

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

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

FOR THE YEAR ENDED MARCH 31, 2021

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Trinidad (Authority), Colorado, as of and for the year ended March 31, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of March 31, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

The supplemental information, as described in the table of contents, is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental information, as described in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 17, 2021, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri
December 17, 2021

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Introduction

This Management's Discussion and Analysis (MD&A) of the Trinidad Housing Authority (Authority) provides an introduction and overview to the financial statements of the Trinidad Housing Authority for the fiscal year ended March 31, 2021. The Trinidad Housing Authority presents this discussion and analysis of its financial performance during the fiscal year ended March 31, 2021, to assist the reader in focusing on significant financial issues.

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

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

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

Overview of the Financial Statements

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

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

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Overview of the Financial Statements – (Continued)

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

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

The Statement of Revenues, Expenses, and Changes in Net Position reports the operating revenues, operating expenses, non-operating revenues, and non-operating expenses of the Authority for the fiscal year ended March 31, 2021, to determine the change in net position for the fiscal year.

The Statement of Cash Flows report cash activities for the fiscal year resulting from operating activities, investing activities, non-capital financing activities, and capital and related financing activities. The net result of these activities represents the increase or decrease of the cash equivalent account balance for the year ended March 31, 2021.

Financial Highlights

- The Trinidad Housing Authority's Net Position decreased from the March 31, 2020 balance of \$3,789,326 to the March 31, 2021 balance of \$3,684,418, a decrease of \$104,908 or 3%. The total assets decreased during the same time frame by \$164,719 or 3%.
- Total revenues decreased from \$2,093,392 earned for the year ended March 31, 2020 to \$2,053,369 earned for the year ended March 31, 2021, a decrease of \$40,023 or 2%.
- Total expenses decreased by \$94,316, from \$2,252,593 incurred for the year ended March 31, 2020, to \$2,158,277 incurred for the year ended March 31, 2021. This represents an decrease of 4%.

Housing Authority Activities & Highlights

The Housing Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements. The table below lists the asset and liability comparisons for the year ended March 31, 2021 and March 31, 2020.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Housing Authority Activities & Highlights – (Continued)

*Summary Statement of Net Position
As of March 31, 2021 & 2020*

<u>Category</u>	<u>3/31/2021</u>	<u>3/31/2020</u>	<u>Change \$</u>	<u>Change %</u>
Current Assets	\$ 2,058,169	\$ 2,026,713	\$ 31,456	2%
Fixed Assets (Net of Depreciation)	\$ 3,292,740	\$ 3,488,915	\$ (196,175)	-6%
Total Assets	\$ 5,350,909	\$ 5,515,628	\$ (164,719)	-3%
Deferred Outflow of Resources	\$ -	\$ -	\$ -	N/A
Current Liabilities	\$ 276,566	\$ 263,158	\$ 13,408	5%
Non Current Liabilities	\$ 1,389,925	\$ 1,410,095	\$ (20,170)	-1%
Total Liabilities	\$ 1,666,491	\$ 1,673,253	\$ (6,762)	0%
Deferred Inflow of Resources	\$ -	\$ 53,049	\$ (53,049)	-100%
Unrestricted	\$ 1,699,287	\$ 1,659,131	\$ 40,156	2%
Restricted	\$ 82,681	\$ 53,474	\$ 29,207	55%
Net Investment in Capital Assets	\$ 1,902,450	\$ 2,076,721	\$ (174,271)	-8%
Total Net Position	\$ 3,684,418	\$ 3,789,326	\$ (104,908)	-3%

Current Assets

Current assets increased by \$31,456 due primarily to an increase in A/R – HUD of \$29,531, A/R – miscellaneous other of \$1,294, A/R – tenant accounts receivable of \$3,815, and prepaid expenses of \$7,525, offset by a decrease in cash and investment in the amount of \$14,255.

Noncurrent Assets – Fixed Assets (Net of Depreciation)

Noncurrent assets decreased by \$196,175. See the capital asset section for further information.

Current Liabilities

Current liabilities increased by \$13,408. This was primarily due to an increase in tenant security deposit liability of \$3,292, and other current liabilities (Incentive Performance Fee) by \$29,896, offset by a decrease in accounts payable of \$7,240, and accrued wages/payroll taxes payable in the amount of \$10,132.

Non-Current Liabilities

Non-current liabilities decreased by \$20,170. This is the result of a decrease in the long-term portion of mortgage payable in the amount of \$23,197 and the increase in the long-term portion of accrued compensated absences in the amount of \$3,027.

Net Position

Restricted

The restricted component of net position of the Authority increased by \$29,207 from the previous fiscal year. The increase was due primarily to the N/C S/R Section 8 Program restricted accounts increasing by \$20,024. In addition, restricted net position on the HCV program increased by \$12,814 as a result of excess HAP costs over HAP funding, while the Community Development Block Grant restricted net position decreased by \$3,631.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Housing Authority Activities & Highlights – (Continued)

Net Position – (Continued)

Unrestricted

The Authority's unrestricted component of Net Position changed from \$1,659,131 to \$1,699,287, a change of \$40,156 for the current year. This balance is subject to program specific guidelines.

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

▪ Low Rent Housing Program	\$1,621,438
▪ Housing Choice Voucher	52,446
▪ Section 8 New Construction	(1,019)
▪ Management Program	<u>26,422</u>

