HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO

BASIC FINANCIAL STATEMENTS, REQUIRED SUPPLEMENTAL INFORMATION AND SUPPLEMENTAL INFORMATION

Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Independent Auditor's Report

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

Report on the Basic Financial Statements

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

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Sterling, Colorado's basic financial statements. The Program Financial Schedules, Financial Data Schedules and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Program Financial Schedules, Financial Data Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules, Financial Data Schedules and 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*, we have also issued our report dated August 10, 2021 on our consideration of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and compliance.

Nieweddе & Wiens, CPA's

York, Nebraska
August 10, 2021

REQUIRED SUPPLEMENTAL INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2021 was $3,917,170. The net position increased by $469,942, an increase of 13.6% over the prior year. Of this amount, $2,352,185 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to citizens, creditors and operations of facilities.

Operating revenues for the Authority was $910,806 for the year ended March 31, 2021. This was an increase of 1% over the prior year.

Operating expenses for the Authority were $1,194,603 for the year ended March 31, 2021. This was a decrease of 4% from the prior year.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

Required Basic Financial Statements

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

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

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

Notes to the Financial Statements

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

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

Supplemental Information

This report also contains the Financial Data Schedule (FDS) included in the *Supplemental Information* section. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2021 and is required to be included in the audit reporting package.

FINANCIAL HIGHLIGHTS AND ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $3,917,170 at the close of the year ended March 31, 2021. This represents an increase of $469,942, or 13.6% over the prior year. The unrestricted component of net position was $2,352,185 as of March 31, 2021 which was an increase of $278,205 as a result of operations and the use of $233,236 of capital funds for operations which was offset by nongrant funded capital expenditures of $85,775.79.

CONDENSED STATEMENT OF NET POSITION

	FY 2021	FY 2020	Dollar Change	Percent Change
Current and other assets	$ 2,702,793	$ 2,415,434	$ 287,358	11.9%
Capital assets	1,787,625	1,653,507	134,118	8.1%
Total Assets	4,490,418	4,068,941	421,477	10.4%
Current liabilities	143,713	152,694	(8,981)	-5.9%
Long-term debt	429,534	469,019	(39,485)	-8.4%
Total Liabilities	573,248	621,713	(48,465)	-7.8%
Net Position				
Net investment in capital assets	1,318,606	1,146,359	172,247	15.0%
Restricted	246,379	226,889	19,490	8.6%
Unrestricted	2,352,185	2,073,980	278,205	13.4%
Total Net Position	$ 3,917,170	$ 3,447,228	$ 469,942	13.6%

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

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

Current and other assets increased $287,358. Within this cash and investments increased $257,246 and the receivable from other governments increased $27,600.

Current liabilities decreased $8,981 with accrued compensated absences decreasing $10,461 within this as a long-term employee retired during the year. The decrease in long-term debt was just related to required payments being made.

FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

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

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	FY 2021	FY 2020	Dollar Change	Percent Change
Revenues				
Program revenues				
Rental	$ 580,367	$ 578,235	$ 2,132	0.4%
Program contributions	794,549	554,983	239,566	43.2%
Other	27,216	31,174	(3,958)	-12.7%
General revenues				
Interest	1,054	6,869	(5,815)	-84.7%
Other	250	-	250	100.0%
Total Revenues	1,403,436	1,171,261	232,175	19.8%
Expenses				
Operating, less depreciation	957,579	967,651	(10,072)	-1.0%
Depreciation	237,024	275,416	(38,391)	-13.9%
Nonoperating	17,031	18,345	(1,313)	-7.2%
Total Expenses	1,211,634	1,261,411	(49,777)	-3.9%
Excess (Deficiency) Before Contributions and Special Items	191,802	(90,150)	281,952	
Contributions	285,367	86,815	198,552	
Special items, net	(7,227)	(30,000)	22,773	
Changes in Net Position	469,942	(33,335)	503,277	
Beginning net position	3,447,228	3,480,564	(33,335)	
Ending net position	$ 3,917,170	$ 3,447,228	$ 469,942	

Rental income increased $2,132. Within that, the Public Housing program had an increase of 3 unit months leased and a 1% increase in the average rental charge. The MacLaren program had a decrease of 3 unit months leased and a less than 1% decrease in the average rental charge.

Program contributions included rental assistance, operating subsidy and capital fund grants used for operations. Rental assistance increased $11,893, operating subsidy increased $34,437 and capital fund grants used for operations increased $193,236. In the prior year, the Authority used $40,000 of its capital fund grant for operations.

Operating expenses decreased by $10,072. Within this, utilities increased $17,329 which was offset by a $13,350 decrease in maintenance expenses and $19,071 decrease in general expenses.

The Authority had HUD capital contributions of $285,367 for the year ended March 31, 2021. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent form year to year based on the Authority's number and type of units. The amount presented will vary from year to year depending on the timing of awards, project implementation and expenditures within budgets as outlined in the HUD approved capital grant budgets.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The Housing Authority of the City of Sterling, Colorado's capital assets as of March 31, 2021 were $1,787,625. Capital assets includes land, buildings, improvements, equipment and construction in progress net of accumulated depreciation.

The total increase in the Authority's capital assets for the current fiscal year was 8.1% in terms of net book value. Actual expenditures to purchase or construct capital assets were $371,143. The majority of it was the kitchen remodels and new appliances.

Depreciation expense for the year was $237,024.

