

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

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

**Year Ended December 31, 2022**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended December 31, 2022**

This section of the Housing Authority of the City of Fort Morgan, Colorado's annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal year ended on December 31, 2022. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

**FINANCIAL HIGHLIGHTS**

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of December 31, 2022 was \$2,860,032. The net position increased by \$214,787, an increase of 8% over the prior year. Of this amount, \$1,289,314 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities.

Operating income for the Authority was \$658,565 for the year ended December 31, 2022. This was a decrease of (\$735) or less than 1% from the prior year.

Operating expenses for the Authority were \$837,872 for the year ended December 31, 2022. This was an increase of \$68,692 or 9% over the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Required Financial Statements**

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2022**

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

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

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

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

**Notes to the Financial Statements**

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

**Supplemental Information**

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *supplemental information*. HUD has established *Uniform Financial Reporting Standards* that require Housing Authorities to submit financial information electronically to HUD using the FDS format. The submitted financial information transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2022 is required to be included in the audit reporting package.

**FINANCIAL ANALYSIS**

**CONDENSED STATEMENT OF NET POSITION**

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Current and other assets	\$ 1,445,432	\$ 2,049,457	\$ (604,025)	-29%
Capital assets	<u>1,911,532</u>	<u>1,105,707</u>	<u>805,825</u>	73%
Total Assets	<u>3,356,964</u>	<u>3,155,164</u>	<u>201,800</u>	<u>6%</u>
Current liabilities	74,075	79,601	(5,526)	-7%
Noncurrent liabilities	<u>422,857</u>	<u>430,318</u>	<u>(7,461)</u>	-2%
Total Liabilities	<u>496,932</u>	<u>509,919</u>	<u>(12,987)</u>	<u>-3%</u>
<b>Net Position</b>				
Net investment in capital assets	1,485,600	673,696	811,904	121%
Restricted	85,118	77,276	7,842	10%
Unrestricted	<u>1,289,314</u>	<u>1,894,273</u>	<u>(604,959)</u>	-32%
Total Net Position	<u>\$ 2,860,032</u>	<u>\$ 2,645,245</u>	<u>\$ 214,787</u>	<u>8%</u>

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2022**

**FINANCIAL ANALYSIS (CONT'D)**

Net Position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$2,860,032 at the close of the year ended December 31, 2022. This represents an increase of \$214,787 which is an increase of 8% over the prior year and was attributed to operations and capital fund grants for the year end December 31, 2022.

Current and other assets decreased by (\$604,025). This was attributed to operations before depreciation and offset by funds used for capital improvements and debt service payments which resulted in a net decrease in cash and investments of (\$621,528).

Total liabilities decreased by (\$12,987). There was no unusual reason for the change only the typical variability from year to year based on the timing of payments and annual debt service payments.

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

Unrestricted net position as of December 31, 2022 was \$1,289,314. Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to creditors and operations of facilities. The Authority has sufficient funds to meet requirements for cash outlays in the next fiscal year as well as the financial capacity to sustain operations. The Authority had \$85,118 net position classified as restricted that is subject to external restrictions on how they may be used. The funds are restricted for capital activities as approved by Rural Development.

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

As can be seen on the next page, total revenues decreased by (\$206,617) primarily due to the decrease in Federal operating grants of (\$210,959) and rental income of (\$2,612) or less than 1%. The decrease in rental income was due to occupancy and rent composition from year to year. The program revenue increase from USDA in the amount of \$5,775 of which \$1,624 was due to interest subsidy increase and rental assistance increase of \$4,151.

HUD operating subsidy for the Authority was \$132,722 for the year ended December 31, 2022. This was a decrease of (\$14,101) from the prior year. The operating subsidy funding is determined by HUD on an annual basis and is primarily based on income and utility expenses. In the current year the Authority expended \$22,557 of HUD capital grants for operations compared to \$218,726 in the prior fiscal year. This amount will vary on the approved budget by HUD. The Authority has flexibility in the use of these funds.

The Authority also recognized \$699 in CARES Act funding from HUD as a result of COVID-19 in the prior year.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2022**

**FINANCIAL ANALYSIS (CONT'D)**

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

	<u>FY 2022</u>	<u>FY 2021</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b>Revenues</b>				
Program revenues				
Rental	\$ 612,337	\$ 614,949	\$ (2,612)	-0.4%
HUD program contributions	155,279	366,238	(210,959)	-58%
USDA program contributions	48,760	42,985	5,775	13%
Other	16,372	14,977	1,395	9%
General revenues				
Interest	2,868	3,084	(216)	-7%
Total Revenues	<u>835,616</u>	<u>1,042,233</u>	<u>(206,617)</u>	<u>-20%</u>
<b>Expenses</b>				
Depreciation	147,232	143,919	3,313	2%
Operating	690,640	625,261	65,379	10%
Interest expense	31,085	31,511	(426)	-1%
Other nonoperating	-	1,568	(1,568)	-100%
Total Expenses	<u>868,957</u>	<u>802,259</u>	<u>66,698</u>	<u>8%</u>
Excess (deficiency) before contributions	(33,341)	239,974	(273,315)	
Capital Contributions	<u>248,128</u>	<u>1,247</u>	<u>246,881</u>	
Changes in Net Position	214,787	241,221	(26,434)	
Beginning Net Position	<u>2,645,245</u>	<u>2,404,024</u>	<u>241,221</u>	
Ending Net Position	<u>\$ 2,860,032</u>	<u>\$ 2,645,245</u>	<u>\$ 214,787</u>	

Operating expenses for the Authority were \$690,640 for the year ended December 31, 2022. This was an increase of \$65,379 or 10% over the prior year. The majority of the increase was an increase in insurance which increased by \$21,170, utilities increased by \$20,272 and maintenance which increased by \$11,509.

