The majority of the increase was in maintenance which increased by \$15,019 and was attributed to unit turnaround and various other projects that vary from year to year.

**OCCUPANCY**

Fremont occupancy rate for the year 2021 was 99%.

Hillcrest had an occupancy rate of 97.5% for 2021.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2021**

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2021 were \$1,105,707. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation. The total decrease in the Authority's capital assets for the fiscal year was 3% in terms of net book value. The actual amount to purchase or construct capital assets was \$90,000 for the year. Depreciation charges for the year totaled \$143,919. Additional information on the Authority's capital assets can be found in Note H of the notes to the financial statements of this report.

Capital Improvements made during FY 2021 are as follows:

**Fremont:**

At Fremont, in 2021 we updated five 2-bedroom apartments, while each was vacant. By replacing flooring with new carpet, padding, linoleum, and cove base, a new bathroom sink with new faucets was installed and all 5 were painted inside. We re-stretched carpeting in 5 apartments and had one foyer carpet professionally cleaned.

Purchased 26 new 24" Ranges and installed in the apartments.

One new refrigerator was purchased for an apartment. We replaced two new hot water tanks in tenant apartments.

We ground all tripping hazards from the sidewalks and re-painted the stripes on the parking lots.

For the Fremont Laundry Room, we purchased 1 Coin Operated Whirlpool Dryer and Pedestal.

**Hillcrest:**

Capital improvements for 2021 at Hillcrest consisted of replacing flooring in "A" Building with new Carpet Squares and Vinyl Tile to include 3 Foyers, Laundry Room, 2 Restrooms, and the Community Lounge.

We are continuing to install Vinyl Flooring to replace the carpet and linoleum in resident's apartments which includes installing new Cove Base and Subflooring as required, as they are vacated.

Repairs were made to Heating and Water System in "A" Building. We installed a new Air Line Dryer and Circulating Pump along with replacing Thermostats, Regulators, and Air Vents. Also, we replaced 2 Gas Valves and Replaced Copper Water Lines on the water system in "A" Building tunnel.

For the Laundry Room, we purchased 2 new Whirlpool Dryers with Pedestals.

New Furniture was purchased for the Foyer Lobbies in "A" Building, along with a new refrigerator in the "A" Building Lounge.

The Hillcrest Garden and surrounding areas had 13 ton of Landscaping Rock added along with ground matting and timbers. A new Bike Rack was installed for resident's use in the C-Row Apartment area.

The parking lots were painted and re-striped and we continue to grind all tripping hazards from the sidewalks and parking signs were updated. An area of the City Sidewalk was removed and replaced.

Building "A" Exterior Concrete Stairs were evaluated and a ground testing was performed to determine a plan for replacement. This project was reviewed by 2 Engineering firms as well as an Architect.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2021**

**DEBT ADMINISTRATION**

The Authority has outstanding notes payable of \$432,011, a decrease of (\$5,656). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended December 31, 2021. Additional information on the Authority's long-term debt can be found in Note K of the notes to the financial statements of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2022 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD and Rural Development. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Executive Director, Housing Authority of the City of Fort Morgan, 1100 Linda Street, Fort Morgan, Colorado 80701.

**INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Morgan, Colorado as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority of the City of Fort Morgan, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Fort Morgan, Colorado's ability to continue as a going concern for twelve months beyond the financial date, including any currently know information that may raise substantial doubt shortly thereafter.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control. Accordingly no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Fort Morgan, Colorado's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements. The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations 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. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 ,Financial Data Schedule and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022 on our consideration of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPA's*

York, Nebraska  
May 9, 2022

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
**December 31, 2021**

<b>ASSETS</b>	<u>Housing</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 1,656,744
Investments	255,927
Accounts receivable, net	1,257
Due from other governments	2,795
Accrued interest receivable	19
Prepaid items	7,851
Materials inventory, net	130
<i>Restricted:</i>	
Cash and cash equivalents	<u>47,458</u>
<b>TOTAL CURRENT ASSETS</b>	<b>1,972,181</b>
 <b>NONCURRENT ASSETS:</b>	
<i>Restricted:</i>	
Cash and cash equivalents	77,276
Capital Assets, non-depreciable	107,431
Capital Assets, depreciable, net	<u>998,276</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,182,983</b>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,155,164</u></b>
 <b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 18,586
Accrued payroll and benefits	480
Accrued compensated absences	8,062
Accrued interest payable	569
Tenant security deposit payable	47,458
Current-portion notes payable	<u>4,446</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>79,601</b>
 <b>NONCURRENT LIABILITIES:</b>	
Accrued compensated absences	2,753
Notes payable	<u>427,565</u>
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>430,318</b>
<b>TOTAL LIABILITIES</b>	<b><u>509,919</u></b>
 <b>NET POSITION</b>	
Net investment in capital assets	673,696
Restricted, replacement reserve	77,276
Unrestricted	<u>1,894,273</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u><u>2,645,245</u></u></b>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND**  
**Year Ended December 31, 2021**