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

Debt Administration – The only debt activity for the year ended March 31, 2021 was related to the payment of debt. No new debt was issued during the year. Additional information on the Authority's debt can be found in Note J of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Commissioners and Management of the Housing Agency considered many factors when approving the fiscal year 2022 budget. The user charges are based on tenant's income as established by HUD and RD guidelines and are not adjustable. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2021

	Housing
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 1,947,707.54
Investments	300,961.98
Accounts receivable, net	4,275.22
Due from other governments	127,337.00
Accrued interest receivable	1.24
Prepaid insurance	26,491.57
Restricted:	
Cash and cash equivalents	49,639.52
TOTAL CURRENT ASSETS	2,456,414.07
NONCURRENT ASSETS:	
Restricted:	
Cash and cash equivalents	246,378.85
Capital Assets, non-depreciable	232,411.89
Capital Assets, depreciable, net	1,555,213.12
TOTAL NONCURRENT ASSETS	2,034,003.86
TOTAL ASSETS	$ 4,490,417.93
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	$ 7,657.85
Accrued wages and benefits payable	389.62
Compensated absences payable	17,558.00
Due to other governments	21,507.57
Accrued interest payable	1,367.97
Unearned revenue	6,108.21
Trust and deposit liabilities	49,639.52
Current portion long-term debt	39,484.66
TOTAL CURRENT LIABILITIES	143,713.40
NONCURRENT LIABILITIES	
Mortgage payable	429,534.35
TOTAL NONCURRENT LIABILITIES	429,534.35
TOTAL LIABILITIES	573,247.75
NET POSITION	
Net investment in capital assets	1,318,606.00
Restricted for:	
Replacement reserve, residual receipts, insurance	246,378.85
Unrestricted	2,352,185.33
TOTAL NET POSITION	$ 3,917,170.18

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
Year Ended March 31, 2021

		Housing
OPERATING REVENUES		
Rental income	$	580,366.50
Rental assistance		303,223.00
Other income		27,216.44
TOTAL OPERATING REVENUES		910,805.94
OPERATING EXPENSES		
Administrative		280,386.63
Tenant services		4,253.00
Utilities		258,785.03
Ordinary maintenance and operations		277,647.75
Protective services		15,509.00
General expense		120,997.15
Depreciation		237,024.27
TOTAL OPERATING EXPENSES		1,194,602.83
OPERATING INCOME (LOSS)		(283,796.89)
NONOPERATING REVENUES (EXPENSES)		
HUD operating subsidy		258,090.00
HUD capital fund grants		233,236.00
Interest income		1,054.24
Gain on capital asset disposition		250.00
Interest expense		(17,031.16)
TOTAL NONOPERATING REVENUES(EXPENSES)		475,599.08
INCOME(LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS		191,802.19
CONTRIBUTIONS		
HUD capital fund grants		285,366.72
SPECIAL ITEMS		
Change in capital fund grant budget		(7,227.00)
INCREASE (DECREASE) IN NET POSITION		469,941.91
NET POSITION:		
Net position, beginning balance		3,447,228.27
TOTAL NET ASSETS - ENDING POSITION	$	3,917,170.18

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended March 31, 2021

		Housing
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tenant receipts	$	601,468.67
Rental assistance receipts		303,223.00
Other receipts		393.93
Trust and deposits		(1,090.00)
Cash payments for goods and services		(597,218.54)
Cash payments to employees for services		(366,287.96)
NET CASH PROVIDED USED BY OPERATING ACTIVITIES		(59,510.90)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
HUD operating subsidy		183,263.00
HUD capital fund grants		273,236.00
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		456,499.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets		(371,142.51)
HUD capital fund grants		285,366.72
Proceeds from sale of capital assets		250.00
Principal paid on mortgage payable		(38,128.55)
Interest paid on capital debt		(17,142.37)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		(140,796.71)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received		1,054.24
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		1,054.24
NET INCREASE (DECREASE) IN CASH		257,245.63
CASH AND CASH EQUIVALENTS-BEGINNING		1,986,480.28
CASH AND CASH EQUIVALENTS-ENDING	$	2,243,725.91

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$	(283,796.89)
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation		237,024.27
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		(3,220.32)
(Increase) decrease in prepaid insurance		707.50
Increase (decrease) in accounts payable		242.14
Increase (decrease) in accrued wages and benefits payable		24.71
Increase (decrease) in accrued leave		(10,461.00)
Increase (decrease) in due to governments		(890.69)
Increase (decrease) in trust and deposit liabilities		(1,090.00)
Increase (decrease) in unearned revenue		1,949.38
NET CASH PROVIDED USED BY OPERATING ACTIVITIES	$	(59,510.90)

See accompanying notes.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

Financial Reporting Entity

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

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

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

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

Budgetary Process

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

Estimates

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

Cash and Investments

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

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

Accounts Receivable

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

Prepaid Items

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

Capital Assets and Depreciation

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

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

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

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

Use of Restricted/Unrestricted Net Position

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

Investment Income

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

Compensated Absences

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

Grant Revenue

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Income Taxes

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

Leases

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

Taxpayer's Bill of Rights

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

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

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

NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At March 31, 2021, the Authority's carrying amount of deposits was $2,432,836.61 and the bank balances were $2,435,971.42. The Authority had cash on hand of $300 as of March 31, 2021.