**OCCUPANCY**

Hillcrest had an occupancy rate of 98.26% for 2022.  
Fremont occupancy rate for the year 2022 was 98.33%.

In 2022 we updated one 2-bedroom apartment, while it was vacant. The apartment was completely painted and new carpet, pad, and cove base were installed, along with upgrades to the faucets and lighting fixtures in the bathroom and kitchen.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2022**

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2022 were \$1,911,532. This includes land, buildings, improvements, equipment and construction in progress, less accumulated depreciation. The total increase in the Authority's capital assets for the fiscal year was 73% in terms of net book value. The actual amount to purchase or construct capital assets was \$979,337 for the year. Depreciation charges for the year totaled \$147,232. Additional information on the Authority's capital assets can be found in Note H of the notes to the financial statements of this report.

Capital Improvements made during FY 2022 are as follows:

**Hillcrest:**

Capital improvements for 2022 at Hillcrest consisted of installing new Vinyl Flooring to replace the carpet and linoleum in resident's apartments which includes installing new Cove Base and Subflooring as required, as they are vacated.

Repairs were made to the Heating and Water System in "A" Building. We installed new Zone Valve Actuators and rewired the complete system on the water heater tanks and installed new Circulating Pumps on the boiler.

A new 2023 Ford, 12-Passenger, High Roof, Transit Van was purchased to transport our residents. Our 2006 Ford, E350 Passenger Van was traded in on the new 2023 purchase.

One Garage Bay in the maintenance shop that houses the 2023 Transit Van was enlarged. A new Overhead Garage Door with an Automatic Garage Door Opener was then installed.

One new Refrigerator was purchased for a resident's apartment.

New Filing Cabinets and one Dell Desktop Computer were purchased for the Administrative Office.

The Hillcrest Garden and surrounding grounds had 13.9 ton of Landscaping Rock added along with ground matting and timbers. The Walker Mower had a new Actuator device installed to enable the front end attachment lifting function. The parking lots were painted and re-stripped and we continue to grind all tripping hazards from the sidewalks and update the parking signs.

Building "A" Exterior Concrete Stairs were demolished and 3 new sets of Metal Stairs were fabricated on site to replace them. An Engineer and Architect were hired to review and design the Stairs/Railing Upgrade and ensure adherence to all Code Compliance Reviews.

"A" Building had all new Hand Railing installed on the 3 balconies and the old railings were removed. Also, the 3 balconies were caulked and sealed and had Traffic Coating applied to the walking surface.

**Fremont:**

We re-stretched carpeting in 2 apartments and replaced the glass in 4 apartment windows.

Fourteen new 24" Ranges were purchased and installed in the resident's apartments.

We built new screen frames and replaced the screens in the Fremont Gazebo with new fiberglass screens. Also, new folding chairs were purchased for the residents to enjoy the Gazebo.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended December 31, 2022**

**CAPITAL ASSETS (CONT'D)**

Maintenance and repairs were made to the underground sprinkler system as well as purchasing several new sprinkler heads. We repaired, sealed, and repainted all the outdoor gutters along the apartment buildings and laundry room.

For the Fremont Laundry Room, we purchased 2 new chairs, 2 new wall fans, and a new wall clock.

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

**DEBT ADMINISTRATION**

The Authority has outstanding notes payable of \$425,932, a decrease of (\$6,080). The revenue from the Rural Development Programs is pledged to repay these notes. There were no changes to the debt structure during the year ended December 31, 2022. Additional information on the Authority's long-term debt can be found in Note K of the notes to the financial statements of this report.

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

The Board of Commissioners and Management of the Housing Authority considered many factors when approving the fiscal year 2023 budget. The user charges are based on a tenant's income as established by HUD guidelines and are not adjustable. Operating subsidy is based on rental income, other income and utility consumption and costs. The amount of funding is also established and approved by HUD and Rural Development. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

**REQUEST FOR INFORMATION**

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

**INDEPENDENT AUDITOR'S REPORT**

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Fort Morgan, Colorado as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

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

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

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

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

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

internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

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

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

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

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements. The Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Program Financial Schedules, Financial Data Schedule and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Fort Morgan, Colorado's internal control over financial reporting and compliance.

*Niewedde & Wiens, CPA's*

York, Nebraska  
June 28, 2023

## **BASIC FINANCIAL STATEMENTS**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF NET POSITION - PROPRIETARY FUND**  
December 31, 2022

<b>ASSETS</b>	<u>Housing</u>
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 1,022,995
Investments	257,849
Accounts receivable, net	5,908
Due from other governments	2,707
Accrued interest receivable	19
Prepaid items	18,882
Materials inventory, net	2,039
<i>Restricted:</i>	
Cash and cash equivalents	49,915
<b>TOTAL CURRENT ASSETS</b>	<u>1,360,314</u>
<b>NONCURRENT ASSETS:</b>	
<i>Restricted:</i>	
Cash and cash equivalents	85,118
Capital Assets, non-depreciable	81,150
Capital Assets, depreciable, net	1,830,382
<b>TOTAL NONCURRENT ASSETS</b>	<u>1,996,650</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,356,964</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES:</b>	
Accounts payable	\$ 1,096
Accrued payroll and benefits	6,150
Accrued compensated absences	12,132
Accrued interest payable	532
Tenant security deposit payable	49,915
Current-portion notes payable	4,250
<b>TOTAL CURRENT LIABILITIES</b>	<u>74,075</u>
<b>NONCURRENT LIABILITIES:</b>	
Accrued compensated absences	1,175
Notes payable	421,682
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>422,857</u>
<b>TOTAL LIABILITIES</b>	<u>496,932</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,485,600
Restricted, replacement reserve	85,118
Unrestricted	1,289,314
<b>TOTAL NET POSITION</b>	<u>\$ 2,860,032</u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUND**  
**Year Ended December 31, 2022**