Total \$1,699,287

***Summary Statement of Revenues & Expenses and Changes in Net Position
Years Ended March 31, 2021 and 2020***

Category	3/31/2021	3/31/2020	Change \$	Change %
Program Revenues:				
Tenant Revenue	\$ 635,369	\$ 634,062	\$ 1,307	0%
Government Operating Grants	\$ 1,300,132	\$ 1,255,465	\$ 44,667	4%
Capital Grants	\$ 87,300	\$ 144,018	\$ (56,718)	-39%
Other Revenue	\$ 19,924	\$ 48,759	\$ (28,835)	-59%
Interest Income	\$ 10,644	\$ 11,088	\$ (444)	-4%
Total Revenue	\$ 2,053,369	\$ 2,093,392	\$ (40,023)	-2%
Expenses:				
Administration	\$ 416,225	\$ 491,904	\$ (75,679)	-15%
Tenant Services	\$ 10,258	\$ 752	\$ 9,506	1264%
Utilities	\$ 85,647	\$ 90,848	\$ (5,201)	-6%
Ordinary Maintenance	\$ 606,742	\$ 668,792	\$ (62,050)	-9%
Protective Services	\$ 14,058	\$ 10,402	\$ 3,656	35%
General/Insurance Expense	\$ 268,958	\$ 228,824	\$ 40,134	18%
Nonroutine Maintenance	\$ -	\$ 6,028	\$ (6,028)	-100%
Depreciation	\$ 344,120	\$ 377,226	\$ (33,106)	-9%
Housing Assistance Payments	\$ 346,108	\$ 328,686	\$ 17,422	5%
Interest Expense	\$ 66,161	\$ 49,131	\$ 17,030	35%
Total Expenses	\$ 2,158,277	\$ 2,252,593	\$ (94,316)	-4%
Excess (Deficiency) Before Special Items	\$ (104,908)	\$ (159,201)	\$ 54,293	-34%
Special Item/Casualty Losses	\$ -	\$ 9,668	\$ (9,668)	-100%
Change in Net Position	\$ (104,908)	\$ (168,869)	\$ 63,961	-38%
Net Position, Beginning of Year	\$ 3,789,326	\$ 3,958,195	\$ (168,869)	-4%
Net Position, End of Year	\$ 3,684,418	\$ 3,789,326	\$ (104,908)	-3%

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Housing Authority Activities & Highlights – (Continued)

Results of Operations

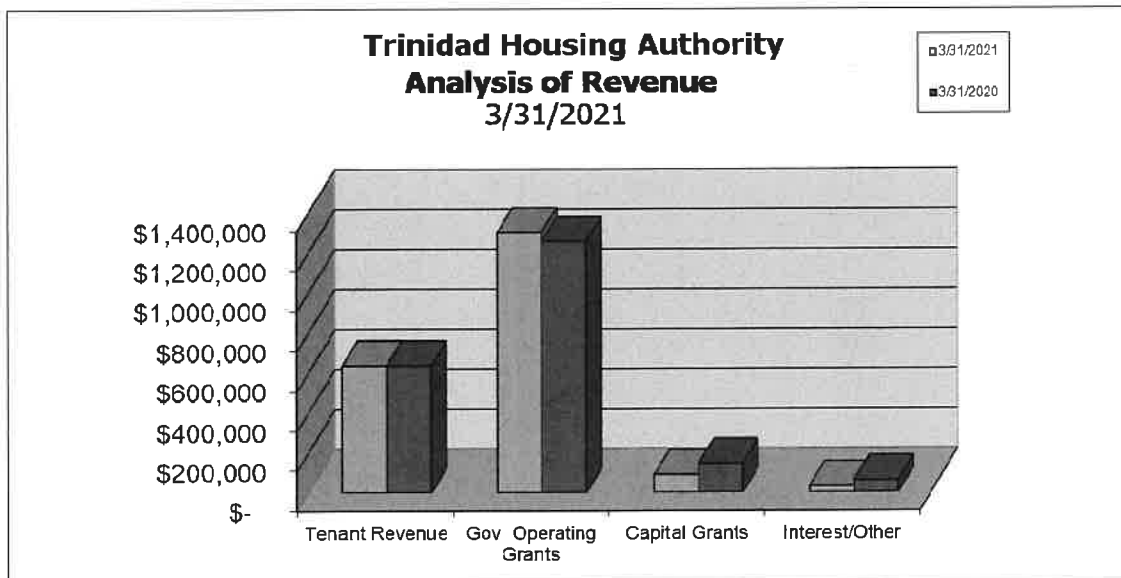
Revenues of the Authority are generated principally from dwelling rents and HUD grants (including Operating and Capital Funds). The Authority's total revenue decreased by \$101,902 from the previous year. Significant variances include the following:

- Operating grant revenue increased by \$44,667 or 4% due to increased Housing Choice Voucher funding in the amount of \$36,327.
- Capital grant revenue decreased by \$56,718 or 39% due to decreased capital improvement activity in the current year.
- Other revenue decreased by \$28,835 primarily due to a decrease in insurance proceeds of \$8,730, and other miscellaneous revenue of \$21,217 during the current year.

Total expenses decreased by \$94,316 from the previous year. Significant variances include the following:

- Administrative costs decreased by \$75,679 due primarily to a decrease in staffing and benefit costs. Administrative salaries and benefit costs decreased by \$60,264 from the previous year due to fewer employees. In addition, administrative sundry decreased by \$13,201.
- Tenant services increased from \$752 in 2020 to \$10,258 in 2021 primarily due to CARES Act activity during the current year.
- General/Insurance expenses increased by \$40,134 from the prior year due to an increase in overall insurance costs of \$38,594, and compensated absences of \$3,539.
- Housing assistance payments increased by \$17,422 during the current year. Units leased decreased from 798 in 2020, to 652 in 2021. Average HAP payments increased from \$412 in 2020, to \$531 in 2021.