	<b>Housing</b>
<b>OPERATING REVENUES</b>	
Rental income	\$ 614,949
USDA rental assistance	29,374
Other income	14,977
<b>TOTAL OPERATING REVENUES</b>	<b>659,300</b>
 <b>OPERATING EXPENSES</b>	
Administrative	168,863
Tenant services	9,615
Utilities	110,777
Ordinary maintenance and operations	243,190
General expense	92,816
Depreciation	143,919
<b>TOTAL OPERATING EXPENSES</b>	<b>769,180</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(109,880)</b>
 <b>NONOPERATING REVENUES (EXPENSES)</b>	
HUD operating subsidy	146,823
HUD capital grants - operations	218,716
HUD CARES Act subsidy	699
USDA interest subsidy	13,611
Interest income	3,084
Interest expense	(31,511)
Loss on capital asset dispositions	(1,568)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>349,854</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	<b>239,974</b>
 <b>CAPITAL CONTRIBUTIONS</b>	
HUD CARES Act - capital	1,247
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>241,221</b>
 <b>NET POSITION:</b>	
Net position, beginning balance	2,404,024
<b>NET POSITION - ENDING BALANCE</b>	<b>\$ 2,645,245</b>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2021**

	<b>Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 614,571
USDA rental assistance	29,884
Other receipts	14,977
Tenant security deposits	(478)
Cash payments for goods and services	(335,406)
Cash payments to employees for services	(289,965)
	<u>33,583</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	146,823
HUD capital grants - operations	218,716
HUD CARES Act subsidy	699
	<u>366,238</u>
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(99,000)
HUD CARES Act - capital	1,247
Interest paid on capital debt	(17,934)
Principal paid on capital debt	(5,656)
	<u>(121,343)</u>
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
(Deposits) withdrawals to investments	(2,428)
Interest received	3,086
	<u>658</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	
<b>NET INCREASE (DECREASE) IN CASH</b>	<u>279,136</u>
<b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<u>1,502,342</u>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<u>\$ 1,781,478</u>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended December 31, 2021

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (109,880)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	143,919
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(378)
(Increase) decrease in due from other governments	510
(Increase) decrease in prepaid items	(1,435)
(Increase) decrease in materials inventory	2,654
Increase (decrease) in accounts payable	343
Increase (decrease) in accrued payroll and benefits	(592)
Increase (decrease) in tenant security deposits	(478)
Increase (decrease) in accrued leave	<u>(1,080)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>33,583</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The Authority was created under the laws of the State of Colorado. The purpose of the Authority is to administer the Housing programs authorized by the United States Housing Act of 1937 and amendments contained in the Quality Housing and Work Responsibility Act of 1998. These programs are subsidized by the Federal Government through the U.S. Department of Housing and Urban Development (HUD) and U.S. Department of Agriculture.

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

Financial Reporting Entity

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

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

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

The Authority has one enterprise fund which includes the activities of the following programs:

**Public Housing Program.** This program accounts for the operation, maintenance, and development of 86 housing units which are owned by the Authority known as Hillcrest. The developments of the projects were funded primarily by the U.S. Department of Housing and Urban Development through loans and bonds. The loans have been forgiven by HUD and the bond debt service and repayment requirements are the responsibility of HUD and therefore no outstanding liabilities are recorded. The program is subsidized annually by operating subsidy from HUD and through Capital Grants for capital improvements.

**USDA Rural Development.** This program accounts for the operation and maintenance of 40 housing units known as Fremont which are owned by the Authority and financed by the U.S. Department of Rural Development. The development of the projects were funded primarily by Rural Development through low-interest loans which are subsidized by Rural Development through interest subsidy and rental assistance.

**Project Program.** This program accounts for various non-federal financial activities of the Housing Authority.

Budgetary Process

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

Cash and Investments

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

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

Accounts Receivable

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

Prepaid Items

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

Use of Restricted/Unrestricted Net Position

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

Inventory

Inventories consist of supplies and are recorded at the lower of cost or market on a first-in, first-out basis.

Capital Assets and Depreciation

Property and equipment are stated at actual or estimated historical cost, net of accumulated depreciation. Contributions of assets are recorded at acquisition value at the date received. The Authority generally capitalized assets with a cost of \$500 or more as purchases and construction outlays occur.

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

Buildings	20-40 years
Building improvements	10-40 years
Furniture and fixtures	5-10 years
Equipment	3-10 years

Grant Revenue

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of certain assets, deferred outflows, liabilities, deferred inflows, revenues,

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

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

expenses, and other disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

The Authority's policy allows employees vacation leave up to a limit of 4 weeks. Unused vacation pay is not permitted to accrue past an employee's anniversary date. Sick leave may be accumulated but not paid upon termination.