		<u>Housing</u>
<b>OPERATING REVENUES</b>		
Rental income	\$	612,337
USDA rental assistance		33,525
Other income		<u>12,703</u>
TOTAL OPERATING REVENUES		658,565
<b>OPERATING EXPENSES</b>		
Administrative		176,190
Tenant services		9,780
Utilities		131,049
Ordinary maintenance and operations		254,699
General expense		118,922
Depreciation		<u>147,232</u>
TOTAL OPERATING EXPENSES		<u>837,872</u>
OPERATING INCOME (LOSS)		<u>(179,307)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
HUD operating subsidy		132,722
HUD capital grants - operations		22,557
USDA interest subsidy		15,235
Interest income		2,868
Interest expense		(31,085)
Gain on capital asset dispositions		<u>3,669</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		<u>145,966</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS		<u>(33,341)</u>
<b>CAPITAL CONTRIBUTIONS</b>		
HUD capital grants		<u>248,128</u>
INCREASE (DECREASE) IN NET POSITION		214,787
<b>NET POSITION:</b>		
Net position, beginning balance		<u>2,645,245</u>
NET POSITION - ENDING BALANCE	\$	<u><u>2,860,032</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**Year Ended December 31, 2022**

	<b>Housing</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Rental receipts	\$ 612,337
USDA rental assistance	33,613
Other receipts	12,703
Tenant security deposits	2,457
Cash payments for goods and services	(380,686)
Cash payments to employees for services	(317,706)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(37,282)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
HUD operating subsidy	132,722
HUD capital grants - operations	22,557
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>155,279</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Purchases and construction of capital assets	(968,554)
HUD capital grants	248,128
Interest paid on capital debt	(15,887)
Principal paid on capital debt	(6,080)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(742,393)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
(Deposits) withdrawals to investments	(1,922)
Interest received	2,868
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>946</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(623,450)</b>
<b>CASH AND CASH EQUIVALENTS-BEGINNING</b>	<b>1,781,478</b>
<b>CASH AND CASH EQUIVALENTS-END OF YEAR</b>	<b>\$ 1,158,028</b>

See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONT'D)  
Year Ended December 31, 2022

RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	<u>Housing</u>
Operating income (loss)	\$ (179,307)
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	147,232
Change in assets and liabilities:	
(Increase) decrease in due from other governments	88
(Increase) decrease in prepaid items	(11,031)
(Increase) decrease in materials inventory	(1,909)
Increase (decrease) in accounts payable	(207)
Increase (decrease) in accrued payroll and benefits	5,670
Increase (decrease) in tenant security deposits	2,457
Increase (decrease) in accrued leave	<u>(275)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u><u>(37,282)</u></u>

See accompanying notes.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

Organization

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

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

Financial Reporting Entity

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

Basis of accounting, measurement focus, and financial statement presentation

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

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

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

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

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

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

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

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

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

Budgetary Process

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

Cash and Investments

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

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

Accounts Receivable

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

Prepaid Items

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

Use of Restricted/Unrestricted Net Position

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

Inventory

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

Capital Assets and Depreciation

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

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

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

Grant Revenue

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

Estimates

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

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

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

Compensated Absences

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases

The leases entered into are considered short-term operating leases. The Authority has not entered into any material leases to be accrued as defined by GASB 87.

Income Taxes

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

Taxpayer's Bill of Rights

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

**NOTE B - DEPOSITS AND INVESTMENTS**

At December 31, 2022, the Authority's carrying amount of deposits was \$1,415,787 and the bank balances were \$1,448,270. The Authority had cash on hand of \$90 as of December 31, 2022. As required by the Colorado Public Deposit Protection Act (PDPA), any amount in excess of the FDIC insurance threshold shall be collateralized as required by the Public Deposit Protection Acts, article 10.5 of title 11, C.R.S., as amended or article 47 of title 11, C.R.S, as amended. Of the balance, \$750,000 was covered by FDIC insurance and \$698,270 was covered by the Public Deposit Protection Act.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at December 31, 2022 are as follows:

Construction contractor	\$	5,908
Allowance for doubtful accounts		--
	\$	<u>5,908</u>

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at December 31, 2022 is as follows:

Rural Development – rental assistance	\$	<u>2,707</u>
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**NOTE E – PREPAID ITEMS**

A summary of prepaid items as presented in the Statement of Net Position at December 31, 2022 is as follows:

Prepaid insurance	\$	9,815
Prepaid employee benefits		5,525
Other prepaid expenses		3,542
	\$	<u>18,882</u>

**NOTE F – MATERIALS**

The following is a summary of materials inventory as presented in the Statement of Net Position at December 31, 2022:

Inventory supplies	\$	2,039
Allowance for obsolete inventory		--
	\$	<u>2,039</u>

**NOTE G – RESTRICTED ASSETS**

The following is a summary of restricted assets at December 31, 2022:

**Restricted Cash and Cash Equivalents**

Tenant security deposits	\$	49,915
Replacement Reserve		85,118 [1]
	\$	<u>135,033</u>