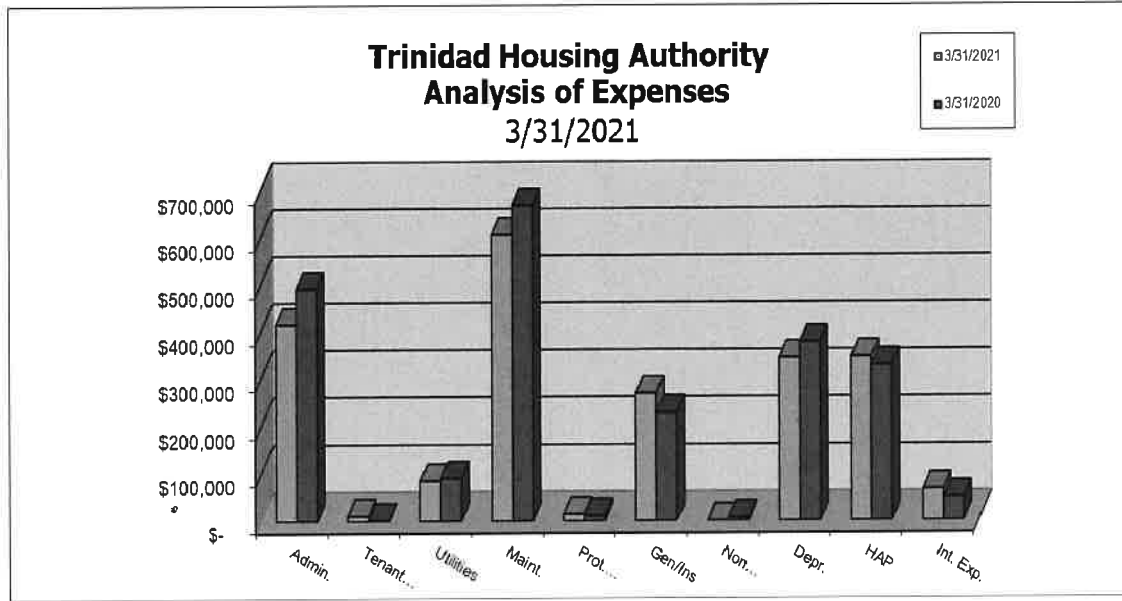
We have provided the following presentations to demonstrate the revenues and expenses by summarized account category:



HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
March 31, 2021

Housing Authority Activities & Highlights – (Continued)



Capital Assets

As of March 31, 2021, the Trinidad Housing Authority's net investment in capital assets was \$1,902,450. This investment includes land, building, site improvement, construction in progress, and equipment, less accumulated depreciation. Any debt associated with the asset including the principal balance of long-term debt is deducted in this balance.

**Summary Statement of Capital Assets
Years Ended March 31, 2021 and 2020**

Category	3/31/2021	3/31/2020	Change \$	Change %
Land	\$ 407,991	\$ 407,991	\$ -	0%
Buildings	\$ 14,614,398	\$ 14,608,178	\$ 6,220	0%
Equipment	\$ 329,697	\$ 312,038	\$ 17,659	6%
Construction in Progress	\$ 124,066	\$ -	\$ 124,066	N/A
Accumulated Depreciation	\$ (12,183,412)	\$ (11,839,292)	\$ (344,120)	3%
Total Net Fixed Assets	\$ 3,292,740	\$ 3,488,915	\$ (196,175)	-6%

Additions to buildings consist of a security system and door project funded by the Operating funds. Equipment additions include new housing software. Construction in progress consists of apartment conversions to be ADA compliant utilizing operating funds and an exterior painting project utilizing the 2018 Capital Fund Grant.

Long Term Debt Activity

At March 31, 2021, the Housing Authority had \$1,390,290 in mortgages payable outstanding versus \$1,412,194 in the previous year, a decrease of 1.55%. During the fiscal year, the Housing Authority did not incur any additional debt. The amount classified as non-current is \$1,367,093.

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 \$22,832.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Subsequent Event

Due to the 2021 Congressional Appropriations, the Authority's operating subsidy for the 2021 calendar year is finalized at 95.23%.

The amount of funding for the 2021 calendar year for the Housing Choice Voucher Program has been finalized by HUD. The 2021 administrative fees are 82% and HAP funding at 100%.

Additional funding from the Cares Act legislation has been provided to the Low Rent Housing Program and the Housing Choice Voucher Program to aid in the preventing, preparing and responding to the COVID-19 virus. Housing Choice Voucher funding has been spent in full as of March 31, 2021. The Low Rent Housing funding, totaling \$96,220 must be spent by December 31, 2021.

Additional funding has been requested for the Section 8 New Construction program. Submissions were made on November 09, 2021 for periods 2, 3 and 4 to help bypass the additional expenses incurred due to the COVID-19 virus. Total amount requested is \$9,033.

On July 08, 2021 the Housing Choice Voucher program requested an Exception Payment Standard to the 2021 Fair Market Rents to be increased to 120%. We were granted this Exception on July 09, 2021 for all bedroom sizes, they became effective immediately. Due to COVID-19 we were able to do interims on participants who would benefit from the increased payment standards. The Exception increased our HAP obligations while keeping the rent burden affordable for housed families. The Exception allowed our low-income program to stay competitive and viable within the private market which was being flooded with rent offers exceeding what landlords were asking. We will again be requesting Exception Payment Standard for the upcoming 2022 year.

Request for Information

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

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

Trinidad Housing Authority
Tonya Valdez, Executive Director
128 W First Street
Trinidad, CO 81082

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

STATEMENT OF NET POSITION
March 31, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$	1,007,124
Cash - restricted		160,168
Investments		767,059
Receivables - net of allowances		44,635
Inventory - net of allowances		52,281
Prepaid expenses		<u>26,902</u>
Total Current Assets		<u>2,058,169</u>

Non-current Assets:

Capital assets:

Land and construction in progress		532,057
Other capital assets, net of depreciation		<u>2,760,683</u>

Total capital assets - net 3,292,740

Total Non-current Assets 3,292,740

Total Assets \$ 5,350,909

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

LIABILITIES

Current Liabilities:

Accounts payable	\$	127,619
Accrued salaries and benefits		11,251
Tenant security deposit liability		77,487
Accrued compensated absences		23,829
Accrued interest payable		2,066
Current portion of long-term debt		23,197
Unearned revenues		11,117

Total Current Liabilities 276,566

Non-current Liabilities:

Long-term debt, net of current portion		1,367,093
Compensated absences		22,832

Total Non-current Liabilities 1,389,925

Total Liabilities 1,666,491

NET POSITION

Net investment in capital assets		1,902,450
Restricted		82,681
Unrestricted		1,699,287

Total Net Position 3,684,418

Total Liabilities and Net Position \$ 5,350,909

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

OPERATING REVENUES	
Tenant revenue	\$ 635,369
Governmental grants and subsidy	1,300,132
Miscellaneous	<u>51,124</u>
Total operating revenue	<u>1,986,625</u>
OPERATING EXPENSES	
Administrative	447,425
Tenant services	10,258
Utilities	85,647
Ordinary maintenance and operations	606,742
Protective services	14,058
Insurance	134,829
General	134,129
Housing assistance payment	346,108
Depreciation expense	<u>344,120</u>
Total operating expenses	<u>2,123,316</u>
Operating income (loss)	<u>(136,691)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	10,644
Interest expense	<u>(66,161)</u>
Net non-operating revenues (expenses)	<u>(55,517)</u>
Income (loss) before contributions and transfers	<u>(192,208)</u>
Capital contributions	<u>87,300</u>
Change in net position	(104,908)
Total net position - beginning of year	<u>3,789,326</u>
Total net position - end of year	\$ <u><u>3,684,418</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

