

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

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

FOR THE YEAR ENDED DECEMBER 31, 2021



Audit Solutions, LLC.

Certified Public Accountant

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FOUNTAIN, COLORADO**

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HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

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Audit Solutions, LLC.

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Fountain (Authority), Colorado, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 December 31, 2021, 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.

Basis for Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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 Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinions. 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 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 generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 purpose of expressing an opinion on the effectiveness of the Authority'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I 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 on pages i-vi 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. 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 accompanying Financial Data Schedule and the 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 was 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 my opinion, the accompanying Financial Data Schedule and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 16, 2022, 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 solely 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

August 16, 2022

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2021

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued June 1999.

Our discussion and analysis of the Housing Authority of the City of Fountain, Colorado (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2021. Please read the MD&A in conjunction with the Authority's financial statements.

For accounting purposes, the Authority is classified as an enterprise fund. Enterprise funds account for activities similar to those found in the private business sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of enterprise funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

Overview of the Financial Statements

This annual report consists of Management's Discussion and Analysis, the financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended December 31, 2021. The statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

The financial statements consist of three statements:

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

The Statement of Revenues, Expenses and Changes in Net Position represent information showing how the Housing Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing related to cash flows. Certain revenues and expenses are reported in this statement that will result in cash flows in future periods.

The Statement of Cash Flow presents information showing how the Housing Authority's cash changed during the most recent fiscal year. It shows the sources and uses of cash.

The Housing Authority's financial statements are the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2021. The Statement of Revenues, Expenses and Changes in Net Position summarizes the revenues and sources of those revenues generated during the year ended December 31, 2021 and the expenses incurred in operating the Housing Authority for the year ended December 31, 2021.

HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2021.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2021

Housing Authority Activities and Highlights

The following is a brief description of the programs and services that the Housing Authority provides to the City of Fountain:

Low Income Public Housing (LIPH) Grinde Manor

The Housing Authority owns 40 units of Low-Income Public Housing at one site, Grinde Manor, in the City of Fountain. The Authority is responsible for the management, maintenance and utilities for all of the units at this site. On an annual basis, the Authority submits a request for funding known as the Calculation of Operating Fund Subsidy. The basic concept of the Calculation of Operating Subsidy is that the Authority has an Allowable Expense Level, Allowable Utilities Expense Level and Audit Costs and that HUD will fund the difference between the Allowable Expenses and the amount of rents that the Authority can charge the Authority's tenants.

HUD conducts Public Housing Assessment System (PHAS) reviews of the Low-Income Public Housing Program. PHAS is a comprehensive review of the operations of the program and includes the Physical Conditions, Financial Accountability, Management Operations and Operation of the Capital Fund Program. High Performer designation is given to Housing Authorities scoring 90% or higher on their PHAS assessment. HUD released a PHAS score of 94 for the Housing Authority in 2018 qualifying the Housing Authority for Small PHA deregulation (SPD) based on the number of ACC units and the Housing Authority's previous PHAS score and designation as a "High Performer". Due to the COVID-19 pandemic, HUD has carried forward the most recent PHAS score for any Public Housing Authority with a fiscal year end on or before December 31, 2021.

Capital Fund Grant (CFP)

This grant program is awarded by HUD on an annual basis. The purpose of these grants is to improve the Authority's Low Income Public Housing units and, is also available for certain management costs of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is permitted four years to fully expend an annual award. Due to the COVID-19 pandemic, HUD extended the obligation and expenditure deadlines for all Capital Fund Grants opened between April 11, 2020 and December 31, 2020 for an additional 24 months.

Section 8 Housing Choice Vouchers (Section 8 Vouchers)

HUD has contracted with the Housing Authority support for 240 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to Landlords for low-income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge at or below a fair market rent amount supplied by HUD and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

HUD conducts a Section Eight Management Assessment Program (SEMAP) review every other year. This review measures the performance of public housing agencies Section 8 Housing Choice Voucher Program in 14 key areas. The Housing Authority was assessed under SEMAP in 2018 receiving a final score of 100% and the designation of "High Performer". The Housing Authority was exempt from being assessed under SEMAP in 2019 and due to the COVID-19 pandemic, HUD carried forward the most recent SEMAP score for any Public Housing Authority with a fiscal year end on or before December 31, 2021.

Section 8 New Construction Multi-family Program (Fountain Townhomes)

The Housing Authority owns 14 multi-family units under the Section 8 New Construction Program located at scattered sites in the City of Fountain. The Authority is responsible for the management, maintenance and utilities for all of the units included in this program. On an annual basis, the Housing Authority executes an annual Housing Assistance Payment contract with HUD which sets the market rent rate for each size of unit for the next 12 months. The Housing Authority submits a monthly request to the Colorado Housing and Finance Authority (CHFA) for Housing Assistance Payments that match the difference between the total rent that the Housing Authority may

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2021

Housing Authority Activities and Highlights – (Continued)

Section 8 New Construction Multi-family Program (Fountain Townhomes) – (Continued)

charge for the unit under the annual contract with HUD and the amount that the tenant can pay. CHFA is the contract administrator for HUD on this project and holds the first mortgage on the property.