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE H – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 1/1/2022	Increases	Decreases	Balance 12/31/2022
<b>Non-depreciable assets:</b>				
Land	\$ 81,150	\$ -	\$ -	\$ 81,150
Construction in progress	26,281	248,128	(274,409)	-
<b>Total non-depreciable assets</b>	<b>107,431</b>	<b>248,128</b>	<b>(274,409)</b>	<b>81,150</b>
<b>Depreciable assets</b>				
Buildings	4,723,654	915,766	(17,063)	5,622,357
Equipment - Dwelling	93,589	9,449	-	103,038
Equipment - Administration	222,389	54,122	(22,762)	253,749
<b>Total depreciable assets</b>	<b>5,039,632</b>	<b>979,337</b>	<b>(39,825)</b>	<b>5,979,144</b>
<b>Total Capital Assets</b>	<b>5,147,063</b>	<b>1,227,465</b>	<b>(314,234)</b>	<b>6,060,294</b>
<b>Accumulated depreciation</b>				
Buildings	3,852,751	113,630	(17,063)	3,949,318
Equipment - Dwelling	41,728	10,350	-	52,078
Equipment - Administration	146,877	23,252	(22,762)	147,367
<b>Total accumulated depreciation</b>	<b>4,041,356</b>	<b>147,232</b>	<b>(39,825)</b>	<b>4,148,763</b>
<b>Depreciable assets, net</b>	<b>998,276</b>	<b>832,105</b>	<b>-</b>	<b>1,830,382</b>
<b>Capital assets, net</b>	<b>\$ 1,105,707</b>	<b>\$ 1,080,233</b>	<b>\$ (274,409)</b>	<b>\$ 1,911,532</b>

**NOTE I – ACCOUNTS PAYABLE**

A summary of accounts payable as presented in the Statement of Net Position at December 31, 2022 is as follows:

Vendors and contractors	\$ <u>1,096</u>
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**NOTE J—ACCRUED COMPENSATED ABSENCES**

A summary of accrued compensated absences as presented in the Statement of Net Position as of December 31, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Compensated absences	\$ 10,815	\$ 11,704	\$ (\$9,212)	\$ 13,307	\$ 12,132

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE K – LONG-TERM LIABILITIES**

**Direct Borrowings:**

The Authority has Rural Rental Housing loans with the U.S. Department of Agriculture Rural Development. There are two loans on the project, one is dated July 1, 1997 and had an original principal amount of \$370,976 and loan two is dated July 3, 1997 and had an original principal amount of \$128,233. The loans require monthly debt service payments of \$787 and \$272 respectively. The combined outstanding balance as of December 31, 2022 was \$425,932. The loans are secured by the property known as Fremont Apartments and the accounts and revenue of the project.

A summary of changes in Notes payable as of December 31, 2022 is as follows:

Description	Balance 1/1/2022	Principal Retired	Balance 12/31/2022	Within One Year
Rural Development Loan #6	\$ 320,949	\$ (4,525)	\$ 316,424	\$ 1,108
Rural Development Loan #5	111,063	(1,555)	109,508	3,142
Total	<u>\$ 432,012</u>	<u>\$ (6,080)</u>	<u>\$ 425,932</u>	<u>\$ 4,250</u>
		Less current maturities	(4,250)	
		Long-term portion	<u>\$ 421,682</u>	

Principal and interest requirements for the notes are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 4,250	\$ 8,457	\$ 12,707
2024	4,619	8,088	12,707
2025	4,708	7,999	12,707
2026	4,797	7,910	12,707
2027	5,658	7,049	12,707
2028-2032	25,896	37,639	63,535
2033-2037	28,482	35,053	63,535
2038-2042	31,325	32,210	63,535
2043-2047	27,163	36,372	63,535
Maturity [1]	289,034	-	289,034
	<u>\$ 425,932</u>	<u>\$ 180,777</u>	<u>\$ 606,709</u>

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

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE L—NET POSITION**

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

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

Restricted net position of \$85,118 is restricted in the Rural Development Program for replacement reserves to be used for capital activities upon approval of USDA (See Note G).

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

**NOTE M – CONTINGENCIES**

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

**NOTE N - RISK MANAGEMENT**

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

During the year ended December 31, 2022, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

**SUPPLEMENTAL INFORMATION-  
PROGRAM FINANCIAL SCHEDULES**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF NET POSITION**  
December 31, 2022

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 952,738	\$ 52,743	\$ 17,514	\$ 1,022,995
Investments	257,849	-	-	257,849
Accounts receivable, net	5,908	-	-	5,908
Due from other governments	-	2,707	-	2,707
Accrued interest receivable	19	-	-	19
Prepaid items	15,442	3,440	-	18,882
Materials inventory, net	1,239	800	-	2,039
<i>Restricted:</i>				
Cash and cash equivalents	32,337	17,578	-	49,915
<b>TOTAL CURRENT ASSETS</b>	<b>1,265,532</b>	<b>77,268</b>	<b>17,514</b>	<b>1,360,314</b>
<b>NONCURRENT ASSETS:</b>				
<i>Restricted:</i>				
Cash and cash equivalents	-	85,118	-	85,118
Capital Assets, non-depreciable	21,150	60,000	-	81,150
Capital Assets, depreciable, net	1,653,958	176,424	-	1,830,382
<b>TOTAL NONCURRENT ASSETS</b>	<b>1,675,108</b>	<b>321,542</b>	<b>-</b>	<b>1,996,650</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,940,640</b>	<b>\$ 398,810</b>	<b>\$ 17,514</b>	<b>\$ 3,356,964</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	\$ 1,042	\$ 54	\$ -	\$ 1,096
Accrued payroll and benefits	5,595	555	-	6,150
Accrued compensated absences	8,250	3,882	-	12,132
Accrued interest payable	-	532	-	532
Tenant security deposit payable	32,337	17,578	-	49,915
Current-portion notes payable	-	4,250	-	4,250
<b>TOTAL CURRENT LIABILITIES</b>	<b>47,224</b>	<b>26,851</b>	<b>-</b>	<b>74,075</b>
<b>NONCURRENT LIABILITIES:</b>				
Accrued compensated absences	799	376	-	1,175
Notes payable	-	421,682	-	421,682
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>799</b>	<b>422,058</b>	<b>-</b>	<b>422,857</b>
<b>TOTAL LIABILITIES</b>	<b>48,023</b>	<b>448,909</b>	<b>-</b>	<b>496,932</b>
<b>NET POSITION:</b>				
Net investment in capital assets	1,675,108	(189,508)	-	1,485,600
Restricted, replacement reserve	-	85,118	-	85,118
Unrestricted	1,217,509	54,291	17,514	1,289,314
<b>TOTAL NET POSITION</b>	<b>\$ 2,892,617</b>	<b>\$ (50,099)</b>	<b>\$ 17,514</b>	<b>\$ 2,860,032</b>