CASH FLOWS FROM OPERATING ACTIVITIES

Received from tenants	\$	629,106
Received from governmental grants and subsidy		1,274,098
Received from other operating activities		48,012
Payments for goods and services		(627,078)
Payments to employees		(801,122)
Payment in lieu of taxes		(52,981)
Payment for housing assistance		<u>(346,108)</u>

Net cash provided by (used in) operating activities 123,927

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital contributions		87,300
Purchases of capital assets		(147,945)
Principal paid on capital debt		(21,904)
Interest paid on capital debt		<u>(66,275)</u>

Net cash provided by (used in) capital and related financing activities (148,824)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds (payments) from sale (purchase) of investments		(9,961)
Receipts of interest and dividends		<u>10,642</u>

Net cash provided by (used in) investing activities 681

Net increase (decrease) in cash and cash equivalents (24,216)
Cash and cash equivalents at beginning of year 1,191,508

Cash and cash equivalents at end of year \$ 1,167,292

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

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

Operating income (loss)	\$	(136,691)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		344,120
Change in assets and liabilities:		
Receivables, net		(34,640)
Inventories, net		(3,544)
Prepaid expenses		(7,525)
Accounts and other payables		23,071
Tenant security deposit		3,292
Unearned revenues		(50,068)
Compensated absences		1,185
Accrued expenses		<u>(15,273)</u>
Net cash provided by (used) by operating activities	\$	<u>123,927</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS
March 31, 2021

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

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

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

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

1B. Basis of Presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 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 – The purpose of this program is to provide funds annually to housing authorities for the modernization of the housing development and for management improvements.

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

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

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

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

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 the 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.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)

March 31, 2021

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

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.

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 HUD, miscellaneous, tenant accounts and accrued interest receivable.

Inventories

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

Fixed Assets

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

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)

March 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	3-15 years

Restricted Assets

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

Compensated Absences

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

Equity Classifications

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

1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation.

3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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 TRINIDAD
Trinidad, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 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	U.S. Department of Housing and Urban Development
Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development
Community Development Block Grant	U.S. Department of Housing and Urban Development
Business Activities	Housing Authority
Blended Component Unit:	
- Corazon Square (Sec 8 N/C)	U.S. Department of Housing and Urban Development
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 - (Continued)

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 TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 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	Modernization
HAP Grant	Housing assistance payments
Public Housing and HCV CARES Act	COVID related expenses

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

Cash deposits	\$ 1,166,892
Petty cash / Change fund	400
Certificate of deposit	<u>767,059</u>
Total	<u>\$ 1,934,351</u>

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

Cash and cash equivalents	\$ 1,007,124
Restricted assets	160,168
Investments	<u>767,059</u>
Total	<u>\$ 1,934,351</u>

Deposits

Custodial Credit Risk - Deposits

The custodial credit risk for *deposits* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At March 31, 2021, the Authority's bank balances of \$1,316,282 were entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

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

3A. Cash and Investments – (Continued)

Investments

Custodial Credit Risk - Investments

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At March 31, 2021, the Authority's investment balance of \$767,059 was entirely covered by FDIC insurance or by pledged collateral held by the Authority's agent bank.

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. At March 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	\$ 115,413	7/19/2021
Certificate of Deposit	81,265	2/15/2022
Certificate of Deposit	143,246	12/30/2021
Certificate of Deposit	140,114	4/20/2022
Certificate of Deposit	140,266	4/30/2022
Certificate of Deposit	146,755	1/8/2023
Total	\$ <u>767,059</u>	

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

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

3B. Restricted Assets

Restricted assets at March 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 – Sec 8 N/C	\$ 69,867	\$ ----	\$ ----	\$ 69,867
HAP funds	12,814	----	----	12,814
Security deposit	<u>77,487</u>	<u>----</u>	<u>----</u>	<u>77,487</u>
Total	<u>\$ 160,168</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 160,168</u>

3C. Receivables

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

Tenants	\$ 6,196	
Less: Allowance for doubtful account - tenants	(2,405)	
Fraud recovery	4,546	
Less: Allowance for doubtful account - fraud	<u>(2,728)</u>	
Tenants - net of allowance		\$ 5,609
HUD		36,855
Miscellaneous		1,294
Interest		<u>877</u>
Total Accounts Receivable – net of allowance		<u>\$ 44,635</u>

3D. Inventory

Inventory at March 31, 2021 comprised of the following:

Inventory	\$ 58,090
Less: Allowance for obsolete inventory	<u>(5,809)</u>
Inventory - net of allowance	<u>\$ 52,281</u>

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

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

3E. Capital Assets

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

	<u>Balance April 1, 2020</u>	<u>Additions</u>	<u>(Retirement)</u>	<u>Balance March 31, 2021</u>
Non-depreciable assets:				
Land	\$ 407,991	\$ -	\$ -	\$ 407,991
Construction in progress	-	124,066	-	124,066
Total non-depreciable assets	<u>407,991</u>	<u>124,066</u>	<u>-</u>	<u>532,057</u>
Depreciable assets:				
Building	14,599,670	6,220	-	14,605,890
Equipment - dwelling	24,758	-	-	24,758
Equipment - administration	287,280	17,659	-	304,939
Leasehold improvements	8,508	-	-	8,508
Total depreciable assets	<u>14,920,216</u>	<u>23,879</u>	<u>-</u>	<u>14,944,095</u>
Accumulated depreciation	<u>(11,839,292)</u>	<u>(344,120)</u>	<u>-</u>	<u>(12,183,412)</u>
Total depreciable assets, net	<u>3,080,924</u>	<u>(320,241)</u>	<u>-</u>	<u>2,760,683</u>
Capital assets, net	<u>\$ 3,488,915</u>	<u>\$ (196,175)</u>	<u>\$ -</u>	<u>\$ 3,292,740</u>