Resolution Trust Corporation (RTC) Affordable Housing Multi-family Units (Fountain Mesa Court Townhomes)

The Housing Authority owns 64 multi-family units under the RTC Affordable Housing Program located at one site, the Fountain Mesa Court Townhomes on Hadley Street, in the City of Fountain. The Authority is responsible for the management and maintenance of the units included in this program. There is no subsidy for this program which is financed entirely by tenant rent payments. The property is subject to a restrictive deed that requires the Housing Authority to maintain affordable rents for the property and to rent 13 units to very low-income residents and 13 units to low-income residents. CHFA holds the mortgage on the property and ensures compliance with the rent restrictions on the property.

Financial Highlights

Total assets of the Authority for the year ended December 31, 2021 were \$3,277,748. Total liabilities were \$970,243. Total assets exceeded liabilities by \$2,307,505 (net position). The Housing Authority's net position decreased by \$50,151 during the year ended December 31, 2021 as shown in the table below.

Statement of Net Position
December 31,

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%-Change</u>
Current Assets	\$1,615,714	\$1,715,405	(\$99,691)	-6%
Non-Current Assets	389,271	389,271	\$0	0%
Capital Assets, Net	<u>1,272,763</u>	<u>1,323,516</u>	<u>(\$50,753)</u>	
Total Assets	<u>\$3,277,748</u>	<u>\$3,428,192</u>	<u>(\$150,444)</u>	-4%
Current Liabilities	\$287,125	\$278,380	\$8,745	3%
Non-Current Liabilities	<u>\$683,118</u>	<u>792,156</u>	<u>(\$109,038)</u>	<u>-14%</u>
Total Liabilities	<u>\$970,243</u>	<u>\$1,070,536</u>	<u>(\$100,293)</u>	-9%
Net Position:				
Net Investment in Capital Assets	\$630,430	577,079	\$53,351	9%
Restricted Assets	\$255,841	\$323,360	(\$67,519)	-21%
Unrestricted Assets	<u>\$1,421,234</u>	<u>1,457,217</u>	<u>(\$35,983)</u>	<u>-2%</u>
Total Net Position	<u>\$2,307,505</u>	<u>\$2,357,656</u>	<u>(\$50,151)</u>	-2%
Total Liabilities and Net Position	<u>3,277,748</u>	<u>3,428,192</u>	<u>(150,444)</u>	-4%

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2021

Financial Highlights – (Continued)

Significant Changes in the Statement of Net Position

Capital assets decreased from \$1,323,516 in FY 2020 to \$1,272,763 in FY 2021 due to the depreciation of the assets.

Long-term debt, net of current portion, decreased from \$649,425 in 2020 to \$538,493 in 2021 as a result of the payment of mortgage principal for the Fountain Mesa Court Townhomes and the Fountain Townhomes during the year.

Net Investment in Capital Assets increased from \$577,079 in 2020 to \$630,430 in 2021 due to Capital Fund Program expenditures at the Low Rent Public Housing Project, Grinde Manor, to improve exterior lighting and to install a new air conditioner and air handling unit.

Restricted assets decreased from \$323,360 in 2020 to \$255,841 in 2021 due to withdrawals made from the Reserve for Replacements funds for the Fountain Townhomes and due to a reduction in the amount of HAP reserves held by the Housing Authority for the Housing Choice Voucher Program.

Statement of Changes in Net Position
For the Year Ended December 31,

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>%-Change</u>
Revenue:				
Tenant Revenue	\$609,250	\$578,863	\$30,387	5%
Federal Grants & Subsidy	\$2,186,140	\$2,292,281	(\$106,141)	-5%
Investment Income	\$4,695	\$7,004	(\$2,309)	-33%
Other Income	\$36,574	\$97,964	(\$61,390)	-63%
Total Revenue	<u>\$2,836,659</u>	<u>\$2,976,112</u>	<u>(\$139,453)</u>	<u>-5%</u>
Expenses:				
Administrative	\$381,169	\$379,872	\$1,297	0%
Tenant Services	\$0	\$228	(\$228)	-100%
Utilities	\$108,826	\$110,740	(\$1,914)	-2%
Routine Maintenance	\$346,715	\$278,883	\$67,832	24%
Protective Services	\$408	\$90	\$318	353%
General Expenses	\$70,243	\$64,564	\$5,679	9%
Interest Expenses	\$30,809	\$28,229	\$2,580	9%
Non-Routine Expenses	\$2,228	\$3,464	(\$1,236)	-36%
Housing Assistance Payments	1,857,915	1,891,671	(\$33,756)	-2%
Depreciation	\$88,497	\$118,984	(\$30,487)	-26%
Total Operating Expenses	<u>\$2,886,810</u>	<u>\$2,876,725</u>	<u>\$10,085</u>	<u>0%</u>
Increase (Decrease) in Net Position	<u>(\$50,151)</u>	<u>\$99,387</u>	<u>(\$149,538)</u>	<u>-150%</u>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2021

Financial Highlights – (Continued)

Results of Operations

Tenant revenue increased due to the expiration of the eviction moratorium.

Federal grants decreased from \$2,292,281 in FY 2020 to \$2,186,140 in FY 2021 due to a decrease in unit months leased for the Housing Choice Voucher Program and because the Housing Authority did not receive CARES Act Funds for the Housing Choice Voucher Program in 2021.

Interest income declined in 2021 due to the decline in interest rates as a result of the COVID-19 pandemic.