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION**  
**Year Ended December 31, 2022**

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>OPERATING REVENUES</b>				
Rental income	\$ 416,802	\$ 195,535	\$ -	\$ 612,337
USDA rental assistance	-	33,525	-	33,525
Management fee income	32,028	-	-	32,028
Other income	7,935	4,768	-	12,703
TOTAL OPERATING REVENUES	456,765	233,828	-	690,593
<b>OPERATING EXPENSES</b>				
Administrative	143,568	64,650	-	208,218
Tenant services	9,025	755	-	9,780
Utilities	108,027	23,022	-	131,049
Ordinary maintenance and operations	179,634	75,065	-	254,699
General expense	88,036	30,886	-	118,922
Depreciation	127,720	19,512	-	147,232
TOTAL OPERATING EXPENSES	656,010	213,890	-	869,900
OPERATING INCOME (LOSS)	(199,245)	19,938	-	(179,307)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
HUD operating subsidy	132,722	-	-	132,722
HUD capital grants - operations	22,557	-	-	22,557
USDA interest subsidy	-	15,235	-	15,235
Interest income	2,766	88	14	2,868
Interest expense	-	(31,085)	-	(31,085)
Gain on capital asset dispositions	3,669	-	-	3,669
TOTAL NONOPERATING REVENUES (EXPENSES)	161,714	(15,762)	14	145,966
INCOME (LOSS) BEFORE CONTRIBUTIONS	(37,531)	4,176	14	(33,341)
<b>CAPITAL CONTRIBUTIONS</b>				
HUD capital grants	248,128	-	-	248,128
INCREASE (DECREASE) IN NET POSITION	210,597	4,176	14	214,787
<b>NET POSITION:</b>				
Net position, beginning balance	2,682,020	(54,275)	17,500	2,645,245
NET POSITION - ENDING BALANCE	\$ 2,892,617	\$ (50,099)	\$ 17,514	\$ 2,860,032

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS**  
**Year Ended December 31, 2022**

	Public Housing (Hillcrest)	Rural Development (Fremont)	Project Program	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Rental receipts	\$ 416,802	\$ 195,535	\$ -	\$ 612,337
USDA rental assistance	-	33,613	-	33,613
Management fee receipts	32,028	-	-	32,028
Other receipts	7,935	4,768	-	12,703
Tenant security deposits	2,250	207	-	2,457
Cash payments for goods and services	(298,022)	(114,692)	-	(412,714)
Cash payments to employees for services	(237,174)	(80,532)	-	(317,706)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(76,181)	38,899	-	(37,282)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
HUD operating subsidy	132,722	-	-	132,722
HUD capital grants - operations	22,557	-	-	22,557
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	155,279	-	-	155,279
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Purchases and construction of capital assets	(957,916)	(10,638)	-	(968,554)
HUD capital grants	248,128	-	-	248,128
Interest paid on capital debt	-	(15,887)	-	(15,887)
Principal paid on capital debt	-	(6,080)	-	(6,080)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(709,788)	(32,605)	-	(742,393)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
(Deposits) withdrawals to investments	(1,922)	-	-	(1,922)
Interest received	2,766	88	14	2,868
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	844	88	14	946
NET INCREASE (DECREASE) IN CASH	(629,846)	6,382	14	(623,450)
CASH AND CASH EQUIVALENTS-BEGINNING	1,614,921	149,057	17,500	1,781,478
CASH AND CASH EQUIVALENTS-END OF YEAR	\$ 985,075	\$ 155,439	\$ 17,514	\$ 1,158,028

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**PROGRAM SCHEDULE OF CASH FLOWS (CONT'D)**  
Year Ended December 31, 2022

	<u>Public Housing (Hillcrest)</u>	<u>Rural Development (Fremont)</u>	<u>Project Program</u>	<u>Totals</u>
<b>RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ (199,245)	\$ 19,938	\$ -	\$ (179,307)
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation	127,720	19,512	-	147,232
Change in assets and liabilities:				
(Increase) decrease in due from other governments	-	88	-	88
(Increase) decrease in prepaid items	(9,787)	(1,244)	-	(11,031)
(Increase) decrease in materials inventory	(1,109)	(800)	-	(1,909)
Increase (decrease) in accounts payable	(94)	(113)	-	(207)
Increase (decrease) in accrued payroll and benefits	5,157	513	-	5,670
Increase (decrease) in tenant security deposits	2,250	207	-	2,457
Increase (decrease) in accrued leave	(1,073)	798	-	(275)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (76,181)</b>	<b>\$ 38,899</b>	<b>\$ -</b>	<b>\$ (37,282)</b>