Postemployment Benefits Other Than Pensions (OPEB)

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

Income Taxes

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

Taxpayer's Bill of Rights

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

**NOTE B - DEPOSITS AND INVESTMENTS**

At December 31, 2021, the Authority's carrying amount of deposits was \$2,037,315 and the bank balances were \$2,057,846. The Authority had cash on hand of \$90 as of December 31, 2021. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the balance, \$750,000 was covered by FDIC insurance and \$1,307,846 was covered by the Public Deposit Protection Act.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2021 are as follows:

Miscellaneous	\$	1,257
Allowance for doubtful accounts		--
	\$	<u>1,257</u>

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at December 31, 2021 is as follows:

Rural Development – rental assistance	\$	<u>2,795</u>
---------------------------------------	----	--------------

**NOTE E – PREPAID ITEMS**

A summary of prepaid items as presented in the Statement of Net Position at December 31, 2021 is as follows:

Prepaid insurance	\$	3,000
Prepaid employee benefits		4,851
	\$	<u>7,851</u>

**NOTE F – MATERIALS**

The following is a summary of materials inventory as presented in the Statement of Net Position at December 31, 2021:

Inventory supplies	\$	130
Allowance for obsolete inventory		--
	\$	<u>130</u>

**NOTE G – RESTRICTED ASSETS**

The following is a summary of restricted assets at December 31, 2021:

**Restricted Cash and Cash Equivalents**

Tenant security deposits	\$	47,458	
Replacement Reserve		77,276	[1]
	\$	<u>124,734</u>	

[1] – these funds are restricted by the U.S. Department of Agriculture to be used for capital activities. The funds withdrawn from the account is only permitted after Rural Development approval.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>1/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/2021</u>
<b>Non-depreciable assets:</b>				
Land	\$ 81,150	\$ -	\$ -	\$ 81,150
Construction in progress	-	26,281	-	26,281
<b>Total non-depreciable assets</b>	<u>81,150</u>	<u>26,281</u>	<u>-</u>	<u>107,431</u>
<b>Depreciable assets</b>				
Buildings	4,655,170	69,266	(782)	4,723,654
Equipment - Dwelling	76,871	16,718	-	93,589
Equipment - Administration	221,312	4,016	(2,939)	222,389
<b>Total depreciable assets</b>	<u>4,953,353</u>	<u>90,000</u>	<u>(3,721)</u>	<u>5,039,632</u>
<b>Total Capital Assets</b>	<u>5,034,503</u>	<u>116,281</u>	<u>(3,721)</u>	<u>5,147,063</u>
<b>Accumulated depreciation</b>				
Buildings	3,742,506	111,027	(782)	3,852,751
Equipment - Dwelling	33,403	8,325	-	41,728
Equipment - Administration	123,681	24,568	(1,372)	146,877
<b>Total accumulated depreciation</b>	<u>3,899,590</u>	<u>143,920</u>	<u>(2,154)</u>	<u>4,041,356</u>
<b>Depreciable assets, net</b>	<u>1,053,763</u>	<u>(53,920)</u>	<u>(1,567)</u>	<u>998,276</u>
<b>Capital assets, net</b>	<u>\$ 1,134,913</u>	<u>\$ (27,639)</u>	<u>\$ (1,567)</u>	<u>\$ 1,105,707</u>

**NOTE I – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2021 is as follows:

Vendors and contractors	\$ <u>18,586</u>
-------------------------	------------------

**NOTE J—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Compensated absences	\$ 11,894	\$ 8,208	\$ (\$9,287)	\$ 10,815	\$ 8,062

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE K – LONG-TERM LIABILITIES**

**Direct Borrowings:**

The Authority has Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development. There are two loans on the project, one is dated July 1, 1997 and had an original principal amount of \$370,976 and loan two is dated July 3, 1997 and had an original principal amount of \$128,233. The loans require monthly debt service payments of \$787 and \$272 respectively. The combined outstanding balance as of December 31, 2021 was \$432,011. The loans are secured by the property known as Fremont Apartments and the accounts and revenue of the project.

A summary of changes in Notes payable as of December 31, 2021 is as follows:

Description	Balance 1/1/2021	Principal Retired	Balance 12/31/2021	Within One Year
Rural Development Loan #6	\$ 325,157	\$ (4,209)	\$ 320,948	\$ 1,085
Rural Development Loan #5	112,510	(1,447)	111,063	3,361
Total	<u>\$ 437,667</u>	<u>\$ (5,656)</u>	<u>\$ 432,011</u>	<u>\$ 4,446</u>
		Less current maturities	<u>(4,446)</u>	
		Long-term portion	<u>\$ 427,565</u>	

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 4,446	\$ 8,261	\$ 12,707
2023	4,249	8,458	12,707
2024	4,619	8,088	12,707
2025	4,708	7,999	12,707
2026	4,797	7,910	12,707
2027-2031	25,408	38,127	63,535
2032-2036	27,945	35,590	63,535
2037-2041	30,734	32,801	63,535
2042-2046	33,803	29,732	63,535
Maturity [1]	291,302	-	291,302
	<u>\$ 432,011</u>	<u>\$ 176,966</u>	<u>\$ 608,977</u>

[1] – The loans mature in the year 2047, at the point of maturity the loans will either have to be refinanced or paid off.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE L—NET POSITION**

The fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets** – This component groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted** – This category represents net position of the Authority that is restricted externally by creditors, grantors, contributors, laws or regulations of other governments, imposed by law through constitutional provisions or enabling legislation.