During the year there was a decline in the receipt of other income as the Housing Authority absorbed incoming portable vouchers and did not bill the initiating Housing Authorities.

Routine maintenance expenses increased from \$278,883 in 2020 to \$346,715 in 2021 because the Housing Authority had the exteriors of the Fountain Mesa Court Townhomes and the Fountain Townhomes painted.

Financial Position and Results of Operations

The Housing Authority's net position decreased in 2021 by \$50,151 from \$2,357,656 in 2020 to \$2,307,505 in 2021.

Capital Assets

Capital Assets are the largest asset reflected on the Authority's statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2021:

Capital Assets at Year End				
(Net of Accumulated Depreciation)				
December 31,				
	2021	2020	Change	%-Change
Land	\$259,361	\$259,361	\$0	0%
Buildings	\$3,843,882	3,767,037	\$76,845	2%
Equipment - dwellings	\$229,816	\$226,015	\$3,801	2%
Equipment - administration	\$180,637	\$176,911	\$3,726	2%
Leasehold improvements	\$656,283	638,107	\$18,176	3%
Construction in progress	\$24,289	89,093	(\$64,804)	-73%
Subtotal	\$5,194,268	\$5,156,524	\$37,744	1%
Accumulated depreciation	(\$3,921,505)	(3,833,008)	(\$88,497)	2%
Net Capital Assets	\$1,272,763	\$1,323,516	(\$50,753)	-4%

Debt Administration

At December 31, 2021, the Housing Authority had \$538,493 in mortgages payable versus \$649,425 in the previous year, a decrease of \$110,932. During the fiscal year, the Housing Authority did not incur any additional debt. The amount classified as non-current is \$538,493.

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 \$144,625.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2021

Subsequent Events

Future Events (New Business)

The Housing Authority's web site went live in 2022 with a link to the online application system for Housing Authority Programs.

The Housing Authority will receive 100% of its eligible funding for Housing Assistance Payments under the Housing Choice Voucher Program and 88% of the Administrative fees earned in 2022.

The Housing Authority is eligible to receive \$77,466 in operating subsidy for Grinde Manor in 2022. The total amount of funding that will be available is subject to a proration determination by HUD and may impact the operations of the project.

The Housing Authority has \$211,472 of capital funds available to fund operating costs and capital improvements at Grinde Manor from HUD approved allocations in 2019, 2020 and 2021. The amount of \$205,215 has been designated to pay for improvements as set forth in the Five-Year Capital Action Plan. The amount of \$6,257 is designated for operating expenses of Grinde Manor.

A Housing Assistance Payment Contract for the Fountain Townhomes was executed for 2022 that includes a 1.020% increase in the rent rate for the Fountain Townhomes for 2022.

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:

Housing Authority of the City of Fountain
Attn: Katherine Roby, Executive Director
501 E. Iowa Avenue
Fountain, CO 80817

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	1,176,276
Cash - restricted		308,481
Investments		69,353
Receivables - net of allowances		32,587
Inventory - net of allowances		21,825
Prepaid expenses		<u>7,192</u>
Total Current Assets		<u>1,615,714</u>

Non-current Assets:

Long term receivables		<u>389,271</u>
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Capital assets:

Land and construction in progress		283,650
Other capital assets, net of depreciation		<u>989,113</u>

Total capital assets - net		<u>1,272,763</u>
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Total Non-current Assets		<u>1,662,034</u>
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Total Assets	\$	<u><u>3,277,748</u></u>
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See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF NET POSITION - (Continued)
December 31, 2021

LIABILITIES

Current Liabilities:

Accounts payable	\$	41,375
Accrued salaries and benefits		63,816
Tenant security deposit liability		53,040
Accrued compensated absences		16,069
Current portion of long-term debt		103,840
Unearned revenues		<u>8,985</u>

Total Current Liabilities 287,125

Non-current Liabilities:

Long term debt, net of current portion		538,493
Compensated absences		<u>144,625</u>

Total Non-current Liabilities 683,118

Total Liabilities 970,243

NET POSITION

Net investment in capital assets		630,430
Restricted		255,841
Unrestricted		<u>1,421,234</u>

Total Net Position 2,307,505

Total Liabilities and Net Position \$ 3,277,748

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2021

OPERATING REVENUES	
Tenant revenue	\$ 609,250
Governmental grants and subsidy	2,176,537
Miscellaneous	36,574
	<hr/>
Total operating revenue	2,822,361
	<hr/>
OPERATING EXPENSES	
Administrative	381,169
Utilities	108,826
Ordinary maintenance and operations	346,715
Protective services	408
Insurance	59,551
General	10,692
Non routine maintenance	2,228
Housing assistance payment	1,857,915
Depreciation expense	88,497
	<hr/>
Total operating expenses	2,856,001
	<hr/>
Operating income (loss)	(33,640)
	<hr/>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	4,695
Interest expense	(30,809)
	<hr/>
Net non-operating revenues (expenses)	(26,114)
	<hr/>
Income (loss) before contributions and transfers	(59,754)
	<hr/>
Capital contributions	9,603
	<hr/>
Change in net position	(50,151)
	<hr/>
Total net position - beginning of year	2,357,656
	<hr/>
Total net position - end of year	\$ <u>2,307,505</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$	541,444
Received from governmental grants and subsidy		2,176,733
Received from other operating activities		36,432
Payments for goods and services		(422,048)
Payments to employees		(432,877)
Payment in lieu of taxes		(1,180)
Payment for housing assistance		<u>(1,857,915)</u>
Net cash provided by (used in) operating activities		<u>40,589</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions		9,603
Purchases of capital assets		(37,744)
Principal paid on capital debt		(104,104)
Interest paid on capital debt		<u>(30,809)</u>
Net cash provided by (used in) capital and related financing activities		<u>(163,054)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments		(7)
Receipts of interest and dividends		<u>4,695</u>
Net cash provided by (used in) investing activities		<u>4,688</u>