**SUPPLEMENTAL INFORMATION –  
HUD FINANCIAL DATA SCHEDULE**

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

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$952,738	\$17,514	\$52,743		\$1,022,995		\$1,022,995
113 Cash - Other Restricted			\$85,118		\$85,118		\$85,118
114 Cash - Tenant Security Deposits	\$32,337		\$17,578		\$49,915		\$49,915
100 Total Cash	\$985,075	\$17,514	\$155,439	\$0	\$1,158,028		\$1,158,028
124 Accounts Receivable - Other Government			\$2,707		\$2,707		\$2,707
125 Accounts Receivable - Miscellaneous	\$5,908				\$5,908		\$5,908
126.2 Allowance for Doubtful Accounts - Other	\$0		\$0		\$0		\$0
129 Accrued Interest Receivable	\$19				\$19		\$19
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$5,927	\$0	\$2,707	\$0	\$8,634		\$8,634
131 Investments - Unrestricted	\$257,849				\$257,849		\$257,849
142 Prepaid Expenses and Other Assets	\$16,442		\$3,440		\$18,882		\$18,882
143 Inventories	\$1,239		\$803		\$2,039		\$2,039
143.1 Allowance for Obsolete Inventories	\$0		\$0		\$0		\$0
150 Total Current Assets	\$1,285,532	\$17,514	\$162,386	\$0	\$1,445,432		\$1,445,432
161 Land	\$21,150		\$60,000		\$81,150		\$81,150
162 Buildings	\$4,530,376		\$1,091,981		\$5,622,357		\$5,622,357
163 Furniture, Equipment & Machinery - Dwellings	\$70,271		\$32,767		\$103,038		\$103,038
164 Furniture, Equipment & Machinery - Administration	\$243,159		\$10,590		\$253,749		\$253,749
166 Accumulated Depreciation	-\$3,189,848		-\$958,914		-\$4,148,762		-\$4,148,762
160 Total Capital Assets, Net of Accumulated Depreciation	\$1,675,108	\$0	\$236,424	\$0	\$1,911,532		\$1,911,532
160 Total Non-Current Assets	\$1,675,108	\$0	\$236,424	\$0	\$1,911,532		\$1,911,532
290 Total Assets and Deferred Outflow of Resources	\$2,940,640	\$17,514	\$398,810	\$0	\$3,356,964		\$3,356,964
312 Accounts Payable <= 90 Days	\$1,042		\$54		\$1,096		\$1,096
321 Accrued Wage/Payroll Taxes Payable	\$5,695		\$555		\$6,150		\$6,150
322 Accrued Compensated Absences - Current Portion	\$8,250		\$3,682		\$12,132		\$12,132
325 Accrued Interest Payable			\$532		\$532		\$532
341 Tenant Security Deposits	\$32,337		\$17,578		\$49,915		\$49,915
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue			\$4,250		\$4,250		\$4,250
310 Total Current Liabilities	\$47,224	\$0	\$26,851	\$0	\$74,075		\$74,075
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue			\$421,682		\$421,682		\$421,682
354 Accrued Compensated Absences - Non Current	\$789		\$376		\$1,175		\$1,175
350 Total Non-Current Liabilities	\$789	\$0	\$422,058	\$0	\$422,857		\$422,857
300 Total Liabilities	\$48,023	\$0	\$448,909	\$0	\$496,932		\$496,932
508.4 Net Investment in Capital Assets	\$1,675,108		-\$189,508		\$1,485,600		\$1,485,600
511.4 Restricted Net Position			\$85,118		\$85,118		\$85,118
512.4 Unrestricted Net Position	\$1,217,609	\$17,514	\$54,291	\$0	\$1,289,314		\$1,289,314
513 Total Equity - Net Assets / Position	\$2,892,617	\$17,514	-\$50,009	\$0	\$2,860,032		\$2,860,032
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$2,940,640	\$17,514	\$398,810	\$0	\$3,356,964		\$3,356,964