Restricted net position of \$77,276 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note G).

- **Unrestricted** – This category represents net position of the Authority, not restricted for any project or other purposes.

**NOTE M – CONTINGENCIES**

The Authority recognizes as revenue grant monies received as reimbursement for costs incurred in certain Federal and State programs it administers. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any to be immaterial.

**NOTE N - RISK MANAGEMENT**

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

During the year ended December 31, 2021, 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 O – SUBSEQUENT EVENTS**

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

**SUPPLEMENTAL INFORMATION-  
PROGRAM FINANCIAL SCHEDULES**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF NET POSITION**  
December 31, 2021

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,584,834	\$ 54,410	\$ 17,500	\$ 1,656,744
Investments	255,927	-	-	255,927
Accounts receivable, net	1,257	-	-	1,257
Due from other governments	-	2,795	-	2,795
Accrued interest receivable	19	-	-	19
Prepaid items	5,655	2,196	-	7,851
Materials inventory, net	130	-	-	130
<i>Restricted:</i>				
Cash and cash equivalents	30,087	17,371	-	47,458
TOTAL CURRENT ASSETS	1,877,909	76,772	17,500	1,972,181
<b>NONCURRENT ASSETS:</b>				
<i>Restricted:</i>				
Cash and cash equivalents	-	77,276	-	77,276
Capital Assets, non-depreciable	47,431	60,000	-	107,431
Capital Assets, depreciable, net	812,977	185,299	-	998,276
TOTAL NONCURRENT ASSETS	860,408	322,575	-	1,182,983
TOTAL ASSETS	\$ 2,738,317	\$ 399,347	\$ 17,500	\$ 3,155,164
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 18,418	\$ 168	\$ -	\$ 18,586
Accrued payroll and benefits	438	42	-	480
Accrued compensated absences	5,482	2,580	-	8,062
Accrued interest payable	-	569	-	569
Tenant security deposit payable	30,087	17,371	-	47,458
Current-portion notes payable	-	4,446	-	4,446
TOTAL CURRENT LIABILITIES	54,425	25,176	-	79,601
<b>NONCURRENT LIABILITIES:</b>				
Accrued compensated absences	1,872	881	-	2,753
Notes payable	-	427,565	-	427,565
TOTAL NONCURRENT LIABILITIES	1,872	428,446	-	430,318
TOTAL LIABILITIES	56,297	453,622	-	509,919
<b>NET POSITION:</b>				
Net investment in capital assets	860,408	(186,712)	-	673,696
Restricted, replacement reserve	-	77,276	-	77,276
Unrestricted	1,821,612	55,161	17,500	1,894,273
TOTAL NET POSITION	\$ 2,682,020	\$ (54,275)	\$ 17,500	\$ 2,645,245

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**Year Ended December 31, 2021**

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>OPERATING REVENUES</b>				
Rental income	\$ 411,417	\$ 203,532	\$ -	\$ 614,949
USDA rental assistance	-	29,374	-	29,374
Management fee income	31,350	-	-	31,350
Other income	9,367	5,610	-	14,977
TOTAL OPERATING REVENUES	452,134	238,516	-	690,650
<b>OPERATING EXPENSES</b>				
Administrative	137,958	62,255	-	200,213
Tenant services	9,488	127	-	9,615
Utilities	87,952	22,825	-	110,777
Ordinary maintenance and operations	174,556	68,634	-	243,190
General expense	69,616	23,200	-	92,816
Depreciation	126,764	17,155	-	143,919
TOTAL OPERATING EXPENSES	606,334	194,196	-	800,530
OPERATING INCOME (LOSS)	(154,200)	44,320	-	(109,880)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
HUD operating subsidy	146,823	-	-	146,823
HUD capital grants - operations	218,716	-	-	218,716
HUD CARES Act subsidy	699	-	-	699
USDA interest subsidy	-	13,611	-	13,611
Interest income	3,024	51	9	3,084
Interest expense	-	(31,511)	-	(31,511)
Loss on capital asset dispositions	(1,568)	-	-	(1,568)
TOTAL NONOPERATING REVENUES (EXPENSES)	367,694	(17,849)	9	349,854
INCOME (LOSS) BEFORE CONTRIBUTIONS	213,494	26,471	9	239,974
<b>CAPITAL CONTRIBUTIONS</b>				
HUD CARES Act - capital	1,247	-	-	1,247
INCREASE (DECREASE) IN NET POSITION	214,741	26,471	9	241,221
<b>NET POSITION:</b>				
Net position, beginning balance	2,467,279	(80,746)	17,491	2,404,024
NET POSITION - ENDING BALANCE	\$ 2,682,020	\$ (54,275)	\$ 17,500	\$ 2,645,245

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS**  
Year Ended December 31, 2021