Net increase (decrease) in cash and cash equivalents		(117,777)
Cash and cash equivalents at beginning of year		<u>1,602,534</u>
Cash and cash equivalents at end of year	\$	<u><u>1,484,757</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2021

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

Operating income (loss)	\$	(33,640)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		88,497
Change in assets and liabilities:		
Receivables, net		(13,080)
Inventories, net		(4,728)
Prepaid expenses		(271)
Accounts and other payables		12,567
Tenant security deposit		(1,087)
Unearned revenues		(42,672)
Compensated absences		2,104
Accrued expenses		32,899
		<hr/>
Net cash provided by (used) by operating activities	\$	<u>40,589</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of the City of Fountain (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, there are no component units which are required to be included in the Authority's financial statements.

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 FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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 Program – 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.

Section 8 New Construction (Fountain Townhomes) – The organization operates 14-unit apartment project located in Fountain, Colorado under Colorado Housing and Finance Authority (CHFA) 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.

State & Local (Fountain Mesa Court Townhomes) – The organization operates 64-unit apartment project located in Fountain, Colorado under Colorado Housing and Finance Authority (CHFA) Insured Project.

Public Housing and HCV CARES Act - The CARES Act provides funding to prevent, prepare for, and respond to COVID-19, and to maintain normal operations and take other necessary actions during period the program is impacted by the pandemic

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 FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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, Liabilities, 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 miscellaneous and tenant accounts 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.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

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

Fixed Assets - (Continued)

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:

Building	15-40 years
Furniture, equipment and machinery - dwelling	5 years
Furniture, equipment and machinery - administrative	3-7 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 HAP funds under the Public and Indian Housing, Housing Choice Voucher, Section 8 N/C and State & Local programs.

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.

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. The statement of net position of the Authority reports \$255,841 of restricted net position which consists of Housing Choice Voucher HAP reserves in the amount of \$22,247 and maintenance reserves relating to Section 8 N/C and State & Local Program in the amount of \$233,594.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

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 Program	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Section 8 New Construction - (Fountain Townhomes) State & Local	U.S. Department of Housing and Urban Development
- (Fountain Mesa Court Townhomes)	State of Colorado
Public Housing CARES Act	U.S. Department of Housing and Urban Development
HCV CARES Act	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.

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.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

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 Program	Modernization
HAP Grant	Housing Assistance Payments
Public Housing and HCV CARES Act	COVID related expenses

For the year ended December 31, 2021, 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 December 31, 2021, the Authority had the following cash deposits and investments:

Cash deposits	\$ 1,484,757
Certificate of deposit	<u>69,353</u>
Total	<u>\$ 1,554,110</u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2021:

Cash and cash equivalents	\$ 1,176,276
Restricted assets	308,481
Investments	<u>69,353</u>
Total	<u>\$ 1,554,110</u>

Deposits

Custodial Credit Risk - Deposits

For an investment, custodial credit risk 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 December 31, 2021, the Authority's bank balances of \$1,492,979 were entirely covered by FDIC insurance or by the State of Colorado's (the State) Public Deposit Protection Act (PDPA) which 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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

3A. Cash and Investments – (Continued)

Deposits – (Continued)

Custodial Credit Risk – Deposits – (Continued)

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.

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 December 31, 2021, the Authority's investment balance of \$69,353 was entirely covered by FDIC insurance or by PDPA.

Interest Rate Risk

As a means of managing its exposure to fair value losses arising from increasing interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2021, the Authority's investment consisted of certificate of deposits with maturities less than two years.

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.

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At December 31, 2021, 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	\$ 35,684	2/28/2022
Certificate of Deposit	<u>33,669</u>	4/19/2022
Total	\$ <u>69,353</u>	

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

3B. Restricted Assets

Restricted assets at December 31, 2021 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	\$ 233,194	\$ ----	\$ ----	\$ 233,194
HAP	22,247	----	----	22,247
Security deposit	<u>53,040</u>	----	----	<u>53,040</u>
Total	<u>\$ 308,481</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 308,481</u>

3C. Receivables

Receivables at December 31, 2021, consist of the following:

Tenants	\$ 31,913	
Less: Allowance for doubtful account - tenants	<u>(2,718)</u>	\$ 29,195
Miscellaneous	10,680	
Less: Allowance for doubtful account – miscellaneous	<u>(7,791)</u>	2,889
Accounts receivable – PHA projects		<u>503</u>
Total Accounts Receivable		<u>\$ 32,587</u>

3D. Long Term Receivable

The Authority has provided a note receivable to Fountain Ridge South Apartments, LLP in the amount of \$389,271. The maturity date of the note is July 1, 2044. The interest rate is 1%.