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

Investments

At March 31, 2021, the Authority had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities Less Than 1 Year
Colotrust Prime	$ 111,551.28	$ 111,551.28

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

Credit Risk: The Authority has no investment policy that would limit its investment choices. At March 31, 2021, the Authority's investment in the Colotrust Fund was rated AAAm by Standard & Poor's.

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

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

NOTE B - DEPOSITS AND INVESTMENTS (CONT'D)

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

State of Net Position		
Cash and cash equivalents	$	1,946,511.54
Investments		300,961.98
Restricted cash - current		50,835.52
Restricted cash - noncurrent		246,378.85
	$	2,544,687.89

Bank deposits	$	2,432,836.61
Investments		111,551.28
Cash on hand		300.00
	$	2,544,687.89

NOTE C – ACCOUNTS RECEIVABLE

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

Tenant receivables	$	4,275.22
Allowance for doubtful accounts		-
	$	4,275.22

NOTE D – DUE FROM OTHER GOVERNMENTS

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

HUD - Operating Subsidy	$	127,337.00

NOTE E—RESTRICTED ASSETS

The Authority's restricted cash and cash equivalents at March 31, 2021 which were restricted for:

Tenant security deposits	$	49,639.52
Replacement reserves		227,408.42
Residual receipts		5,643.29
Insurance escrow		13,327.14
	$	296,018.37

NOTE F – CAPITAL ASSETS

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

	Balance 4/1/2020	Increases	Decreases	Balance 3/31/2021
Non-depreciable assets:				
Land	$ 232,411.89	$ -	$ -	$ 232,411.89
Construction in progress	-	-	-	-
Total non-depreciable assets	232,411.89	-	-	232,411.89
Depreciable assets				
Buildings	7,604,769.24	278,930.50	-	7,883,699.74
Equipment - Dwelling	131,071.50	84,470.00	(23,635.57)	191,905.93
Equipment - Administration	92,511.86	7,742.01	-	100,253.87
Total depreciable assets	7,828,352.60	371,142.51	(23,635.57)	8,175,859.54
Total Capital Assets	8,060,764.49	371,142.51	(23,635.57)	8,408,271.43
Accumulated depreciation				
Buildings	6,226,875.95	220,970.16	-	6,447,846.11
Equipment - Dwelling	92,796.44	13,978.04	(23,635.57)	83,138.91
Equipment - Administration	87,585.33	2,076.07	-	89,661.40
Total accumulated depreciation	6,407,257.72	237,024.27	(23,635.57)	6,620,646.42
Depreciable assets, net	1,421,094.88	134,118.24	-	1,555,213.12
Capital assets, net	$ 1,653,506.77	$ 134,118.24	$ -	$ 1,787,625.01

NOTE G – ACCOUNTS PAYABLE

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

Vendor and contractors	$ 7,657.85

NOTE H – DUE TO OTHER GOVERNMENTS

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

Payments in lieu of taxes	$ 21,507.57

NOTE I – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2021 is as follows:

Prepaid rents	$ 6,108.21

NOTE J—LONG TERM DEBT

Direct Placements

MacLaren House – The first mortgage payable as of March 31, 2021, represents permanent loan from the Colorado Housing Finance Authority under the SMART program with an original loan amount of $893,000 date March 15, 2001. The loan is due April 1, 2031 and had an annual interest rate of 6.35% which was modified to 6% on August 1, 2015 and then modified again to 3.5% on June 1, 2016. The loan requires monthly payment of $4,605.91. Principal and accrued interest payable at March 31, 2021 were $469,019.01 and $1,367.97, respectively.

A summary of changes in notes payable as of March 31, 2021 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due Within 1 Year
Long-term debt	$ 507,147.56	$ --	$ (38,128.55)	$ 469,019.01	$ 39,484.66

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

	Principal	Interest	Total
2022	$ 39,484.66	$ 15,786.26	$ 55,270.92
2023	40,889.01	14,381.91	55,270.92
2024	42,343.30	12,927.62	55,270.92
2025	43,849.33	11,421.59	55,270.92
2026	45,408.91	9,862.01	55,270.92
2027 - 2031	252,450.35	23,904.25	276,354.60
2032	4,593.45	13.40	4,606.85
	$ 469,019.01	$ 88,297.04	$ 557,316.05

NOTE K--RETIREMENT PLAN

The Housing Authority participates in a qualified simplified employee pension plan. All eligible employees must participate. Eligible employees must be at least 21 and has performed services for the Authority in at least 3 of the preceding 5 years. The Housing Authority contributes an amount equal to 3.00% of the member's pay for the pay period. The total Housing Authority contribution was $7,681.02 for the fiscal year ended March 31, 2021 based on wages of $256,034. Total wages for the Authority were $287,722.74.

NOTE L—NET POSITION

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

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

NOTE L—NET POSITION (CONT'D)

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

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

The Authority has restricted net position in the following categories:

Replacement reserves	$	227,408.42
Residual receipts		5,643.29
Insurance escrow		13,327.14
	$	246,378.85

NOTE M – RISK MANAGEMENT

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

During the year ended March 31, 2021, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

NOTE N – CONTINGENT LIABILITIES

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

NOTE O – SPECIAL ITEMS

The Authority performed a budget revision to its capital fund grants which caused a change in revenue recognition and resulted in a reduction of net position of $7,227.

