

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

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

FOR THE YEAR ENDED DECEMBER 31, 2022

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

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Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying financial statements of the business-type activities of the Housing Authority of the City of Fountain (Authority), Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2023, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Authority's internal control over financial reporting and compliance.

Audit Solutions, LLC

Chesterfield, Missouri

June 26, 2023

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
December 31, 2022

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

Our discussion and analysis of the Housing Authority of the City of Fountain, Colorado (the "Authority") financial performance provides an overview of the Authority's financial activities for the fiscal year ended December 31, 2022. Please read the MD&A in conjunction with the Authority's financial statements.

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

Overview of the Financial Statements

This annual report consists of Management's Discussion and Analysis, the financial statements, and notes to the financial statements. Management's Discussion and Analysis provides a narrative of the Authority's financial performance and activities for the year ended December 31, 2022. The statements provide readers with a broad overview of the Authority's finances. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

The financial statements consist of three statements:

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

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

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

The Housing Authority's financial statements are the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position. The Statement of Net Position provides a summary of the Housing Authority's assets and liabilities as of the close of business on December 31, 2022. The Statement of Revenues, Expenses and Changes in Net Position summarizes the revenues and sources of those revenues generated during the year ended December 31, 2022, and the expenses incurred in operating the Housing Authority for the year ended December 31, 2022.

HUD has established Uniform Financial Reporting Standards that require the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information has been electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended December 31, 2022.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2022

Housing Authority Activities and Highlights

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

Low Income Public Housing (LIPH) Grinde Manor

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

HUD conducts Public Housing Assessment System (PHAS) reviews of the Low-Income Public Housing Program. PHAS is a comprehensive review of the operations of the program and includes the Physical Conditions, Financial Accountability, Management Operations and Operation of the Capital Fund Program. High Performer designation is given to Housing Authorities scoring 90% or higher on their PHAS assessment. HUD released a PHAS score of 90% for the Housing Authority for the year 2022 qualifying the Housing Authority for Small PHA deregulation (SPD) based on the number of ACC units and the Housing Authority's PHAS score of 90%.

Capital Fund Grant (CFP)

This grant program is awarded by HUD on an annual basis. The purpose of these grants is to improve the Authority's Low Income Public Housing units and is also available for certain management costs of the Authority. The Authority requisitions funds from HUD as the Authority expends funds. The Authority is allowed four years to fully expend an annual award.

Section 8 Housing Choice Vouchers (Section 8 Vouchers)

HUD has contracted with the Housing Authority to support 244 Housing Choice Vouchers. The Authority pays Housing Assistance Payments to Landlords for low-income tenants. The Housing Assistance Payment matches the difference between the total rent that the Landlord can charge at or below a fair market rent amount supplied by HUD, and the amount that the tenant can pay. For each unit that the Authority administers, HUD pays the Authority an administrative fee. The Housing Authority is not responsible for the upkeep and maintenance of the units and properties associated with this program.

HUD conducts a Section Eight Management Assessment Program (SEMAP) review every other year. This review measures the performance of public housing agencies Section 8 Housing Choice Voucher Program in 14 key areas. The Housing Authority was assessed under SEMAP in 2022 receiving a final score of 100% and the overall designation of "High".

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

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2022

Housing Authority Activities and Highlights - (Continued)

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

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

Financial Highlights

Total assets of the Authority for the year ended December 31, 2022, were \$3,316,340. Total liabilities were \$946,373. Total assets exceeded liabilities by \$2,369,967 (net position). The Housing Authority’s net position increased by \$62,462 during the year ended December 31, 2022, as shown in the table below.

Statement of Net Position

December 31,

	2022	2021	Change	%-Change
Current Assets	\$1,543,412	\$1,615,714	(\$72,302)	-4%
Non-Current Assets	\$389,271	\$389,271	\$0	0%
Capital Assets, Net	\$1,383,657	\$1,272,763	\$110,894	
Total Assets	\$3,316,340	\$3,277,748	\$38,592	1%
Current Liabilities	\$224,573	\$287,125	(\$62,552)	-22%
Non-Current Liabilities	\$721,800	683,118	\$38,682	6%
Total Liabilities	\$946,373	\$970,243	(\$23,870)	-2%
Net Position:				
Net Investment in Capital Assets	\$842,995	630,430	\$212,565	34%
Restricted Assets	\$199,134	\$255,841	(\$56,707)	-22%
Unrestricted Assets	\$1,327,838	1,421,234	(\$93,396)	-7%
Total Net Position	\$2,369,967	\$2,307,505	\$62,462	3%
Total Liabilities and Net Position	\$3,316,340	\$3,277,748	\$38,592	1%

Significant Changes in the Statement of Net Position

Capital assets increased from \$1,272,763 in FY 2021 to \$1,383,657 in FY 2022 due to capital fund projects at Low Rent Public Housing Project, Grinde Manor.