The Authority is a special limited partner in the Fountain Ridge South Apartments, LLP. The ownership interest is .05%. The partnership is a tax credit partnership that has 75 units in Fountain, Colorado. The partnership interest is recorded on the equity basis and is presently (\$675). The notes receivable is \$389,271 and are secured by a lien on the property. The notes are classified as long term because current payments are not expected. The notes receivable is part of the financing from the Colorado Division of Housing that were provided to the Partnership but are required to be given to a non-profit organization such as the Housing Authority.

3E. Inventory

Inventory at December 31, 2021 comprised of the following:

Inventory	\$ 22,974
Less: Allowance for obsolete inventory	<u>(1,149)</u>
Inventory - net of allowance	<u>\$ 21,825</u>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

3F. Capital Assets

A summary of capital asset activity for the year ended December 31, 2021 is as follows:

	<u>Balance January 1, 2021</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Reclass/ Transfers in (out)</u>	<u>Balance December 31, 2021</u>
Non-depreciable assets:					
Land	\$ 259,361	\$ -	\$ -	\$ -	\$ 259,361
Construction in progress	89,093	8,404	-	(73,208)	24,289
Total non-depreciable assets	<u>348,454</u>	<u>8,404</u>	<u>-</u>	<u>(73,208)</u>	<u>283,650</u>
Depreciable assets:					
Building	3,767,037	21,813	-	55,032	3,843,882
Equipment - dwelling	226,015	3,801	-	-	229,816
Equipment - administration	176,911	3,726	-	-	180,637
Leasehold improvements	638,107	-	-	18,176	656,283
Total depreciable assets	<u>4,808,070</u>	<u>29,340</u>	<u>-</u>	<u>73,208</u>	<u>4,910,618</u>
Accumulated depreciation	<u>(3,833,008)</u>	<u>(88,497)</u>	<u>-</u>	<u>-</u>	<u>(3,921,505)</u>
Total depreciable assets, net	<u>975,062</u>	<u>(59,157)</u>	<u>-</u>	<u>73,208</u>	<u>989,113</u>
Capital assets, net	<u>\$ 1,323,516</u>	<u>\$ (50,753)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,272,763</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Public and Indian Housing	\$ 34,943
Housing Choice Voucher	2,451
State & Local	35,661
S8 N/C	<u>15,442</u>
Total depreciation expense	<u>\$ 88,497</u>

3G. Accounts Payable

Accounts payable at December 31, 2021, consist of the following:

Vendors & contractors	\$ 26,526
PILOT	400
Other current liabilities	1,573
Accrued utilities	<u>12,876</u>
Total Accounts Payable	<u>\$ 41,375</u>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

3H. Non-current Liabilities

Non-current liabilities at December 31, 2021, consist of the following:

Accrued compensated absences	\$	144,625
Mortgage payable		<u>538,493</u>
Total Non-Current Liabilities	\$	<u>683,118</u>

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

	Balance		Balance		Amounts
	Jan 1, 2021	Additions	Deductions	Dec 31, 2021	Due within
					One Year
Accrued compensated absences	\$ 142,731	\$ 1,894	\$ ---	\$ 144,625	\$ 16,069
Mortgage payable	<u>649,425</u>	<u>---</u>	<u>110,932</u>	<u>538,493</u>	<u>103,840</u>
Total Non-Current Liabilities	\$ <u>792,156</u>	\$ <u>1,894</u>	\$ <u>110,932</u>	\$ <u>683,118</u>	\$ <u>119,909</u>

Annual Debt Service Requirements

The long-term debt consists of the following mortgages:

Fountain Townhomes:

The Authority has a mortgage payable to Colorado Housing and Finance Authority (CHFA) which is due in monthly installments of \$2,642, including principal and interest, with final maturity scheduled for December 1, 2033 at an interest rate of 5.75%. The balance due as of December 31, 2021 is \$273,077 (including current portion). The apartment project serves as collateral for this loan.

Additionally, the Authority 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 \$140,399 and \$0 (paid off in FY 2021) respectively. These mortgages have a maturity date of December 1, 2033 at an interest rate of 4.00%. Principal is due in full at maturity, however, if the Authority operates Fountain Townhomes as affordable housing until maturity, the second and third mortgages will be forgiven. The apartment project serves as collateral for this loan.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

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

3H. Non-current Liabilities - (Continued)

Annual Debt Service Requirements – (Continued)

Fountain Townhomes – Continued):

The annual debt service requirements to maturity for long-term debt as of December 31, 2021, are as follows:

<u>Year Ending Dec 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 16,416	\$ 15,292	\$ 31,708
2023	17,342	14,366	31,708
2024	18,298	13,410	31,708
2025	19,284	12,424	31,708
2026	20,300	11,408	31,708
2027-2031	117,790	40,750	158,540
2032-2033	204,046	94,893	298,939
	<u>\$ 413,476</u>	<u>\$ 202,543</u>	<u>\$ 616,019</u>

Fountain Mesa Court Townhomes:

The Project has a mortgage payable to Colorado Housing and Finance Authority which is due in monthly installments of \$7,376, including principal and interest, with final maturity scheduled for March 1, 2023 at an interest rate of 6.00%. The balance due as of December 31, 2021 is \$93,201 (including current portion). The apartment project serves as collateral for this loan.