NOTE P – SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF NET POSITION
March 31, 2021

ASSETS	Public Housing	Section 8 Administration	MacLaren	Totals
CURRENT ASSETS:				
Cash and cash equivalents	$ 1,045,595.53	$ 52,918.48	$ 849,193.53	$ 1,947,707.54
Investments	300,961.98	-	-	300,961.98
Accounts receivable, net	3,663.22	-	612.00	4,275.22
Due from other governments	127,337.00	-	-	127,337.00
Accrued interest receivable	1.24	-	-	1.24
Prepaid insurance	22,161.01	-	4,330.56	26,491.57
Restricted:				
Cash and cash equivalents	34,134.52	-	15,505.00	49,639.52
TOTAL CURRENT ASSETS	1,533,854.50	52,918.48	869,641.09	2,456,414.07
NONCURRENT ASSETS:				
Restricted:				
Cash and cash equivalents	-	-	246,378.85	246,378.85
Capital Assets, non-depreciable	138,017.40	-	94,394.49	232,411.89
Capital Assets, depreciable, net	1,142,922.77	-	412,290.35	1,555,213.12
TOTAL NONCURRENT ASSETS	1,280,940.17	-	753,063.69	2,034,003.86
TOTAL ASSETS	$ 2,814,794.67	$ 52,918.48	$ 1,622,704.78	$ 4,490,417.93
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	$ 5,528.05	$ -	$ 2,129.80	$ 7,657.85
Accrued wages and benefits payable	259.66	-	129.96	389.62
Compensated absences payable	11,706.00	-	5,852.00	17,558.00
Due to other governments	21,507.57	-	-	21,507.57
Accrued interest payable	-	-	1,367.97	1,367.97
Unearned revenue	2,871.33	-	3,236.88	6,108.21
Trust and deposit liabilities	34,134.52	-	15,505.00	49,639.52
Current portion long-term debt	-	-	39,484.66	39,484.66
TOTAL CURRENT LIABILITIES	76,007.13	-	67,706.27	143,713.40
NONCURRENT LIABILITIES				
Mortgage payable	-	-	429,534.35	429,534.35
TOTAL NONCURRENT LIABILITIES	-	-	429,534.35	429,534.35
TOTAL LIABILITIES	76,007.13	-	497,240.62	573,247.75
NET POSITION				
Net investment in capital assets	1,280,940.17	-	37,665.83	1,318,606.00
Restricted	-	-	246,378.85	246,378.85
Unrestricted	1,457,847.37	52,918.48	841,419.48	2,352,185.33
TOTAL NET POSITION	$ 2,738,787.54	$ 52,918.48	$ 1,125,464.16	$ 3,917,170.18

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended March 31, 2021

	Public Housing	Section 8 Administration	MacLaren	Totals
OPERATING REVENUES				
Rental income	$ 389,937.50	$ -	$ 190,429.00	$ 580,366.50
Rental assistance	-	-	303,223.00	303,223.00
Other income	19,507.21	-	7,709.23	27,216.44
TOTAL OPERATING REVENUES	409,444.71	-	501,361.23	910,805.94
OPERATING EXPENSES				
Administrative	183,336.99	-	97,049.64	280,386.63
Tenant services	3,919.96	-	333.04	4,253.00
Utilities	181,618.81	-	77,166.22	258,785.03
Ordinary maintenance and operations	177,590.18	-	100,057.57	277,647.75
Protective services	7,808.00	-	7,701.00	15,509.00
General expense	101,422.78	-	19,574.37	120,997.15
Depreciation	162,780.64	-	74,243.63	237,024.27
TOTAL OPERATING EXPENSES	818,477.36	-	376,125.47	1,194,602.83
OPERATING INCOME (LOSS)	(409,032.65)	-	125,235.76	(283,796.89)
NONOPERATING REVENUES (EXPENSES)				
HUD operating subsidy	258,090.00	-	-	258,090.00
HUD capital fund grants	233,236.00	-	-	233,236.00
Interest income	592.91	-	461.33	1,054.24
Gain on disposition of capital assets	250.00	-	-	250.00
Interest expense	-	-	(17,031.16)	(17,031.16)
TOTAL NONOPERATING REVENUES(EXPENSES)	492,168.91	-	(16,569.83)	475,599.08
INCOME(LOSS) BEFORE CONTRIBUTIONS AND SPECIAL ITEMS	83,136.26	-	108,665.93	191,802.19
CONTRIBUTIONS				
HUD capital fund grants	285,366.72	-	-	285,366.72
SPECIAL ITEMS				
Change in capital fund grant budget	(7,227.00)	-	-	(7,227.00)
INCREASE (DECREASE) IN NET POSITION	361,275.98	-	108,665.93	469,941.91
NET POSITION:				
Net position, beginning balance	2,377,511.56	52,918.48	1,016,798.23	3,447,228.27
TOTAL NET POSITION - ENDING BALANCE	$ 2,738,787.54	$ 52,918.48	$ 1,125,464.16	$ 3,917,170.18