Depreciation expense is charged to programs as follows:

	<u>Business-type Activities</u>
Public and Indian Housing	\$ 209,254
Public Housing Capital Fund	19,244
Housing Choice Voucher	470
Business Activities	94
Section 8 N/C	<u>115,058</u>
Total depreciation expense	<u>\$ 344,120</u>

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

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

3F. Accounts Payable

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

Vendors & contractors	\$	1,734
PILOT		53,396
Other current liabilities		69,419
Accrued utilities		<u>3,070</u>
 Total Accounts Payable	 \$	 <u>127,619</u>

3G. Non-current Liabilities

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

Accrued compensated absences	\$	22,832
Mortgage payable		<u>1,367,093</u>
 Total Non-Current Liabilities	 \$	 <u>1,389,925</u>

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

	<u>Balance April 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2021</u>	<u>Amounts Due within One Year</u>
Accrued compensated absences	\$ 19,805	\$ 3,027	\$ ---	\$ 22,832	\$ 23,829
Mortgage payable	<u>1,390,290</u>	<u>---</u>	<u>23,197</u>	<u>1,367,093</u>	<u>23,197</u>
 Total Non-Current Liabilities	 <u>\$ 1,410,095</u>	 <u>\$ 3,027</u>	 <u>\$ 23,197</u>	 <u>\$ 1,389,925</u>	 <u>\$ 47,026</u>

Annual Debt Service Requirements

The long-term debt consists of the following mortgages:

The Authority has a mortgage payable to Colorado Housing and Finance Authority which is due in monthly installments of \$3,949, including principal and interest, with final maturity scheduled for March 2034 at an interest rate of 5.75%. The balance due as of March 31, 2021 is \$431,248 (including current portion). The Corazon Square 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 \$841,541 and \$117,501 respectively. These mortgages have a maturity date of March 1, 2034 at an interest rate of 5.00%. Principal is due in full at maturity, however, if the Project operates Corazon Square as affordable housing until maturity, the second and third mortgages will be forgiven. The Corazon Square apartment project serves as collateral for this loan.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

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

3G. Non-current Liabilities - (Continued)

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

Year Ending March 31,	Principal	Interest	Total
2022	\$ 23,197	\$ 24,192	\$ 47,389
2023	24,566	22,822	47,388
2024	26,017	21,372	47,389
2025	27,552	19,836	47,388
2026	29,179	18,209	47,388
2026-2030	173,864	63,078	236,942
2031-2034	126,873	11,230	138,103
	\$ 431,248	\$ 180,739	\$ 611,987

3H. Inter-program Transactions and Balances

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

Inter-program Receivable/Payable

Inter-program receivable/payable is eliminated for financial statement presentation. The following inter-program receivable/payable existed at March 31, 2021:

	Due From	Due To
Public and Indian Housing	\$ 15,254	\$ -
PH-CARES	-	(15,254)
	\$ 15,254	\$ (15,254)

Operating Transfers

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

	Transfers In	Transfers Out
Public and Indian Housing	\$ 2,959	\$ -
Public Housing Capital Fund	-	(2,959)
	\$ 2,959	\$ (2,959)

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

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

3I. Condensed Combining Financial Information – Blended Component Unit

The Authority has the following condensed combining financial information:

**Condensed Statement of Net Position
March 31, 2021**

	PHA	Blended Component Unit	Total
Current Assets (includes interfund of \$750,000)	\$1,899,200	\$158,969	\$2,058,169
Capital Assets, Net	\$2,392,803	\$899,937	\$3,292,740
Total Assets	\$4,292,003	\$1,058,906	\$5,350,909
Current Liabilities (includes interfund of \$750,000)	\$166,264	\$110,302	\$276,566
Non-Current Liabilities	\$19,816	\$1,370,109	\$1,389,925
Total Liabilities	\$186,080	\$1,480,411	\$1,666,491
Net Position:			
Invested in Capital Assets	\$2,392,803	(\$490,353)	\$1,902,450
Restricted Assets	\$12,814	\$69,867	\$82,681
Unrestricted Assets	\$1,700,306	(\$1,019)	\$1,699,287
Total Net Position	\$4,105,923	(\$421,505)	\$3,684,418

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

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

3I. Condensed Combining Financial Information – Blended Component Unit

**Condensed Statement of Revenues, Expenses and Changes in Net Position
March 31, 2021**

	<u>PHA</u>	<u>Blended Component Unit</u>	<u>Total</u>
Revenue:			
Tenant Revenue	\$446,733	\$188,636	\$635,369
Federal Grants & Subsidy	\$1,164,261	\$223,171	\$1,387,432
Investment Income	\$10,424	\$220	\$10,644
Other Income (includes elimination of \$31,200)	\$48,139	(\$28,215)	\$19,924
Total Revenue	\$1,669,557	\$383,812	\$2,053,369
Expenses:			
Administrative (includes elimination of \$31,200)	\$374,289	51,208	\$425,497
Tenant Services	\$10,258	\$0	\$10,258
Utilities	\$32,947	\$52,700	\$85,647
Routine Maintenance	\$493,785	105,637	\$599,422
Protective Services	\$1,380	\$10,726	\$12,106
General Expenses	\$222,338	\$46,620	\$268,958
Interest Expenses	\$0	\$66,161	\$66,161
Housing Assistance Payments	\$346,108	\$0	\$346,108
Depreciation	\$229,062	\$115,058	\$344,120
Total Expenses	\$1,710,167	\$448,110	\$2,158,277
Increase (Decrease) in Net Position	(\$40,610)	(\$64,298)	(\$104,908)

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

NOTE 4 – OTHER NOTES

4A. Employee Pension Plan

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

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

The following information related to the defined contribution plan at March 31, 2021:

Total payroll	\$	529,814
Total payroll for eligible participants	\$	304,267
Employer contributions made	\$	9,128

4B. Commitments – Construction

At March 31, 2021, the Authority had the following pending projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
CFP 501-18	\$ 456,140	\$ 87,300
PH-CARES	\$ 96,220	\$ 26,092
HCV – CARES	\$ 18,917	\$ 18,917

4C. Risk Management

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

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

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

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
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NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
March 31, 2021

NOTE 4 – OTHER NOTES - (Continued)

4D. Contingencies

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

4E. Financial Data Schedule

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

4F. Related Party

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

4G. Subsequent Events

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

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

Management evaluated the activity of the Authority through December 17, 2021 and concluded that no additional subsequent events have occurred that would require adjustment to or disclosures within these financial statements except for the one noted above.