Long-term debt, net of current portion, decreased from \$538,493 in 2021 to \$515,354 in 2022 as a result of the payment of mortgage principal for the Fountain Mesa Court Townhomes and the Fountain Townhomes during the year.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2022

Financial Highlights – (Continued)

Significant Changes in the Statement of Net Position – (Continued)

Net Investment in Capital Assets increased from \$630,430 in 2021 to \$842,995 in 2022 due to Capital Fund Program expenditures at the Low Rent Public Housing Project, Grinde Manor, to replace the flooring in the community areas and the replacement of windows at the Fountain Townhomes.

Restricted assets decreased from \$255,841 in 2021 to \$199,134 in 2022 due to withdrawals made in the Reserve for Replacements funds for the Fountain Townhomes for replacement of equipment and upgrades to the property.

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

	<u>2022</u>	<u>2021</u>	<u>Change</u>	<u>%-Change</u>
Revenue:				
Tenant Revenue	\$637,539	\$609,250	\$28,289	5%
Federal Grants & Subsidy	\$2,496,880	\$2,186,140	\$310,740	14%
Investment Income	\$12,332	\$4,695	\$7,637	163%
Other Income	\$22,381	\$36,574	(\$14,193)	-39%
Total Revenue	<u>\$3,169,132</u>	<u>\$2,836,659</u>	<u>\$332,473</u>	12%
Expenses:				
Administrative	\$438,987	\$381,169	\$57,818	15%
Tenant Services	\$626	\$0	\$626	100%
Utilities	\$118,094	\$108,826	\$9,268	9%
Routine Maintenance	\$330,020	\$346,715	(\$16,695)	-5%
Protective Services	\$325	\$408	(\$83)	-20%
General Expenses	\$83,405	\$70,243	\$13,162	19%
Interest Expenses	\$32,978	\$30,809	\$2,169	7%
Non-Routine Expenses	\$1,811	\$2,228	(\$417)	-19%
Housing Assistance Payments	2,009,961	1,857,915	\$152,046	8%
Depreciation	\$90,463	\$88,497	\$1,966	2%
Total Operating Expenses	<u>\$3,106,670</u>	<u>\$2,886,810</u>	<u>\$219,860</u>	8%
Increase (Decrease) in Net Position	<u>\$62,462</u>	<u>(\$50,151)</u>	<u>\$112,613</u>	-225%

Results of Operations

Tenant revenue increased due to an increase in rent implemented at the Fountain Mesa Court Townhomes in 2022.

Federal grants increased from \$2,186,140 in FY 2021 to \$2,496,880 in FY 2022 due to an increase in unit months leased for the Housing Choice Voucher Program, the increase in rental costs and the expenditure of capital funds at the low rent public housing project, Grinde Manor.

Interest income increased in 2022 due to the increase in interest rates implemented by the Federal Reserve to combat inflation.

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2022

Financial Highlights - (Continued)

Results of Operations – (Continued)

Routine maintenance expenses decreased from \$346,715 in 2021 to \$330,020 in 2022 due to the stabilization in the supply chain for replacement parts and appliances.

The Housing Authority’s net position increased in 2022 by \$62,462 from \$2,307,505 in 2021 to \$2,369,967 in 2022.

Capital Assets

Capital Assets are the largest asset reflected on the Authority’s statement of net position. The following is a summary of capital assets owned by the Authority at December 31, 2022:

Capital Assets at Year End				
(Net of Accumulated Depreciation)				
December 31,				
	2022	2021	Change	%-Change
Land	\$259,361	\$259,361	\$0	0%
Buildings	\$3,893,809	3,843,882	\$49,927	1%
Equipment - dwellings	\$240,456	\$229,816	\$10,640	5%
Equipment - administration	\$183,886	\$180,637	\$3,249	2%
Leasehold improvements	\$656,283	656,283	\$0	0%
Construction in progress	\$161,830	24,289	\$137,541	566%
Subtotal	\$5,395,625	\$5,194,268	\$201,357	4%
Accumulated depreciation	(\$4,011,968)	(3,921,505)	(\$90,463)	2%
Net Capital Assets	\$1,383,657	\$1,272,763	\$110,894	9%

Debt Administration

At December 31, 2022, the Housing Authority had \$515,354 in mortgages payable versus \$538,493 in the previous year, a decrease of \$23,139. During the fiscal year, the Housing Authority did not incur any additional debt. The amount classified as current is \$25,308.

In addition, the Authority classifies a portion of the employee’s leave as long-term debt. This is due to the Authority not expecting to pay out the total amount in the following year. The amount listed as long term is \$206,446.

Subsequent Events

Future Events (New Business)

The Housing Authority will receive 100% of its eligible funding for Housing Assistance Payments under the Housing Choice Voucher Program and 89% of the administrative fees earned in 2023.

The Housing Authority is eligible to receive \$102,299 in operating subsidy for Grinde Manor in 2023. The total amount of funding that will be available is subject to a proration determination by HUD and may impact the operations of the project.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) – (Continued)
December 31, 2022

Subsequent Events – (Continued)

The Housing Authority has \$293,158 of capital funds available to fund operating costs and capital improvements at Grinde Manor from HUD approved allocations in 2019, 2020, 2022 and 2023. The amount of \$283,944 has been designated to pay for improvements as set forth in the Five-Year Capital Action Plan that was amended in March of 2023. The amount of \$9,214 is designated for operating expenses of Grinde Manor.