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended March 31, 2021

	Public Housing	Section 8 Administration	MacLaren	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Tenant receipts	$ 402,560.64	$ -	$ 198,908.03	$ 601,468.67
Rental assistance receipts	-	-	303,223.00	303,223.00
Other income	393.93	-	-	393.93
Trust and deposits	106.00	-	(1,196.00)	(1,090.00)
Cash payments for goods and services	(417,740.61)	-	(179,477.93)	(597,218.54)
Cash payments to employees for services	(240,024.20)	-	(126,263.76)	(366,287.96)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(254,704.24)	-	195,193.34	(59,510.90)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
HUD operating subsidy	183,263.00	-	-	183,263.00
HUD capital fund grants	273,236.00	-	-	273,236.00
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	456,499.00	-	-	456,499.00
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases and construction of capital assets	(334,525.06)	-	(36,617.45)	(371,142.51)
HUD capital fund grants	285,366.72	-	-	285,366.72
Proceeds from the sale of capital assets	250.00	-	-	250.00
Principal paid on mortgage payable	-	-	(38,128.55)	(38,128.55)
Interest paid on capital debt	-	-	(17,142.37)	(17,142.37)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(48,908.34)	-	(91,888.37)	(140,796.71)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	592.91	-	461.33	1,054.24
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	592.91	-	461.33	1,054.24
NET INCREASE (DECREASE) IN CASH	153,479.33	-	103,766.30	257,245.63
CASH AND CASH EQUIVALENTS-BEGINNING	926,250.72	52,918.48	1,007,311.08	1,986,480.28
CASH AND CASH EQUIVALENTS-ENDING	$ 1,079,730.05	$ 52,918.48	$ 1,111,077.38	$ 2,243,725.91
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (409,032.65)	$ -	$ 125,235.76	$ (283,796.89)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	162,780.64	-	74,243.63	237,024.27
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(2,823.32)	-	(397.00)	(3,220.32)
(Increase) decrease in due from other governments	-	-	-	-
(Increase) decrease in prepaid insurance	712.04	-	(4.54)	707.50
Increase (decrease) in accounts payable	610.86	-	(368.72)	242.14
Increase (decrease) in accrued wages and benefits payable	16.38	-	8.33	24.71
Increase (decrease) in accrued leave	(6,797.00)	-	(3,664.00)	(10,461.00)
Increase (decrease) in due to governments	(890.69)	-	-	(890.69)
Increase (decrease) in trust and deposit liabilities	106.00	-	(1,196.00)	(1,090.00)
Increase (decrease) in unearned revenue	613.50	-	1,335.88	1,949.38
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (254,704.24)	$ -	$ 195,193.34	$ (59,510.90)

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

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,045,595		$52,918	$849,193	$1,947,706		$1,947,706
113 Cash - Other Restricted				$246,379	$246,379		$246,379
114 Cash - Tenant Security Deposits	$34,135			$15,505	$49,640		$49,640
100 Total Cash	$1,079,730	$0	$52,918	$1,111,077	$2,243,725		$2,243,725
122 Accounts Receivable - HUD Other Projects	$127,337				$127,337		$127,337
126 Accounts Receivable - Tenants	$3,663			$612	$4,275		$4,275
129 Accrued Interest Receivable	$1				$1		$1
120 Total Receivables, Net of Allowances for Doubtful Accounts	$131,001	$0	$0	$612	$131,613		$131,613
131 Investments - Unrestricted	$300,962				$300,962		$300,962
142 Prepaid Expenses and Other Assets	$22,161			$4,331	$26,492		$26,492
150 Total Current Assets	$1,533,854	$0	$52,918	$1,116,020	$2,702,792		$2,702,792
161 Land	$138,017			$94,394	$232,411		$232,411
162 Buildings	$5,608,080			$2,275,620	$7,883,700		$7,883,700
163 Furniture, Equipment & Machinery - Dwellings	$120,436			$71,470	$191,906		$191,906
164 Furniture, Equipment & Machinery - Administration	$87,317			$12,937	$100,254		$100,254
166 Accumulated Depreciation	-$4,672,910			-$1,947,736	-$6,620,646		-$6,620,646
160 Total Capital Assets, Net of Accumulated Depreciation	$1,280,940	$0	$0	$506,685	$1,787,625		$1,787,625
180 Total Non-Current Assets	$1,280,940	$0	$0	$506,685	$1,787,625		$1,787,625
290 Total Assets and Deferred Outflow of Resources	$2,814,794	$0	$52,918	$1,622,705	$4,490,417		$4,490,417
312 Accounts Payable <= 90 Days	$230			$231	$461		$461
321 Accrued Wage/Payroll Taxes Payable	$259			$130	$389		$389
322 Accrued Compensated Absences - Current Portion	$11,706			$5,852	$17,558		$17,558
325 Accrued Interest Payable				$1,368	$1,368		$1,368
333 Accounts Payable - Other Government	$21,508				$21,508		$21,508
341 Tenant Security Deposits	$34,135			$15,505	$49,640		$49,640
342 Unearned Revenue	$2,871			$3,237	$6,108		$6,108
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue				$39,485	$39,485		$39,485
346 Accrued Liabilities - Other	$5,298			$1,899	$7,197		$7,197
310 Total Current Liabilities	$76,007	$0	$0	$67,707	$143,714		$143,714
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue				$429,534	$429,534		$429,534
350 Total Non-Current Liabilities	$0	$0	$0	$429,534	$429,534		$429,534
300 Total Liabilities	$76,007	$0	$0	$497,241	$573,248		$573,248
508.4 Net Investment in Capital Assets	$1,280,940			$37,666	$1,318,606		$1,318,606
511.4 Restricted Net Position				$246,379	$246,379		$246,379
512.4 Unrestricted Net Position	$1,457,847	$0	$52,918	$841,419	$2,352,184		$2,352,184
513 Total Equity - Net Assets / Position	$2,738,787	$0	$52,918	$1,125,464	$3,917,169		$3,917,169
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$2,814,794	$0	$52,918	$1,622,705	$4,490,417		$4,490,417