Additionally, the Project has a second and third mortgage payable to Colorado Division of Housing in the amount of \$78,802 and \$56,854. The note is due in one balloon payment on June 1, 2054. The apartment project serves as collateral for this loan.

The annual debt service requirements to maturity for long-term debt as of December 31, 2021, are as follows:

<u>Year Ending Dec 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 87,424	\$ 1,084	\$ 88,508
2023	5,777	82,731	88,508
2054	135,656	-	135,656
	<u>\$ 228,857</u>	<u>\$ 83,815</u>	<u>\$ 312,672</u>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES

4A. Commitments – Construction

At December 31, 2021, the Authority had the following pending Public Housing Capital Fund project in progress:

	<u>Funds Approved</u>		<u>Funds Expended - Project to Date</u>
PH-CARES	\$ 10,266	\$	10,266
HCV-CARES	56,095		56,095
CFP 501-19	77,287		24,289
CFP 501-20	83,122		3,519

4B. 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.

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. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000 deductibles.

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.

4D. 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, interest expense, extraordinary maintenance and Housing Assistance Payment (HAP) and includes investment income and capital contributions in operating activities, which differs from the presentation of basic financial statements.

4E. Related Party

The Authority is a special limited partner in the Fountain Ridge South Apartments, a tax-credit project. The equity interest is owned in the partnership is not material to the financial statements. The Authority has voucher clients housed in the tax credit project.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2021

NOTE 4 – OTHER NOTES - (Continued)

4F. 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 16, 2022 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.

4G. 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 2022 federal budget.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 88,892
Public and Indian Housing - Cares Act	14.850	8,216
Public Housing Capital Fund	14.872	11,923
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	1,900,876
Section 8 Housing Choice Vouchers - Cares Act	14.871	39,435
Section 8 Project-Based Cluster:		
Section 8 New Construction & Substantial Rehabilitation	14.182	136,798
Multifamily Assisted Housing Reform and Affordability Act	14.197	* 413,476
Home Investment Partnerships Program	14.239	* 135,656
Assisted Living Conversion for Eligible Multifamily Housing Projects	14.314	* 93,201
Total Expenditures of Federal Awards		\$ <u>2,828,473</u>

* Consists of principal loan balance at December 31, 2021.

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 Fountain (Authority) under programs of the federal government for the year ended December 31, 2021. 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 FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE
Year Ended December 31, 2021

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14. HCC HCV CARES Act Funding	Subtotal	Total
111 Cash - Unrestricted	\$449,897	\$317,523	\$35,163	\$373,693			\$1,176,276	\$1,176,276
113 Cash - Other Restricted		\$103,559	\$129,635	\$22,247			\$255,441	\$255,441
114 Cash - Tenant Security Deposits	\$3,975	\$44,133	\$4,932				\$53,040	\$53,040
100 Total Cash	\$453,872	\$465,215	\$169,730	\$395,940			\$1,484,757	\$1,484,757
121 Accounts Receivable - PHA Projects				\$503			\$503	\$503
125 Accounts Receivable - Miscellaneous	\$10,680						\$10,680	\$10,680
126 Accounts Receivable - Tenants	\$839	\$26,782	\$4,292				\$31,913	\$31,913
126.1 Allowance for Doubtful Accounts - Tenants	-\$58	-\$2,432	-\$228				-\$2,718	-\$2,718
126.2 Allowance for Doubtful Accounts - Other	-\$7,791						-\$7,791	-\$7,791
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$3,670	\$24,350	\$4,064	\$503			\$32,587	\$32,587
131 Investments - Unrestricted	\$35,684			\$33,669			\$69,353	\$69,353
142 Prepaid Expenses and Other Assets	\$7,192						\$7,192	\$7,192
143 Inventories	\$7,811	\$12,406	\$2,757				\$22,974	\$22,974
143.1 Allowance for Obsolete Inventories	-\$391	-\$620	-\$138				-\$1,149	-\$1,149
150 Total Current Assets	\$507,838	\$501,351	\$176,413	\$430,112			\$1,615,714	\$1,615,714
161 Land	\$26,742	\$182,432	\$50,187				\$259,361	\$259,361
162 Buildings	\$2,195,328	\$1,041,852	\$606,702				\$3,843,882	\$3,843,882
163 Furniture, Equipment & Machinery - Dwellings	\$129,041	\$75,030	\$25,745				\$229,816	\$229,816
164 Furniture, Equipment & Machinery - Administration	\$87,625	\$73,056	\$5,005	\$14,951			\$180,637	\$180,637
165 Leasehold Improvements	\$521,669	\$84,766	\$49,848				\$656,283	\$656,283
166 Accumulated Depreciation	-\$2,319,709	-\$927,020	-\$666,172	-\$8,604			-\$3,921,505	-\$3,921,505
167 Construction in Progress	\$24,289						\$24,289	\$24,289
160 Total Capital Assets, Net of Accumulated Depreciation	\$664,985	\$530,116	\$71,315	\$6,347			\$1,272,763	\$1,272,763
171 Notes, Loans and Mortgages Receivable - Non-Current		\$389,271					\$389,271	\$389,271
180 Total Non-Current Assets	\$664,985	\$919,387	\$71,315	\$6,347			\$1,662,034	\$1,662,034
290 Total Assets and Deferred Outflow of Resources	\$1,172,823	\$1,420,738	\$247,728	\$436,459			\$3,277,748	\$3,277,748