4H. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2022 federal budget.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
March 31, 2021

1. Actual Capital Fund Program costs are as follows:

	<u>501-17</u>
Funds approved	\$ 291,622
Funds expended	<u>291,622</u>
Excess of Funds Approved	<u>\$ ---</u>
Funds advanced	\$ 291,622
Funds expended	<u>291,622</u>
Excess (deficiency) of Funds Advanced	<u>\$ ---</u>

2. The costs as shown on the Actual Cost Certificate dated February 10, 2021 submitted to HUD for approval is in agreement with the Authority's records as of March 31, 2021.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

Federal Grantor	Federal CFDA #	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 627,180
Public and Indian Housing - Cares Act	14.850	26,092
Public Housing Capital Fund	14.872	90,259
Housing Voucher Cluster:		
Section 8 Housing Choice Vouchers	14.871	401,813
Section 8 Housing Choice Vouchers - Cares Act	14.871	18,917
Section 8 Project-Based Cluster:		
Section 8 New Construction & Substantial Rehabilitation	14.182	223,171
Supportive Housing for the Elderly	14.157	* <u>1,390,290</u>
Total Expenditures of Federal Awards		\$ <u>2,777,722</u>

* Consists of principal loan balance at March 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 Trinidad (Authority) under programs of the federal government for the year ended March 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 TRINIDAD
Trinidad, Colorado

FINANCIAL DATA SCHEDULE
Year Ended March 31, 2021

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Voucher s	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Developme nt Block Grants/State 's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$862,328	\$63,396	\$54,812		\$26,588				\$1,007,124	\$0	\$1,007,124
113 Cash - Other Restricted	\$0	\$69,867	\$12,814						\$82,681	\$0	\$82,681
114 Cash - Tenant Security Deposits	\$62,468	\$15,019	\$0						\$77,487	\$0	\$77,487
100 Total Cash	\$924,796	\$148,282	\$67,626	\$0	\$26,588	\$0	\$0		\$1,167,292	\$0	\$1,167,292
122 Accounts Receivable - HUD Other Projects	\$21,601	\$0	\$0	\$15,254					\$36,855	\$0	\$36,855
125 Accounts Receivable - Miscellaneous	\$517	\$0	\$777						\$1,294	\$0	\$1,294
126 Accounts Receivable - Tenants	\$5,990	\$206	\$0						\$6,196	\$0	\$6,196
126.1 Allowance for Doubtful Accounts - Tenants	-\$2,395	-\$10	\$0						-\$2,405	\$0	-\$2,405
128 Fraud Recovery	\$4,546	\$0	\$0						\$4,546	\$0	\$4,546
128.1 Allowance for Doubtful Accounts - Fraud	-\$2,728	\$0	\$0						-\$2,728	\$0	-\$2,728
129 Accrued Interest Receivable	\$877	\$0	\$0						\$877	\$0	\$877
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$28,408	\$196	\$777	\$15,254	\$0	\$0	\$0		\$44,635	\$0	\$44,635
131 Investments - Unrestricted	\$767,059	\$0	\$0						\$767,059	\$0	\$767,059
142 Prepaid Expenses and Other Assets	\$19,840	\$5,884	\$1,112		\$66				\$26,902	\$0	\$26,902
143 Inventories	\$52,971	\$5,119	\$0						\$58,090	\$0	\$58,090
143.1 Allowance for Obsolete Inventories	-\$5,297	-\$512	\$0						-\$5,809	\$0	-\$5,809
144 Inter Program Due From	\$15,254	\$0	\$0						\$15,254	-\$15,254	\$0
145 Assets Held for Sale	\$0	\$0	\$0						\$0	\$0	\$0
150 Total Current Assets	\$1,803,031	\$158,969	\$69,515	\$15,254	\$26,654	\$0	\$0		\$2,073,423	-\$15,254	\$2,058,169

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Voucher s	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Developme nt Block Grants/State 's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
161 Land	\$381,908	\$10,000	\$0		\$16,083				\$407,991	\$0	\$407,991
162 Buildings	\$11,795,196	\$2,788,116	\$18,815		\$3,763				\$14,605,890	\$0	\$14,605,890
163 Furniture, Equipment & Machinery - Dwellings	\$24,758	\$0	\$0						\$24,758	\$0	\$24,758
164 Furniture, Equipment & Machinery - Administration	\$271,042	\$32,397	\$1,500						\$304,939	\$0	\$304,939
165 Leasehold Improvements	\$0	\$0	\$0		\$8,508				\$8,508	\$0	\$8,508
166 Accumulated Depreciation	-\$10,251,143	-\$1,930,576	-\$1,411		-\$282				-\$12,183,412	\$0	-\$12,183,412
167 Construction in Progress	\$124,066	\$0	\$0						\$124,066	\$0	\$124,066
168 Infrastructure	\$0	\$0	\$0						\$0	\$0	\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$2,345,827	\$899,937	\$18,904	\$0	\$28,072	\$0	\$0		\$3,292,740	\$0	\$3,292,740
180 Total Non-Current Assets	\$2,345,827	\$899,937	\$18,904	\$0	\$28,072	\$0	\$0		\$3,292,740	\$0	\$3,292,740
290 Total Assets and Deferred Outflow of Resources	\$4,148,858	\$1,058,906	\$88,419	\$15,254	\$54,726	\$0	\$0		\$5,366,163	-\$15,254	\$5,350,909
312 Accounts Payable <= 90 Days Payable	\$1,306	\$347	\$0		\$81				\$1,734	\$0	\$1,734
321 Accrued Wage/Payroll Taxes Payable	\$11,251	\$0	\$0						\$11,251	\$0	\$11,251
322 Accrued Compensated Absences - Current Portion	\$21,684	\$1,826	\$266		\$53				\$23,829	\$0	\$23,829
325 Accrued Interest Payable	\$0	\$2,066	\$0						\$2,066	\$0	\$2,066
333 Accounts Payable - Other Government	\$39,876	\$13,520	\$0						\$53,396	\$0	\$53,396
341 Tenant Security Deposits	\$62,468	\$15,019	\$0						\$77,487	\$0	\$77,487
342 Unearned Revenue	\$6,159	\$1,461	\$3,497						\$11,117	\$0	\$11,117