Housing Authority of the City of Sterling (CO025)

STERLING, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 03/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$389,938			$190,429	$580,367		$580,367
70400 Tenant Revenue - Other	$19,114			$7,709	$26,823		$26,823
70500 Total Tenant Revenue	$409,052	$0	$0	$198,138	$607,190	$0	$607,190
70600 HUD PHA Operating Grants	$491,326			$303,223	$794,549		$794,549
70610 Capital Grants	$285,367				$285,367		$285,367
71100 Investment Income - Unrestricted	$593				$593		$593
71500 Other Revenue	$394				$394		$394
71600 Gain or Loss on Sale of Capital Assets	$250				$250		$250
72000 Investment Income - Restricted				$461	$461		$461
70000 Total Revenue	$1,186,982	$0	$0	$501,822	$1,688,804	$0	$1,688,804
91100 Administrative Salaries	$123,632			$63,730	$187,362		$187,362
91200 Auditing Fees	$5,504			$2,752	$8,256		$8,256
91400 Advertising and Marketing	$4,899			$2,450	$7,349		$7,349
91500 Employee Benefit contributions - Administrative	$33,974			$17,208	$51,182		$51,182
91600 Office Expenses	$9,717			$7,676	$17,393		$17,393
91800 Travel	$106				$106		$106
91900 Other	$5,506			$3,231	$8,737		$8,737
91000 Total Operating - Administrative	$183,338	$0	$0	$97,047	$280,385	$0	$280,385
92400 Tenant Services - Other	$3,920			$333	$4,253		$4,253
92500 Total Tenant Services	$3,920	$0	$0	$333	$4,253	$0	$4,253
93100 Water	$38,393			$46,562	$84,955		$84,955
93200 Electricity	$63,841			$24,667	$88,508		$88,508
93300 Gas	$12,716			$5,938	$18,654		$18,654
93600 Sewer	$66,669				$66,669		$66,669
93000 Total Utilities	$181,619	$0	$0	$77,167	$258,786	$0	$258,786
94100 Ordinary Maintenance and Operations - Labor	$64,665			$35,696	$100,361		$100,361
94200 Ordinary Maintenance and Operations - Materials and Other	$21,198			$11,463	$32,661		$32,661
94300 Ordinary Maintenance and Operations Contracts	$73,957			$43,260	$117,217		$117,217
94500 Employee Benefit Contributions - Ordinary Maintenance	$17,770			$9,639	$27,409		$27,409
94000 Total Maintenance	$177,590	$0	$0	$100,058	$277,648	$0	$277,648
95200 Protective Services - Other Contract Costs	$7,808			$7,701	$15,509		$15,509
95000 Total Protective Services	$7,808	$0	$0	$7,701	$15,509	$0	$15,509

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

Submission Type: Audited/Single Audit Fiscal Year End: 03/31/2021

	Project Total	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program_Special Allocations	Subtotal	ELIM	Total
96110 Property Insurance	$58,693			$13,456	$72,149		$72,149
96120 Liability Insurance	$10,840			$3,317	$14,157		$14,157
96130 Workmen's Compensation	$3,837			$2,064	$5,901		$5,901
96140 All Other Insurance	$2,266			$569	$2,835		$2,835
96100 Total insurance Premiums	$75,636	$0	$0	$19,406	$95,042	$0	$95,042
96300 Payments in Lieu of Taxes	$21,508				$21,508		$21,508
96400 Bad debt - Tenant Rents	$4,280			$169	$4,449		$4,449
96000 Total Other General Expenses	$25,788	$0	$0	$169	$25,957	$0	$25,957
96710 Interest of Mortgage (or Bonds) Payable				$17,031	$17,031		$17,031
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$17,031	$17,031	$0	$17,031
96900 Total Operating Expenses	$655,699	$0	$0	$318,912	$974,611	$0	$974,611
97000 Excess of Operating Revenue over Operating Expenses	$531,283	$0	$0	$182,910	$714,193	$0	$714,193
97400 Depreciation Expense	$162,781			$74,244	$237,025		$237,025
90000 Total Expenses	$818,480	$0	$0	$393,156	$1,211,636	$0	$1,211,636
10010 Operating Transfer In	$233,236				$233,236	-$233,236	$0
10020 Operating transfer Out	-$233,236				-$233,236	$233,236	$0
10080 Special Items (Net Gain/Loss)	-$7,227				-$7,227		-$7,227
10100 Total Other financing Sources (Uses)	-$7,227	$0	$0	$0	-$7,227	$0	-$7,227
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$361,275	$0	$0	$108,666	$469,941	$0	$469,941
11020 Required Annual Debt Principal Payments	$0	$0	$0	$38,129	$38,129		$38,129
11030 Beginning Equity	$2,377,512	$0	$52,918	$1,016,798	$3,447,228		$3,447,228
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$0				$0		$0
11190 Unit Months Available	1320			648	1968		1968
11210 Number of Unit Months Leased	1303			635	1938		1938
11270 Excess Cash	$1,381,045				$1,381,045		$1,381,045
11620 Building Purchases	$268,983				$268,983		$268,983
11630 Furniture & Equipment - Dwelling Purchases	$57,800				$57,800		$57,800
11640 Furniture & Equipment - Administrative Purchases	$7,742				$7,742		$7,742