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14. HCC HCV CARES Act Funding	Subtotal	Total
312 Accounts Payable <= 90 Days	\$7,965	\$11,545	\$2,918	\$4,098			\$26,526	\$26,526
321 Accrued Wage/Payroll Taxes Payable	\$14,565	\$25,996	\$7,622	\$15,633			\$63,816	\$63,816
322 Accrued Compensated Absences - Current Portion	\$3,307	\$6,117	\$1,928	\$4,717			\$16,069	\$16,069
333 Accounts Payable - Other Government	\$400						\$400	\$400
341 Tenant Security Deposits	\$3,975	\$44,133	\$4,932				\$53,040	\$53,040
342 Unearned Revenue	\$5,699	\$2,895	\$391				\$8,985	\$8,985
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue		\$87,424	\$16,416				\$103,840	\$103,840
345 Other Current Liabilities		\$675	\$898				\$1,573	\$1,573
346 Accrued Liabilities - Other	\$6,828	\$1,105	\$4,943				\$12,876	\$12,876
310 Total Current Liabilities	\$42,739	\$179,890	\$40,048	\$24,448			\$287,125	\$287,125
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue		\$141,433	\$397,060				\$538,493	\$538,493
354 Accrued Compensated Absences - Non Current	\$29,767	\$55,053	\$17,355	\$42,450			\$144,625	\$144,625
350 Total Non-Current Liabilities	\$29,767	\$196,486	\$414,415	\$42,450			\$683,118	\$683,118
300 Total Liabilities	\$72,506	\$376,376	\$454,463	\$66,898			\$970,243	\$970,243
508.4 Net Investment in Capital Assets	\$664,985	\$301,259	-\$342,161	\$6,347			\$630,430	\$630,430
511.4 Restricted Net Position		\$103,959	\$129,635	\$22,247			\$255,841	\$255,841
512.4 Unrestricted Net Position	\$435,332	\$639,144	\$5,791	\$340,967			\$1,421,234	\$1,421,234
513 Total Equity - Net Assets / Position	\$1,100,317	\$1,044,362	-\$206,735	\$369,561			\$2,307,505	\$2,307,505
600 Total Liabilities and Equity - Net	\$1,172,823	\$1,420,738	\$247,728	\$436,459			\$3,277,748	\$3,277,748

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14. HCC HCV CARES Act Funding	Subtotal	Total
70300 Net Tenant Rental Revenue	\$147,691	\$415,242	\$32,948				\$595,881	\$595,881
70400 Tenant Revenue - Other	\$1,975	\$8,277	\$3,117				\$13,369	\$13,369
70500 Total Tenant Revenue	\$149,666	\$423,519	\$36,065				\$609,250	\$609,250
70600 HUD PHA Operating Grants	\$91,212		\$136,798	\$1,900,876	\$8,216	\$39,435	\$2,176,537	\$2,176,537
70610 Capital Grants	\$9,603						\$9,603	\$9,603
71100 Investment Income - Unrestricted	\$472	\$319	\$2,873	\$795			\$4,459	\$4,459
71400 Fraud Recovery				\$2,800			\$2,800	\$2,800
71500 Other Revenue	\$2,100	\$8,463	\$1,961	\$21,250			\$33,774	\$33,774
72000 Investment Income - Restricted		\$74	\$162				\$236	\$236
70000 Total Revenue	\$253,053	\$432,375	\$177,859	\$1,925,721	\$8,216	\$39,435	\$2,836,659	\$2,836,659
91100 Administrative Salaries	\$44,710	\$71,595	\$25,971	\$65,996		\$8,447	\$216,719	\$216,719
91200 Auditing Fees	\$2,182	\$4,241	\$1,454	\$4,241			\$12,118	\$12,118
91400 Advertising and Marketing	\$168						\$168	\$168
91500 Employee Benefit contributions - Administrative	\$13,682	\$38,708	\$12,300	\$24,741		\$2,184	\$91,615	\$91,615
91600 Office Expenses	\$4,509	\$3,408	\$698	\$3,551		\$2,552	\$14,718	\$14,718
91700 Legal Expense		\$295					\$295	\$295
91800 Travel			\$280				\$280	\$280
91900 Other	\$645	\$8,695	\$1,030	\$5,467	\$7,819	\$21,600	\$45,256	\$45,256
91000 Total Operating - Administrative	\$65,896	\$126,942	\$41,733	\$103,996	\$7,819	\$34,783	\$381,169	\$381,169
93100 Water	\$14,321	\$13,814	\$17,285				\$45,420	\$45,420
93200 Electricity	\$19,067	\$1,345	\$14,428				\$34,840	\$34,840
93300 Gas	\$7,628	\$604	\$5,216				\$13,448	\$13,448
93600 Sewer		\$1,011	\$7,300				\$8,311	\$8,311
93800 Other Utilities Expense	\$6,807						\$6,807	\$6,807
93000 Total Utilities	\$47,823	\$16,774	\$44,229				\$108,826	\$108,826