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rental receipts	\$ 410,160	\$ 204,411	\$ -	\$ 614,571
USDA rental assistance	-	29,884	-	29,884
Management fee receipts	31,350	-	-	31,350
Other receipts	9,367	5,610	-	14,977
Tenant security deposits	440	(918)	-	(478)
Cash payments for goods and services	(260,687)	(106,069)	-	(366,756)
Cash payments to employees for services	(218,794)	(71,171)	-	(289,965)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(28,164)	61,747	-	33,583
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
HUD operating subsidy	146,823	-	-	146,823
HUD capital grants - operations	218,716	-	-	218,716
HUD CARES Act subsidy	699	-	-	699
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	366,238	-	-	366,238
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases and construction of capital assets	(72,500)	(26,500)	-	(99,000)
HUD CARES Act - capital	1,247	-	-	1,247
Interest paid on capital debt	-	(17,934)	-	(17,934)
Principal paid on capital debt	-	(5,656)	-	(5,656)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(71,253)	(50,090)	-	(121,343)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
(Deposits) withdrawals to investments	(2,428)	-	-	(2,428)
Interest received	3,025	52	9	3,086
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	597	52	9	658
NET INCREASE (DECREASE) IN CASH	267,418	11,709	9	279,136
CASH AND CASH EQUIVALENTS-BEGINNING	1,347,503	137,348	17,491	1,502,342
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 1,614,921	\$ 149,057	\$ 17,500	\$ 1,781,478

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)**  
Year Ended December 31, 2021

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (154,200)	\$ 44,320	\$ -	\$ (109,880)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	126,764	17,155	-	143,919
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(1,257)	879	-	(378)
(Increase) decrease in due from other governments	-	510	-	510
(Increase) decrease in prepaid items	(991)	(444)	-	(1,435)
(Increase) decrease in materials inventory	2,234	420	-	2,654
Increase (decrease) in accounts payable	174	169	-	343
Increase (decrease) in accrued payroll and benefits	(594)	2	-	(592)
Increase (decrease) in tenant security deposits	440	(918)	-	(478)
Increase (decrease) in accrued leave	(734)	(346)	-	(1,080)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (28,164)</b>	<b>\$ 61,747</b>	<b>\$ -</b>	<b>\$ 33,583</b>

**SUPPLEMENTAL INFORMATION –  
HUD FINANCIAL DATA SCHEDULE**

Fort Morgan Housing Authority (CO011)  
 FORT MORGAN, CO  
 Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$1,584,834		\$17,500	\$54,410		\$1,656,744		\$1,656,744
113 Cash - Other Restricted				\$77,276		\$77,276		\$77,276
114 Cash - Tenant Security Deposits	\$30,087			\$17,371		\$47,458		\$47,458
100 Total Cash	\$1,614,921	\$0	\$17,500	\$149,057	\$0	\$1,781,478		\$1,781,478
124 Accounts Receivable - Other Government				\$2,795		\$2,795		\$2,795
125 Accounts Receivable - Miscellaneous	\$1,257					\$1,257		\$1,257
126.2 Allowance for Doubtful Accounts - Other	\$0			\$0		\$0		\$0
128.1 Allowance for Doubtful Accounts - Fraud	\$0					\$0		\$0
129 Accrued Interest Receivable	\$19					\$19		\$19
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$1,278	\$0	\$0	\$2,795	\$0	\$4,071		\$4,071
131 Investments - Unrestricted	\$255,927					\$255,927		\$255,927
142 Prepaid Expenses and Other Assets	\$5,655			\$2,196		\$7,851		\$7,851
143 Inventories	\$130					\$130		\$130
143.1 Allowance for Obsolete Inventories	\$0					\$0		\$0
150 Total Current Assets	\$1,877,909	\$0	\$17,500	\$154,048	\$0	\$2,049,457		\$2,049,457
161 Land	\$21,150			\$80,000		\$81,150		\$81,150
162 Buildings	\$3,632,876			\$1,090,776		\$4,723,654		\$4,723,654
163 Furniture, Equipment & Machinery - Dwellings	\$69,502			\$24,087		\$93,589		\$93,589
164 Furniture, Equipment & Machinery - Administration	\$211,799			\$10,590		\$222,389		\$222,389
166 Accumulated Depreciation	-\$3,101,200			-\$940,156		-\$4,041,356		-\$4,041,356
167 Construction in Progress	\$26,281					\$26,281		\$26,281
160 Total Capital Assets, Net of Accumulated Depreciation	\$860,408	\$0	\$0	\$245,299	\$0	\$1,105,707		\$1,105,707
180 Total Non-Current Assets	\$860,408	\$0	\$0	\$245,299	\$0	\$1,105,707		\$1,105,707
290 Total Assets and Deferred Outflow of Resources	\$2,738,317	\$0	\$17,500	\$399,347	\$0	\$3,155,164		\$3,155,164
312 Accounts Payable <= 90 Days	\$1,135			\$168		\$1,303		\$1,303
321 Accrued Wage/Payroll Taxes Payable	\$438			\$42		\$480		\$480
322 Accrued Compensated Absences - Current Portion	\$5,462			\$2,560		\$8,022		\$8,022
325 Accrued Interest Payable				\$569		\$569		\$569
341 Tenant Security Deposits	\$30,087			\$17,371		\$47,458		\$47,458
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				\$4,446		\$4,446		\$4,446
346 Accrued Liabilities - Other	\$17,283					\$17,283		\$17,283
310 Total Current Liabilities	\$54,425	\$0	\$0	\$25,176	\$0	\$79,601		\$79,601
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				\$427,565		\$427,565		\$427,565
354 Accrued Compensated Absences - Non Current	\$1,872			\$881		\$2,753		\$2,753
350 Total Non-Current Liabilities	\$1,872	\$0	\$0	\$428,446	\$0	\$430,318		\$430,318
300 Total Liabilities	\$56,297	\$0	\$0	\$453,622	\$0	\$509,919		\$509,919
508.4 Net Investment in Capital Assets	\$860,408			-\$186,712		\$673,696		\$673,696
511.4 Restricted Net Position				\$77,276		\$77,276		\$77,276
512.4 Unrestricted Net Position	\$1,821,612	\$0	\$17,500	\$55,161	\$0	\$1,894,273		\$1,894,273
513 Total Equity - Net Assets / Position	\$2,682,020	\$0	\$17,500	-\$54,275	\$0	\$2,645,245		\$2,645,245
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,738,317	\$0	\$17,500	\$399,347	\$0	\$3,155,164		\$3,155,164