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

Submission Type: Audited/Single Audit   Fiscal Year End: 03/31/2021   Project: CO025000001 STERLING

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	$389,938		$389,938
70400 Tenant Revenue - Other	$19,114		$19,114
70500 Total Tenant Revenue	$409,052	$0	$409,052
70600 HUD PHA Operating Grants	$258,090	$233,236	$491,326
70610 Capital Grants		$285,367	$285,367
71100 Investment Income - Unrestricted	$593		$593
71500 Other Revenue	$394		$394
71600 Gain or Loss on Sale of Capital Assets	$250		$250
70000 Total Revenue	$668,379	$518,603	$1,186,982
91100 Administrative Salaries	$123,632		$123,632
91200 Auditing Fees	$5,504		$5,504
91400 Advertising and Marketing	$4,899		$4,899
91500 Employee Benefit contributions - Administrative	$33,974		$33,974
91600 Office Expenses	$9,717		$9,717
91800 Travel	$106		$106
91900 Other	$5,506		$5,506
91000 Total Operating - Administrative	$183,338	$0	$183,338
92400 Tenant Services - Other	$3,920		$3,920
92500 Total Tenant Services	$3,920	$0	$3,920
93100 Water	$38,393		$38,393
93200 Electricity	$63,841		$63,841
93300 Gas	$12,716		$12,716
93600 Sewer	$66,669		$66,669
93000 Total Utilities	$181,619	$0	$181,619
94100 Ordinary Maintenance and Operations - Labor	$64,665		$64,665
94200 Ordinary Maintenance and Operations - Materials and Other	$21,198		$21,198
94300 Ordinary Maintenance and Operations Contracts	$73,957		$73,957
94500 Employee Benefit Contributions - Ordinary Maintenance	$17,770		$17,770
94000 Total Maintenance	$177,590	$0	$177,590
95200 Protective Services - Other Contract Costs	$7,808		$7,808
95000 Total Protective Services	$7,808	$0	$7,808
96110 Property Insurance	$58,693		$58,693
96120 Liability Insurance	$10,840		$10,840
96130 Workmen's Compensation	$3,837		$3,837
96140 All Other Insurance	$2,266		$2,266
96100 Total insurance Premiums	$75,636	$0	$75,636
96300 Payments in Lieu of Taxes	$21,508		$21,508
96400 Bad debt - Tenant Rents	$4,280		$4,280
96000 Total Other General Expenses	$25,788	$0	$25,788
96900 Total Operating Expenses	$655,699	$0	$655,699
97000 Excess of Operating Revenue over Operating Expenses	$12,680	$518,603	$531,283
97400 Depreciation Expense	$138,886	$23,895	$162,781
90000 Total Expenses	$794,585	$23,895	$818,480
10010 Operating Transfer In	$233,236		$233,236
10020 Operating transfer Out		-$233,236	-$233,236
10080 Special Items (Net Gain/Loss)	-$7,227		-$7,227
10100 Total Other financing Sources (Uses)	$226,009	-$233,236	-$7,227
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$99,803	$261,472	$361,275
11020 Required Annual Debt Principal Payments	$0	$0	$0
11030 Beginning Equity	$2,377,512	$0	$2,377,512
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	$261,472	-$261,472	$0
11190 Unit Months Available	1320		1320
11210 Number of Unit Months Leased	1303		1303
11270 Excess Cash	$1,381,045		$1,381,045
11620 Building Purchases	$33,616	$235,367	$268,983
11630 Furniture & Equipment - Dwelling Purchases	$7,800	$50,000	$57,800
11640 Furniture & Equipment - Administrative Purchases	$7,742	$0	$7,742

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2021

FEDERAL GRANTOR	ASSISTANCE LISTING		FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Section 8 Housing Assistance Payments Program			
Rental Assistance	14.195		303,223.00
Public and Indian Housing			
Operating Subsidy	14.850		258,090.00
Capital Funds			
Capital funds	14.872		518,602.72
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		$	1,079,915.72
Total Federal Awards Expended		$	1,079,915.72

Notes to the Schedule

1. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Housing Authority of the City of Sterling, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

SINGLE AUDIT SECTION

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Housing Authority of the City of Sterling, Colorado as of and for the year ended March 31, 2021, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Sterling, Colorado's basic financial statements, and have issued our report thereon dated August 10, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as Finding 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Sterling, Colorado's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of

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our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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

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

Purpose of this Report

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

Nieweddc & Wiens, CPA's

York, Nebraska
August 10, 2021

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

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Sterling, Colorado's compliance.

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and question costs as Finding 2021-002 that we consider to be material weakness.

The Housing Authority of the City of Sterling, Colorado's responses to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Housing Authority of the City of Sterling, Colorado's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Nieweddo & Wiens, CPA's

York, Nebraska
August 10, 2021

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
March 31, 2021

The Housing Authority of the City of Sterling, Colorado prior year audit was not in accordance with Uniform Guidance as the Housing Authority's federal assistance was below the $750,000 threshold.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 31, 2021

Section I - Summary of Auditors Results:

- We issued an unmodified opinion on the basic financial statements of the Housing Authority of the City of Sterling, Colorado for the fiscal year ended March 31, 2021.

Financial Statements:

- The results of our audit procedures disclosed one material weakness and no significant deficiencies in internal control over financial reporting for the fiscal year ended March 31, 2021. The material weakness is reported as Finding 2021-001.