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Voucher s	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Developme nt Block Grants/State s Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$23,197	\$0						\$23,197	\$0	\$23,197
345 Other Current Liabilities	\$18,000	\$51,419	\$0						\$69,419	\$0	\$69,419
346 Accrued Liabilities - Other	\$1,623	\$1,447	\$0						\$3,070	\$0	\$3,070
347 Inter Program - Due To	\$0	\$0	\$0	\$15,254					\$15,254	-\$15,254	\$0
310 Total Current Liabilities	\$162,367	\$110,302	\$3,763	\$15,254	\$134	\$0	\$0		\$291,820	-\$15,254	\$276,566
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$1,367,093	\$0						\$1,367,093	\$0	\$1,367,093
354 Accrued Compensated Absences - Non Current	\$19,226	\$3,016	\$492		\$98				\$22,832	\$0	\$22,832
350 Total Non-Current Liabilities	\$19,226	\$1,370,109	\$492	\$0	\$98	\$0	\$0		\$1,389,925	\$0	\$1,389,925
300 Total Liabilities	\$181,593	\$1,480,411	\$4,255	\$15,254	\$232	\$0	\$0		\$1,681,745	-\$15,254	\$1,666,491
508.4 Net Investment in Capital Assets	\$2,345,827	-\$490,353	\$18,904	\$0	\$28,072	\$0	\$0		\$1,902,450		\$1,902,450
511.4 Restricted Net Position	\$0	\$69,867	\$12,814	\$0	\$0	\$0	\$0		\$82,681		\$82,681
512.4 Unrestricted Net Position	\$1,621,438	-\$1,019	\$52,446	\$0	\$26,422	\$0	\$0		\$1,699,287		\$1,699,287
513 Total Equity - Net Assets / Position	\$3,967,265	-\$421,505	\$84,164	\$0	\$54,494	\$0	\$0		\$3,684,418	\$0	\$3,684,418
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$4,148,858	\$1,058,906	\$88,419	\$15,254	\$54,726	\$0	\$0		\$5,366,163	-\$15,254	\$5,350,909

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14. PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Development Block Grants/State's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$431,701	\$187,896	\$0						\$619,597	\$0	\$619,597
70400 Tenant Revenue - Other	\$15,032	\$740	\$0						\$15,772	\$0	\$15,772
70500 Total Tenant Revenue	\$446,733	\$188,636	\$0	\$0	\$0	\$0	\$0		\$635,369	\$0	\$635,369
70600 HUD PHA Operating Grants	\$630,139	\$223,171	\$401,813	\$26,092		\$18,917			\$1,300,132	\$0	\$1,300,132
70610 Capital Grants	\$87,300	\$0	\$0						\$87,300	\$0	\$87,300
71100 Investment Income - Unrestricted	\$10,317	\$140	\$83		\$24				\$10,564	\$0	\$10,564
71400 Fraud Recovery	\$0	\$0	\$1,112						\$1,112	\$0	\$1,112
71500 Other Revenue	\$15,309	\$2,985	\$0		\$31,718				\$50,012	-\$31,200	\$18,812
72000 Investment Income - Restricted	\$0	\$80	\$0						\$80	\$0	\$80
70000 Total Revenue	\$1,189,798	\$415,012	\$403,008	\$26,092	\$31,742	\$18,917	\$0		\$2,084,569	-\$31,200	\$2,053,369
91100 Administrative Salaries	\$199,401	\$15,304	\$8,849		\$307	\$11,719			\$235,580	\$0	\$235,580
91200 Auditing Fees	\$6,199	\$4,395	\$0		\$66	\$330			\$10,990	\$0	\$10,990
91300 Management Fee	\$0	\$31,200	\$0						\$31,200	-\$31,200	\$0
91400 Advertising and Marketing	\$3,671	\$1,194	\$9	\$1,327	\$2,475	\$90			\$8,766	\$0	\$8,766
91500 Employee Benefit contributions - Administrative	\$58,530	\$2,928	\$2,614		\$292	\$1,126			\$65,490	\$0	\$65,490
91600 Office Expenses	\$34,363	\$8,868	\$2,224	\$2,908	\$353	\$1,775			\$50,491	\$0	\$50,491
91700 Legal Expense	\$314	\$0	\$0						\$314	\$0	\$314
91900 Other	\$20,021	\$9,247	\$2,953	\$1,606	\$10,040	\$727			\$44,594	\$0	\$44,594
91000 Total Operating - Administrative	\$322,499	\$73,136	\$16,649	\$5,841	\$13,533	\$15,767	\$0		\$447,425	-\$31,200	\$416,225