Fort Morgan Housing Authority (CO011)  
 FORT MORGAN, CO  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$375,689			\$188,999		\$564,688		\$564,688
70400 Tenant Revenue - Other	\$35,728			\$14,533		\$50,261		\$50,261
70500 Total Tenant Revenue	\$411,417	\$0	\$0	\$203,532	\$0	\$614,949	\$0	\$614,949
70600 HUD PHA Operating Grants	\$365,639	\$1,946				\$367,485		\$367,485
70800 Other Government Grants				\$13,611	\$29,374	\$42,985		\$42,985
71100 Investment Income - Unrestricted	\$3,024		\$9	\$14		\$3,047		\$3,047
71500 Other Revenue	\$40,717			\$5,610		\$46,327	-\$31,350	\$14,977
71600 Gain or Loss on Sale of Capital Assets	-\$1,568					-\$1,568		-\$1,568
72000 Investment Income - Restricted				\$37		\$37		\$37
70000 Total Revenue	\$818,129	\$1,946	\$9	\$222,804	\$29,374	\$1,073,262	-\$31,350	\$1,041,912
91100 Administrative Salaries	\$84,319			\$16,594		\$100,913		\$100,913
91200 Auditing Fees	\$3,500			\$2,200		\$5,700		\$5,700
91300 Management Fee				\$31,350		\$31,350	-\$31,350	\$0
91400 Advertising and Marketing	\$884			\$337		\$1,221		\$1,221
91500 Employee Benefit contributions - Administrative	\$21,345			\$10,855		\$32,200		\$32,200
91600 Office Expenses	\$10,899			\$261		\$11,160		\$11,160
91700 Legal Expense	\$2,139			\$8		\$2,147		\$2,147
91800 Travel	\$1,200					\$1,200		\$1,200
91900 Other	\$13,682			\$650		\$14,332		\$14,332
91000 Total Operating - Administrative	\$137,858	\$0	\$0	\$62,255	\$0	\$200,213	-\$31,350	\$168,863
92100 Tenant Services - Salaries	\$8,342					\$8,342		\$8,342
92300 Employee Benefit Contributions - Tenant Services	\$1,895					\$1,895		\$1,895
92400 Tenant Services - Other	\$1,251			\$127		\$1,378		\$1,378
92500 Total Tenant Services	\$9,488	\$0	\$0	\$127	\$0	\$9,615	\$0	\$9,615
93100 Water	\$28,628			\$15,468		\$44,096		\$44,096
93200 Electricity	\$27,227			\$3,144		\$30,371		\$30,371
93300 Gas	\$14,990			\$4,213		\$19,203		\$19,203
93800 Sewer	\$17,107					\$17,107		\$17,107
93000 Total Utilities	\$87,952	\$0	\$0	\$22,825	\$0	\$110,777	\$0	\$110,777
94100 Ordinary Maintenance and Operations - Labor	\$75,401			\$30,756		\$106,157		\$106,157
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,617			\$5,737		\$21,354		\$21,354
94300 Ordinary Maintenance and Operations Contracts	\$59,662	\$699		\$22,146		\$82,507		\$82,507
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,177			\$9,955		\$33,172		\$33,172
94000 Total Maintenance	\$173,857	\$699	\$0	\$68,634	\$0	\$243,190	\$0	\$243,190
96110 Property Insurance	\$58,531			\$18,735		\$77,266		\$77,266
96120 Liability Insurance	\$1,438			\$676		\$2,114		\$2,114
96130 Workmen's Compensation	\$2,183			\$1,028		\$3,211		\$3,211
96140 All Other Insurance	\$1,883			\$134		\$2,017		\$2,017
96100 Total Insurance Premiums	\$64,035	\$0	\$0	\$20,573	\$0	\$84,608	\$0	\$84,608
96210 Compensated Absences	\$5,581			\$2,627		\$8,208		\$8,208
96000 Total Other General Expenses	\$5,581	\$0	\$0	\$2,627	\$0	\$8,208	\$0	\$8,208
96710 Interest of Mortgage (or Bonds) Payable				\$31,511		\$31,511		\$31,511
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0	\$31,511	\$0	\$31,511	\$0	\$31,511
96900 Total Operating Expenses	\$478,671	\$699	\$0	\$208,552	\$0	\$688,722	-\$31,350	\$657,372
97000 Excess of Operating Revenue over Operating Expenses	\$340,258	\$1,247	\$9	\$14,252	\$29,374	\$385,140	\$0	\$385,140
97400 Depreciation Expense	\$126,764			\$17,155		\$143,919		\$143,919
90000 Total Expenses	\$605,635	\$699	\$0	\$225,707	\$0	\$832,041	-\$31,350	\$800,691
10010 Operating Transfer In	\$218,716			\$29,374		\$248,090	-\$248,090	\$0
10020 Operating Transfer Out	-\$218,716				-\$29,374	-\$248,090	\$248,090	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$29,374	-\$29,374	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$213,494	\$1,247	\$9	\$26,471	\$0	\$241,221	\$0	\$241,221
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$5,656	\$0	\$5,656		\$5,656
11030 Beginning Equity	\$2,487,279	\$0	\$17,491	-\$60,746	\$0	\$2,404,024		\$2,404,024
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,247	-\$1,247				\$0		\$0
11190 Unit Months Available	1032			480		1512		1512
11210 Number of Unit Months Leased	1009			476		1485		1485
11270 Excess Cash	\$1,777,794					\$1,777,794		\$1,777,794
11620 Building Purchases	\$86,066					\$86,066		\$86,066
11630 Furniture & Equipment - Dwelling Purchases	\$649					\$649		\$649
11640 Furniture & Equipment - Administrative Purchases	\$3,067					\$3,067		\$3,067