- No instances of noncompliance which are material to the financial statements for the fiscal year ended March 31, 2021 were noted.

Federal Awards:

- We issued an unmodified opinion on compliance for the major program for the fiscal year ended March 31, 2021.

- The results of our audit procedures disclosed one material weakness and no significant deficiencies in internal control over major programs for the fiscal year ended March 31, 2021. The material weakness is reported as Finding 2021-002.

- The results of our audit procedures disclosed one audit finding that is required to be reported under code § .516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

- The programs identified and audited as major are as follows: Capital Fund (14.872).

- The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

- For the fiscal year ended March 31, 2021, the Housing Authority of the City of Sterling, Colorado did not qualify as a low-risk auditee.

Section II - Financial Statement Findings:

Finding 2021-001: Accounting Procedures
Material Weakness

Criteria: The Authority should have effective controls over the monitoring of the period-end financial reporting process and the application of generally accepted accounting principles.

Condition: During our audit, we noted various errors that occurred because proper accounting procedures were not in place. Specifically, we noted:

- The Authority had a large appliance purchase where the old appliances with an original cost of $23,636 were disposed of but the Authority did not remove the disposed of capital assets from its financial records.

- The Authority had an error in its operating subsidy accrual which caused operating subsidy income and the related receivable to be overstated by $18,003.

Cause: The Authority's fiscal year end closing occurred during the transition between Executive Directors and the removal of the disposed of capital assets appeared to be an oversight. The operating subsidy calculation error occurred as a component of the calculation was left out which was merely an oversight.

Effect or Potential Effect: The fiscal year-end financial information provided by the Authority was misstated prior to adjustments made during the audit process.

Recommendation: We recommend the Authority adequately review its depreciation schedule in the future which would help identify items that should be removed.

View of the Responsible Officials of the Auditee: The auditee's management agrees with the finding.

Section III - Federal Award Findings and Questioned Costs:

Finding 2021-002: Internal Control Structure
Capital Funds, 14.872
Material Weakness – Activities Allowed or Unallowed, Allowable Costs, Cash Management and Special Tests and Provisions

Criteria: The Authority is responsible for establishing an effective internal control process to ensure the Authority complies with the requirements governing the Capital Funds program.

Condition: The Authority has limited employees which makes it difficult for the Authority to have controls beyond the Executive Director's knowledge. As a result, we noted the following deficiencies related to the internal control components which are considered a material weakness:

- Control Activities — The Authority only had the one staff handle much of the Capital Fund activities so the Authority has no controls over compliance beyond the Executive Director's knowledge.

- Information and Communication — Communication involves providing an understanding of individual roles and responsibilities pertaining to internal control over financial reporting The Authority had not formally documented the procedures as a reference point for employees to perform their duties. Further, internal control procedures should be documented so that the controls in place can be monitored.

Cause: The Authority's has limited staff so it is unable to adequately segregate duties.

Section III - Federal Award Findings and Questioned Costs (Cont'd):

Finding 2021-002: Internal Control Structure

Effect or Potential Effect: The control deficiencies are deficiencies that result in more than a reasonable possibility that material noncompliance with program requirements could occur and not be prevented or detected.

Recommendation: As noted above, the Authority has limited resources and additional controls are not financially feasible in the hiring of additional staff. In addition, the Board of Commissioners is considered a governing Board and the Board performing management or day-to-day activities is not recommended based on our previous experience and is not intended to be a solution to this situation. The Authority is a small entity and the lack of segregation of duties is common among entities with minimal employees and should be recognized as such. However, it is not our intent to establish internal controls as the Authority's Board should make the final determination in the cost versus benefit.

View of the Responsible Officials of the Auditee: The auditee's management agrees with the finding.

Housing Authority of The City of Sterling

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STERLING, COLORADO 80751

August 5,2021

Person to contact and responsible for this communication: David Maier, Executive Director. Telephone number: (970) 521-7157. Email address: dave.sterlinghousing@outlook.com.

Two noted findings were specified. For finding number 2021-001: Accounting Procedures Material Weakness. Section II-Financial Statement Findings

The auditee's management agrees with the finding. The errors occurred during the transition between Executive Directors and we are aware of the issues and will be sensitive to this moving forward. The corrective action has taken place as of July 15, 2021.

For finding number 2021-002: Internal Control Structure. Capital Funds, 14.872, Material Weakness-Activities Allowed or Unallowed, Allowable Costs, Cash Management and Special Tests and Provisions. Section III-Federal Award Findings and Questioned Cost.

The auditee's management agrees with the finding. The Authority is relatively small with limited administrative staff. Further, the Board of Commissioners is a volunteer oversight board and not a managing board and does not have the time or expertise to provide the necessary services to correct the internal control deficiencies noted. The Board has reviewed the issue and determined that there are no additional procedures which can be reasonably be done to eliminate the deficiencies and accepts them.

AGREED-UPON PROCEDURE

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

Independent Accountant's Report on Applying Agreed-Upon Procedure

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

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

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

The procedures and the associated findings are as follows:

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

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

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

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

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

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

We were engaged to perform an audit in accordance with *2 CFR 200, Subpart F, Audit Requirements* for the Housing Authority of the City of Sterling, Colorado as of and for the year ended March 31, 2021, and have issued our report thereon dated August 10, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Sterling, Colorado's Financial Data Schedule dated August 10, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

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

Nieweddle & Wiens, CPA's

York, Nebraska
August 10, 2021