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Development Block Grants/State's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
92200 Relocation Costs	\$1,777	\$0	\$0						\$1,777	\$0	\$1,777
92300 Employee Benefit Contributions - Tenant Services	\$194	\$0	\$0						\$194	\$0	\$194
92400 Tenant Services - Other	\$3,783	\$0	\$0	\$3,736	\$768				\$8,287	\$0	\$8,287
92500 Total Tenant Services	\$5,754	\$0	\$0	\$3,736	\$768	\$0	\$0		\$10,258	\$0	\$10,258
93100 Water	\$6,431	\$3,900	\$0						\$10,331	\$0	\$10,331
93200 Electricity	\$11,278	\$37,889	\$0						\$49,167	\$0	\$49,167
93300 Gas	\$4,571	\$6,965	\$0						\$11,536	\$0	\$11,536
93600 Sewer	\$10,667	\$3,946	\$0						\$14,613	\$0	\$14,613
93000 Total Utilities	\$32,947	\$52,700	\$0	\$0	\$0	\$0	\$0		\$85,647	\$0	\$85,647
94100 Ordinary Maintenance and Operations - Labor	\$247,789	\$38,356	\$0			\$167			\$286,312	\$0	\$286,312
94200 Ordinary Maintenance and Operations - Materials and Other	\$104,956	\$25,853	\$0	\$3,112	\$98				\$134,019	\$0	\$134,019
94300 Ordinary Maintenance and Operations Contracts	\$60,051	\$41,428	\$0	\$5,553		\$1,354			\$108,386	\$0	\$108,386
94500 Employee Benefit Contributions - Ordinary Maintenance	\$70,693	\$7,320	\$0			\$12			\$78,025	\$0	\$78,025
94000 Total Maintenance	\$483,489	\$112,957	\$0	\$8,665	\$98	\$1,533	\$0		\$606,742	\$0	\$606,742
95100 Protective Services - Labor	\$0	\$10,726	\$0						\$10,726	\$0	\$10,726
95300 Protective Services - Other	\$1,380	\$0	\$0						\$1,380	\$0	\$1,380
95500 Employee Benefit Contributions - Protective Services	\$0	\$1,952	\$0						\$1,952	\$0	\$1,952
95000 Total Protective Services	\$1,380	\$12,678	\$0	\$0	\$0	\$0	\$0		\$14,058	\$0	\$14,058

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Development Block Grants/State's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
96110 Property Insurance	\$87,228	\$11,684	\$0						\$98,912	\$0	\$98,912
96120 Liability Insurance	\$431	\$0	\$23		\$5				\$459	\$0	\$459
96130 Workmen's Compensation	\$14,440	\$4,889	\$559		\$135	\$117			\$20,140	\$0	\$20,140
96140 All Other Insurance	\$14,755	\$0	\$469		\$94				\$15,318	\$0	\$15,318
96100 Total Insurance Premiums	\$116,854	\$16,573	\$1,051	\$0	\$234	\$117	\$0		\$134,829	\$0	\$134,829
96200 Other General Expenses	\$96	\$12,237	\$446		\$65				\$12,844	\$0	\$12,844
96210 Compensated Absences	\$55,951	\$3,871	\$854		\$171				\$60,847	\$0	\$60,847
96300 Payments in Lieu of Taxes	\$39,876	\$13,520	\$0						\$53,396	\$0	\$53,396
96400 Bad debt - Tenant Rents	\$6,623	\$419	\$0						\$7,042	\$0	\$7,042
96000 Total Other General Expenses	\$102,546	\$30,047	\$1,300	\$0	\$236	\$0	\$0		\$134,129	\$0	\$134,129
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$66,161	\$0						\$66,161	\$0	\$66,161
96700 Total Interest Expense and Amortization Cost	\$0	\$66,161	\$0	\$0	\$0	\$0	\$0		\$66,161	\$0	\$66,161
96900 Total Operating Expenses	\$1,065,469	\$364,252	\$19,000	\$18,242	\$14,869	\$17,417	\$0		\$1,499,249	-\$31,200	\$1,468,049
97000 Excess of Operating Revenue over Operating Expenses	\$124,329	\$50,760	\$384,008	\$7,850	\$16,873	\$1,500	\$0		\$585,320	\$0	\$585,320
97300 Housing Assistance Payments	\$0	\$0	\$346,108						\$346,108	\$0	\$346,108
97400 Depreciation Expense	\$228,498	\$115,058	\$470		\$94				\$344,120	\$0	\$344,120
90000 Total Expenses	\$1,293,967	\$479,310	\$365,578	\$18,242	\$14,963	\$17,417	\$0		\$2,189,477	-\$31,200	\$2,158,277

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

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

	Project Total	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	14.PHC Public Housing CARES Act Funding	1 Business Activities	14.HCC HCV CARES Act Funding	14.228 Community Development Block Grants/State's Program	14.157 Supportive Housing for the Elderly	Subtotal	ELIM	Total
10010 Operating Transfer In	\$2,959	\$0	\$0						\$2,959	-\$2,959	\$0
10020 Operating transfer Out	-\$2,959	\$0	\$0						-\$2,959	\$2,959	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$104,169	-\$64,298	\$37,430	\$7,850	\$16,779	\$1,500	\$0		-\$104,908	\$0	-\$104,908
11020 Required Annual Debt Principal Payments	\$0	\$21,904	\$0	\$0	\$0	\$0	\$0		\$21,904		\$21,904
11030 Beginning Equity	\$4,063,584	\$360,838	\$45,234	\$0	\$37,715	\$0	\$3,631		\$3,789,326	\$0	\$3,789,326
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$7,850	\$3,631	\$1,500	-\$7,850		-\$1,500	-\$3,631		\$0	\$0	\$0
11170 Administrative Fee Equity			\$71,350						\$71,350		\$71,350
11180 Housing Assistance Payments Equity			\$12,814						\$12,814		\$12,814
11190 Unit Months Available	2334	600	750						3684	0	3684
11210 Number of Unit Months Leased	2290	592	652						3534	0	3534
11270 Excess Cash	\$1,484,361								\$1,484,361		\$1,484,361
11620 Building Purchases	\$130,286								\$130,286		\$130,286
11640 Furniture & Equipment - Administrative Purchases	\$3,600								\$3,600		\$3,600



Audit Solutions, LLC.

Certified Public Accountant

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Trinidad (Authority), Colorado, as of and for the year ended March 31, 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 December 17, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Audit Solutions, LLC

Chesterfield, Missouri

December 17, 2021



Audit Solutions, LLC.

Certified Public Accountant

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

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

Report on Compliance for Each Major Federal Program

I have audited the Housing Authority of the City of Trinidad (Authority), Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended March 31, 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

December 17, 2021



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
Housing Authority of the City of Trinidad
Trinidad, 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 Trinidad 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 March 31, 2021 and have issued my report thereon dated December 17, 2021. 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 December 17, 2021, 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
December 17, 2021

HOUSING AUTHORITY OF THE CITY OF TRINIDAD
Trinidad, Colorado

AGREED UPON PROCEDURES

March 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 TRINIDAD
Trinidad, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
March 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>	
➤ CFDA #14.157 Supportive Housing for the Elderly	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended March 31, 2021 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

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