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

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

Project: CO011011011 HILLCREST APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$375,689		\$375,689
70400 Tenant Revenue - Other	\$35,728		\$35,728
70500 Total Tenant Revenue	\$411,417	\$0	\$411,417
70600 HUD PHA Operating Grants	\$146,823	\$218,716	\$365,539
71100 Investment Income - Unrestricted	\$3,024		\$3,024
71500 Other Revenue	\$40,717		\$40,717
71600 Gain or Loss on Sale of Capital Assets	-\$1,568		-\$1,568
70000 Total Revenue	\$600,413	\$218,716	\$819,129
91100 Administrative Salaries	\$84,319		\$84,319
91200 Auditing Fees	\$3,500		\$3,500
91400 Advertising and Marketing	\$884		\$884
91500 Employee Benefit contributions - Administrative	\$21,345		\$21,345
91600 Office Expenses	\$10,889		\$10,889
91700 Legal Expense	\$2,139		\$2,139
91800 Travel	\$1,200		\$1,200
91900 Other	\$13,682		\$13,682
91000 Total Operating - Administrative	\$137,958	\$0	\$137,958
92100 Tenant Services - Salaries	\$6,342		\$6,342
92300 Employee Benefit Contributions - Tenant Services	\$1,895		\$1,895
92400 Tenant Services - Other	\$1,251		\$1,251
92500 Total Tenant Services	\$9,488	\$0	\$9,488
93100 Water	\$28,628		\$28,628
93200 Electricity	\$27,227		\$27,227
93300 Gas	\$14,990		\$14,990
93600 Sewer	\$17,107		\$17,107
93000 Total Utilities	\$87,952	\$0	\$87,952
94100 Ordinary Maintenance and Operations - Labor	\$75,401		\$75,401
94200 Ordinary Maintenance and Operations - Materials and Other	\$15,617		\$15,617
94300 Ordinary Maintenance and Operations Contracts	\$59,662		\$59,662
94500 Employee Benefit Contributions - Ordinary Maintenance	\$23,177		\$23,177
94000 Total Maintenance	\$173,857	\$0	\$173,857
96110 Property Insurance	\$58,531		\$58,531
96120 Liability Insurance	\$1,438		\$1,438
96130 Workman's Compensation	\$2,183		\$2,183
96140 All Other Insurance	\$1,883		\$1,883
96100 Total insurance Premiums	\$64,035	\$0	\$64,035
96210 Compensated Absences	\$5,581		\$5,581
96000 Total Other General Expenses	\$5,581	\$0	\$5,581
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$478,871	\$0	\$478,871
97000 Excess of Operating Revenue over Operating Expenses	\$121,542	\$218,716	\$340,258
97400 Depreciation Expense	\$126,764		\$126,764
90000 Total Expenses	\$605,635	\$0	\$605,635
10010 Operating Transfer In	\$218,716		\$218,716
10020 Operating transfer Out		-\$218,716	-\$218,716
10100 Total Other financing Sources (Uses)	\$218,716	-\$218,716	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$213,494	\$0	\$213,494
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,467,279	\$0	\$2,467,279
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$1,247		\$1,247
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	1009		1009
11270 Excess Cash	\$1,777,794		\$1,777,794
11620 Building Purchases	\$86,066	\$0	\$86,066
11630 Furniture & Equipment - Dwelling Purchases	\$649	\$0	\$649
11640 Furniture & Equipment - Administrative Purchases	\$3,067	\$0	\$3,067