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14. HCC HCV CARES Act Funding	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$34,500	\$51,070	\$11,946				\$97,516	\$97,516
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,796	\$19,622	\$1,029	\$407	\$397	\$2,060	\$33,311	\$33,311
94300 Ordinary Maintenance and Operations Contracts	\$18,412	\$103,676	\$37,097			\$65	\$159,250	\$159,250
94500 Employee Benefit Contributions - Ordinary Maintenance	\$22,820	\$28,030	\$5,788				\$56,638	\$56,638
94000 Total Maintenance	\$85,528	\$202,398	\$55,860	\$407	\$397	\$2,125	\$346,715	\$346,715
95200 Protective Services - Other Contract Costs	\$408						\$408	\$408
95000 Total Protective Services	\$408						\$408	\$408
96110 Property Insurance	\$14,870	\$32,680	\$9,569	\$187			\$57,306	\$57,306
96120 Liability Insurance	\$69	\$133	\$46	\$287			\$535	\$535
96140 All Other Insurance	\$913			\$797			\$1,710	\$1,710
96100 Total insurance Premiums	\$15,852	\$32,813	\$9,615	\$1,271			\$59,551	\$59,551
96200 Other General Expenses				\$1,866			\$1,866	\$1,866
96300 Payments in Lieu of Taxes	\$400	\$640	\$140				\$1,180	\$1,180
96400 Bad debt - Tenant Rents	\$310	\$7,180	\$156				\$7,646	\$7,646
96000 Total Other General Expenses	\$710	\$7,820	\$296	\$1,866			\$10,692	\$10,692
96710 Interest of Mortgage (or Bonds) Payable		\$8,225	\$22,584				\$30,809	\$30,809
96700 Total Interest Expense and Amortization Cost		\$8,225	\$22,584				\$30,809	\$30,809
96900 Total Operating Expenses	\$216,217	\$394,972	\$174,317	\$107,540	\$8,216	\$36,908	\$938,170	\$938,170
97000 Excess of Operating Revenue over Operating Expenses	\$36,836	\$37,403	\$3,542	\$1,818,181		\$2,527	\$1,898,489	\$1,898,489
97100 Extraordinary Maintenance	\$1,807	\$421					\$2,228	\$2,228
97300 Housing Assistance Payments				\$1,837,898			\$1,837,898	\$1,837,898
97350 HAP Portability-In				\$20,017			\$20,017	\$20,017
97400 Depreciation Expense	\$34,943	\$35,661	\$15,442	\$2,451			\$88,497	\$88,497
90000 Total Expenses	\$252,967	\$431,054	\$189,759	\$1,967,906	\$8,216	\$36,908	\$2,886,810	\$2,886,810
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$86	\$1,321	-\$11,900	-\$42,185		\$2,527	-\$50,151	-\$50,151

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2021

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	14. HCC HCV CARES Act Funding	Subtotal	Total
11020 Required Annual Debt Principal Payments		\$80,283	\$23,821				\$104,104	\$104,104
11030 Beginning Equity	\$1,100,231	\$1,043,041	-\$194,835	\$409,219			\$2,357,656	\$2,357,656
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors				\$2,527		-\$2,527		
11170 Administrative Fee Equity				\$347,314			\$347,314	\$347,314
11180 Housing Assistance Payments Equity				\$22,247			\$22,247	\$22,247
11190 Unit Months Available	480	768	168	2046			3462	3462
11210 Number of Unit Months Leased	478	749	168	2022			3417	3417
11270 Excess Cash	\$432,663						\$432,663	\$432,663
11620 Building Purchases	\$12,041						\$12,041	\$12,041
11640 Furniture & Equipment - Administrative Purchases	\$1,199						\$1,199	\$1,199
11650 Leasehold Improvements Purchases	\$18,176						\$18,176	\$18,176



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 Fountain
Fountain, 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 Fountain (Authority), Colorado, as of and for the year ended December 31, 2021, 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 16, 2022.

Internal Control Over Financial Reporting

In planning and performing our 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 16, 2022



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 Fountain
Fountain, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited Housing Authority of the City of Fountain (Authority), 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 Authority's major federal programs for the year ended December 31, 2021. 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.

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

Basis for Opinion on Each Major Federal Program

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). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of the Authority'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 Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 Authority's compliance based on my 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 Authority'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, I:

- 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Authority'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 Authority's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I 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.

My 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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.

Audit Solutions, LLC

Chesterfield, Missouri

August 16, 2022



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Fountain and the U.S. Department of Housing and Urban Development, Public Indian Housing - Real Estate Assessment Center (PIH-REAC), solely to assist them in determining whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Guidance reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

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

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2021 and have issued my report thereon dated August 16, 2022. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, my opinion on the fair presentation of the Financial Data Schedule (FDS) dated August 16, 2022, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditor's reports, is available in its entirety from the Authority. I have not performed any additional procedures since the date of the aforementioned audit reports. Further, I take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

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

Audit Solutions, LLC

Chesterfield, Missouri
August 16, 2022

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

AGREED UPON PROCEDURES

December 31, 2021

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
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	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2021

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>	
➤ ALN #14.871 Section 8 Housing Choice Vouchers	
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 December 31, 2021 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the period ended December 31, 2021 disclosed no Federal Awards audit finding and questioned costs.