Fort Morgan Housing Authority (CO11)  
**FORT MORGAN, CO**  
 Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$385,195		\$183,043		\$568,238		\$568,238
70400 Tenant Revenue - Other	\$31,607		\$12,492		\$44,099		\$44,099
70500 Total Tenant Revenue	\$416,802	\$0	\$195,535	\$0	\$612,337	\$0	\$612,337
70600 HUD PHA Operating Grants	\$155,279				\$155,279		\$155,279
70610 Capital Grants	\$248,128				\$248,128		\$248,128
70800 Other Government Grants			\$15,235	\$33,525	\$48,760		\$48,760
71100 Investment Income - Unrestricted	\$2,766	\$14	\$22		\$2,802		\$2,802
71500 Other Revenue	\$39,963		\$4,768		\$44,731	-\$32,028	\$12,703
71600 Gain or Loss on Sale of Capital Assets	\$3,669				\$3,669		\$3,669
72000 Investment Income - Restricted			\$68		\$68		-\$68
70000 Total Revenue	\$866,607	\$14	\$215,626	\$33,525	\$1,115,772	-\$32,028	\$1,083,744
91100 Administrative Salaries	\$68,589		\$16,863		\$103,452		\$103,452
91200 Auditing Fees	\$3,558		\$2,392		\$5,950		\$5,950
91300 Management Fee			\$32,028		\$32,028	-\$32,028	\$0
91400 Advertising and Marketing	\$643		\$417		\$1,060		\$1,060
91500 Employee Benefit contributions - Administrative	\$27,477		\$12,122		\$39,599		\$39,599
91600 Office Expenses	\$11,652		\$328		\$11,980		\$11,980
91800 Travel	\$1,070				\$1,070		\$1,070
91900 Other	\$12,579		\$500		\$13,079		\$13,079
91000 Total Operating - Administrative	\$143,568	\$0	\$64,650	\$0	\$208,218	-\$32,028	\$176,190
92100 Tenant Services - Salaries	\$5,724				\$5,724		\$5,724
92300 Employee Benefit Contributions - Tenant Services	\$1,734				\$1,734		\$1,734
92400 Tenant Services - Other	\$1,567		\$755		\$2,322		\$2,322
92500 Total Tenant Services	\$9,025	\$0	\$755	\$0	\$9,780	\$0	\$9,780
93100 Water	\$40,701		\$15,245		\$55,946		\$55,946
93200 Electricity	\$27,413		\$3,288		\$30,701		\$30,701
93300 Gas	\$21,690				\$21,690		\$21,690
93600 Sewer	\$16,223		\$4,489		\$22,712		\$22,712
93000 Total Utilities	\$108,027	\$0	\$23,022	\$0	\$131,049	\$0	\$131,049
94100 Ordinary Maintenance and Operations - Labor	\$84,827		\$36,189		\$121,016		\$121,016
94200 Ordinary Maintenance and Operations - Materials and Other	\$21,852		\$6,163		\$27,815		\$27,815
94300 Ordinary Maintenance and Operations Contracts	\$46,207		\$19,788		\$65,995		\$65,995
94500 Employee Benefit Contributions - Ordinary Maintenance	\$26,948		\$12,925		\$39,873		\$39,873
94000 Total Maintenance	\$179,834	\$0	\$75,065	\$0	\$254,699	\$0	\$254,699
96110 Property Insurance	\$72,691		\$25,133		\$97,824		\$97,824
96120 Liability Insurance	\$1,507		\$710		\$2,217		\$2,217
96130 Workmen's Compensation	\$2,511		\$1,181		\$3,692		\$3,692
96140 All Other Insurance	\$2,508		\$117		\$2,625		\$2,625
96100 Total Insurance Premiums	\$79,217	\$0	\$27,141	\$0	\$106,358	\$0	\$106,358
99210 Compensated Absences	\$7,959		\$3,745		\$11,704		\$11,704
96400 Bad debt - Tenant Rents	\$880				\$880		\$880
96000 Total Other General Expenses	\$8,819	\$0	\$3,745	\$0	\$12,564	\$0	\$12,564
96710 Interest of Mortgage (or Bonds) Payable			\$31,085		\$31,085		\$31,085
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$31,085	\$0	\$31,085	\$0	\$31,085
96900 Total Operating Expenses	\$528,290	\$0	\$225,483	\$0	\$753,773	-\$32,028	\$721,725
97000 Excess of Operating Revenue over Operating Expenses	\$338,317	\$14	-\$9,837	\$33,525	\$362,019	\$0	\$362,019
97400 Depreciation Expense	\$127,720		\$18,512		\$147,232		\$147,232
90000 Total Expenses	\$656,010	\$0	\$244,975	\$0	\$900,985	-\$32,028	\$868,957
10010 Operating Transfer In	\$22,557		\$33,525		\$56,082	-\$56,082	\$0
10020 Operating transfer Out	-\$22,557			-\$33,525	-\$56,082	\$56,082	\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$33,525	-\$33,525	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$210,597	\$14	\$4,176	\$0	\$214,787	\$0	\$214,787
11020 Required Annual Debt Principal Payments	\$0	\$0	\$5,080	\$0	\$6,050		\$6,050
11030 Beginning Equity	\$2,682,020	\$17,500	-\$54,275	\$0	\$2,645,245		\$2,645,245
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0				\$0		\$0
11190 Unit Months Available	1032		480		1512		1512
11210 Number of Unit Months Leased	1014		473		1487		1487
11270 Excess Cash	\$1,157,603				\$1,157,603		\$1,157,603
11620 Building Purchases	\$887,528				\$887,528		\$887,528
11630 Furniture & Equipment - Dwelling Purchases	\$769				\$769		\$769
11640 Furniture & Equipment - Administrative Purchases	\$50,453				\$50,453		\$50,453

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

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2022

Project: CO011011011 HILLCREST APARTMENTS

	Low Rent	Capital Fund	Total Project
70300 Net Tenant Rental Revenue	\$385,195		\$385,195
70400 Tenant Revenue - Other	\$31,607		\$31,607
70500 Total Tenant Revenue	\$416,802	\$0	\$416,802
70600 HUD PHA Operating Grants	\$132,722	\$22,557	\$155,279
70810 Capital Grants		\$248,128	\$248,128
71100 Investment Income - Unrestricted	\$2,768		\$2,768
71500 Other Revenue	\$39,963		\$39,963
71600 Gain or Loss on Sale of Capital Assets	\$3,669		\$3,669
70000 Total Revenue	\$595,922	\$270,685	\$866,607
91100 Administrative Salaries	\$88,589		\$88,589
91200 Auditing Fees	\$3,558		\$3,558
91400 Advertising and Marketing	\$843		\$843
91500 Employee Benefit contributions - Administrative	\$27,477		\$27,477
91600 Office Expenses	\$11,652		\$11,652
91800 Travel	\$1,070		\$1,070
91900 Other	\$12,579		\$12,579
91000 Total Operating - Administrative	\$143,568	\$0	\$143,568
92100 Tenant Services - Salaries	\$5,724		\$5,724
92300 Employee Benefit Contributions - Tenant Services	\$1,734		\$1,734
92400 Tenant Services - Other	\$1,587		\$1,587
92500 Total Tenant Services	\$9,025	\$0	\$9,025
93100 Water	\$40,701		\$40,701
93200 Electricity	\$27,413		\$27,413
93300 Gas	\$21,690		\$21,690
93600 Sewer	\$18,223		\$18,223
93000 Total Utilities	\$108,027	\$0	\$108,027
94100 Ordinary Maintenance and Operations - Labor	\$84,827		\$84,827
94200 Ordinary Maintenance and Operations - Materials and Other	\$21,852		\$21,852
94300 Ordinary Maintenance and Operations Contracts	\$46,207		\$46,207
94500 Employee Benefit Contributions - Ordinary Maintenance	\$26,948		\$26,948
94000 Total Maintenance	\$179,634	\$0	\$179,634
96110 Property Insurance	\$72,691		\$72,691
96120 Liability Insurance	\$1,507		\$1,507
96130 Workmen's Compensation	\$2,511		\$2,511
96140 All Other Insurance	\$2,508		\$2,508
96100 Total Insurance Premiums	\$79,217	\$0	\$79,217
96210 Compensated Absences	\$7,959		\$7,959
96400 Bad debt - Tenant Rents	\$860		\$860
96000 Total Other General Expenses	\$8,819	\$0	\$8,819
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$0
96900 Total Operating Expenses	\$528,290	\$0	\$528,290
97000 Excess of Operating Revenue over Operating Expenses	\$67,632	\$270,685	\$338,317
97400 Depreciation Expense	\$127,720		\$127,720
90000 Total Expenses	\$656,010	\$0	\$656,010
10010 Operating Transfer In	\$22,557		\$22,557
10020 Operating transfer Out		-\$22,557	-\$22,557
10100 Total Other financing Sources (Uses)	\$22,557	-\$22,557	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$37,531	\$248,128	\$210,597
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0
11030 Beginning Equity	\$2,682,020	\$0	\$2,682,020
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	\$248,128	-\$248,128	\$0
11190 Unit Months Available	1032		1032
11210 Number of Unit Months Leased	1014		1014
11270 Excess Cash	\$1,157,603		\$1,157,603
11620 Building Purchases	\$839,400	\$248,128	\$887,528
11630 Furniture & Equipment - Dwelling Purchases	\$769	\$0	\$769
11640 Furniture & Equipment - Administrative Purchases	\$50,453	\$0	\$50,453