**SINGLE AUDIT SECTION**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2021**

Federal Grantor	Assistance Listing	Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Public and Indian Housing:</b>		
Operating subsidy	14.850	\$ 146,823
CARES Act funding	14.850	1,946
Total Public and Indian Housing		148,769
<b>Capital Funds</b>		
Public Housing Capital Fund	14.872	218,716
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		\$ 367,485
 <b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Rural Rental Housing Loan Program:</b>		
Loan balance	10.415	437,666
Interest subsidy	10.415	13,611
		451,277
<b>Rural Rental Housing Assistance Program:</b>		
Rental assistance	10.427	29,374
TOTAL U.S. DEPARTMENT OF AGRICULTURE		480,651
		TOTAL FEDERAL AWARDS \$ 848,136

**Notes to Schedule**

1. The Schedule of Expenditures of Federal Awards includes the federal grant activity for the year ended December 31, 2021 and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

2. The entity did not elect to use the 10% de minimus cost rate as covered by §200.414 Indirect (F&A) Costs.

3. The Authority had a loan balance of \$432,011 under the Rural Rental Housing Loan Program as of December 31, 2021.

Randal D. Niewedde, CPA  
Jeffrey J. Wiens, CPA

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

**Independent Auditors Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements, and have issued our report thereon dated May 9, 2022.

**Report on Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonably possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Niewedde & Wiens, CPA's*

York, Nebraska  
May 9, 2022

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

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

**Report on Compliance for Each Major Federal Program*****Opinion on Each Major Federal Program***

We have audited the Housing Authority of the City of Fort Morgan, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Fort Morgan, Colorado's major federal programs for the year ended December 31, 2021. The Housing Authority of the City of Fort Morgan, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the City of Fort Morgan, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority of the City of Fort Morgan, Colorado and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority of the City of Fort Morgan, Colorado's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Housing Authority of the City of Fort Morgan, Colorado's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority of the City of Fort Morgan, Colorado's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority of the City of Fort Morgan, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Fort Morgan, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority of the City of Fort Morgan, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of Fort Morgan, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

#### **Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
May 9, 2022

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2021**

The audit report for the year ended December 31, 2020 contained no findings and no questioned costs.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2021**

**Section I - Summary of Auditors Results:**

- We issued an unmodified opinion on the financial statements of the Housing Authority of the City of Fort Morgan, Colorado for the fiscal year ended December 31, 2021.

**Financial Statements:**

- The results of our audit procedures disclosed no material weakness in internal control over financial reporting for the year ended December 31, 2021.
- The results of our audit procedures disclosed no instances of noncompliance which are material to the financial statements for the fiscal year ended December 31, 2021.

**Federal Awards:**

- We issued an unmodified opinion on compliance for major programs for the fiscal year ended December 31, 2021.
- The results of our audit procedures disclosed no material weaknesses or significant deficiencies in internal control over major programs for the fiscal year ended December 31, 2021.
- The results of our audit procedures disclosed no audit findings that are required to be reported under §.516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The programs identified and audited as major are as follows: Capital Fund Grant Program, Federal Assistance Listing #14.872.
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended December 31, 2021, the Housing Authority of the City of Fort Morgan, Colorado qualified as a low-risk auditee.

**Section II - Financial Statement Findings:**

No Section II findings.

**Section III - Federal Award Findings and Questioned Costs:**

No Section III findings.

## **AGREED-UPON PROCEDURE**

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

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

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended December 31, 2021. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

The Housing Authority of the City of Fort Morgan, Colorado, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended December 31, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

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

<b>Procedures</b>	<b>UFRS Rule Information</b>	<b>Hard Copy Document(s)</b>	<b>Findings</b>
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

We were engaged by Housing Authority of the City of Fort Morgan, Colorado to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on UFRS Rule Information. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Housing Authority of the City of Fort Morgan, Colorado and REAC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedure engagement.

This report is intended solely for the information and use of Housing Authority of the City of Fort Morgan, Colorado and REAC, and is not intended to be, and should not be, used by anyone other than these specified parties.

We were engaged to perform an audit in accordance with 2 CFR 200, Subpart F, *Audit Requirements* for the Housing Authority of the City of Fort Morgan, Colorado as of and for the year ended December 31, 2021, and have issued our report thereon dated May 9, 2022. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Fort Morgan, Colorado's Financial Data Schedule dated May 9, 2022, was expressed in relation to the basic financial statements of the Housing Agency taken as a whole.

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

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
May 9, 2022