**SINGLE AUDIT SECTION**

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2022**

<u>Federal Grantor</u>	<u>Assistance Listing</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>Public and Indian Housing:</b>		
Operating subsidy	14.850	\$ 132,722
<b>Capital Funds</b>		
Public Housing Capital Fund	14.872	270,685
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>\$ 403,407</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b>Rural Rental Housing Loan Program:</b>		
Loan balance	10.415	432,011
Interest subsidy	10.415	15,235
		<u>447,246</u>
<b>Rural Rental Housing Assistance Program:</b>		
Rental assistance	10.427	33,525
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>480,771</b>
<b>TOTAL FEDERAL AWARDS</b>		<b>\$ 884,178</b>

**Notes to Schedule**

1. The Schedule of Expenditures of Federal Awards includes the federal grant activity for the year ended December 31, 2022 and is presented in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

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

3. The Authority had a loan balance of \$425,932 under the Rural Rental Housing Loan Program as of December 31, 2022.

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

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

**Independent Auditors Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the major fund of the Housing Authority of the City of Fort Morgan, Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Fort Morgan, Colorado's basic financial statements, and have issued our report thereon dated June 28, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

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

### **Purpose of This Report**

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
June 28, 2023

## **AGREED-UPON PROCEDURE**

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

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

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

***Opinion on Each Major Federal Program***

We have audited the Housing Authority of the City of Fort Morgan, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Fort Morgan, Colorado's major federal programs for the year ended December 31, 2022. The Housing Authority of the City of Fort Morgan, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority of the City of Fort Morgan, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion,

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority of the City of Fort Morgan, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Housing Authority of the City of Fort Morgan, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Fort Morgan, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Report on Internal Control over Compliance**

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

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

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

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
June 28, 2023

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2022**

The audit report for the year ended December 31, 2021 contained no findings and no questioned costs.

**HOUSING AUTHORITY OF THE CITY OF FORT MORGAN, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**December 31, 2022**

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

- We issued an unmodified opinion on the financial statements of the Housing Authority of the City of Fort Morgan, Colorado for the fiscal year ended December 31, 2022.

**Financial Statements:**

- The results of our audit procedures disclosed no material weakness in internal control over financial reporting for the year ended December 31, 2022.
- The results of our audit procedures disclosed no instances of noncompliance which are material to the financial statements for the fiscal year ended December 31, 2022.

**Federal Awards:**

- We issued an unmodified opinion on compliance for major programs for the fiscal year ended December 31, 2022.
- The results of our audit procedures disclosed no material weaknesses or significant deficiencies in internal control over major programs for the fiscal year ended December 31, 2022.
- The results of our audit procedures disclosed no audit findings that are required to be reported under §.516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.
- The programs identified and audited as major are as follows: Capital Fund Grant Program, Federal Assistance Listing #14.872.
- The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- For the fiscal year ended December 31, 2022, the Housing Authority of the City of Fort Morgan, Colorado qualified as a low-risk auditee.

**Section II - Financial Statement Findings:**

No Section II findings.

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

No Section III findings.

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

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

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

We have performed the procedures enumerated below on whether the electronic submission of certain information agrees with the hard copy documents within the reporting package for the year ended December 31, 2022. The U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC) is responsible for the Uniform Financial Reporting Standards (UFRS) procedures.

The Housing Authority of the City of Fort Morgan, Colorado, has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with the REAC's UFRS requirements for the submission of the PHA financial data for the year ended December 31, 2022. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

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

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

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

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

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

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

We were engaged to perform an audit in accordance with 2 CFR 200, Subpart F, *Audit Requirements* for the Housing Authority of the City of Fort Morgan, Colorado as of and for the year ended December 31, 2022, and have issued our report thereon dated June 28, 2023. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Fort Morgan, Colorado's Financial Data Schedule dated June 28, 2023, was expressed in relation to the basic financial statements of the Housing Agency taken as a whole.

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

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

*Niewedde & Wiens, CPA's*

York, Nebraska  
June 28, 2023