A Housing Assistance Payment Contract for the Fountain Townhomes was executed for 2023 that includes a 1.025% increase in the rent rate for the Fountain Townhomes for 2023. The Section 8 contract for the Fountain Townhomes expires November 30, 2023. The Housing Authority intends to renew the Section 8 contract.

Request for Information

This financial report is designed to provide a general overview of the Authority's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF NET POSITION
December 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,250,994
Cash - restricted	251,127
Receivables - net of allowances	10,597
Inventory - net of allowances	22,266
Prepaid expenses	<u>8,428</u>

Total Current Assets 1,543,412

Non-current Assets:

Long term receivables	389,271
Capital assets:	
Land and construction in progress	421,191
Other capital assets, net of depreciation	<u>962,466</u>

Total capital assets - net 1,383,657

Total Non-current Assets 1,772,928

Total Assets \$ 3,316,340

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF NET POSITION - (Continued)
December 31, 2022

LIABILITIES

Current Liabilities:

Accounts payable	\$	51,373
Accrued salaries and benefits		65,754
Tenant security deposit liability		51,993
Accrued compensated absences		22,939
Current portion of long-term debt		25,308
Unearned revenues		<u>7,206</u>

Total Current Liabilities 224,573

Non-current Liabilities:

Long term debt, net of current portion		515,354
Compensated absences		<u>206,446</u>

Total Non-current Liabilities 721,800

Total Liabilities 946,373

NET POSITION

Net investment in capital assets		842,995
Restricted		199,134
Unrestricted		<u>1,327,838</u>

Total Net Position 2,369,967

Total Liabilities and Net Position \$ 3,316,340

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Year Ended December 31, 2022

OPERATING REVENUES	
Tenant revenue	\$ 637,539
Governmental grants and subsidy	2,359,339
Miscellaneous	<u>22,381</u>
Total operating revenue	<u>3,019,259</u>
OPERATING EXPENSES	
Administrative	438,987
Tenant services	626
Utilities	118,094
Ordinary maintenance and operations	330,020
Protective services	325
Insurance	21,780
General	61,625
Non routine maintenance	1,811
Housing assistance payment	2,009,961
Depreciation expense	<u>90,463</u>
Total operating expenses	<u>3,073,692</u>
Operating income (loss)	<u>(54,433)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment income	12,332
Interest expense	<u>(32,978)</u>
Net non-operating revenues (expenses)	<u>(20,646)</u>
Income (loss) before contributions and transfers	<u>(75,079)</u>
Capital contributions	<u>137,541</u>
Change in net position	62,462
Total net position - beginning of year	<u>2,307,505</u>
Total net position - end of year	<u>\$ 2,369,967</u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Received from tenants	\$ 621,036
Received from governmental grants and subsidy	2,359,384
Received from other operating activities	24,352
Payments for goods and services	(394,088)
Payments to employees	(466,579)
Payment for housing assistance	<u>(2,009,961)</u>
Net cash provided by (used in) operating activities	<u>134,144</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital contributions	137,541
Purchases of capital assets	(201,357)
Principal paid on capital debt	(101,671)
Interest paid on capital debt	<u>(32,978)</u>
Net cash provided by (used in) capital and related financing activities	<u>(198,465)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds (payments) from sale (purchase) of investments	69,353
Receipts of interest and dividends	<u>12,332</u>
Net cash provided by (used in) investing activities	<u>81,685</u>
Net increase (decrease) in cash and cash equivalents	17,364
Cash and cash equivalents at beginning of year	<u>1,484,757</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,502,121</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

STATEMENT OF CASH FLOWS - (Continued)
For the Year Ended December 31, 2022

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

Operating income (loss)	\$	(54,433)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense		90,463
Change in assets and liabilities:		
Receivables, net		21,990
Inventories, net		(441)
Prepaid expenses		(1,236)
Accounts and other payables		7,129
Tenant security deposit		(1,047)
Unearned revenue		(1,779)
Compensated absences		68,691
Accrued expenses		<u>4,807</u>
Net cash provided by (used) by operating activities	\$	<u><u>134,144</u></u>

See accompanying notes to the basic financial statements

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1A. Financial Reporting Entity

The Authority's financial reporting entity comprises the following:

Primary Government: Housing Authority

In determining the financial reporting entity, the Authority complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39 and No. 61, "The Financial Reporting Entity," and includes all component units of which the Authority appointed a voting majority of the units' board; the Authority is either able to impose its will on the unit or a financial benefit or burden relationship exists. On the basis of the application of these criteria, there are no component units which are required to be included in the Authority's financial statements.

1B. Basis of Presentation

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

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

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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 HAP funds to the amount needed by the Authority for the rental supplements paid to private landlords and the administrative costs of managing the program.

Section 8 New Construction (Fountain Townhomes) – The organization operates 14-unit apartment project located in Fountain, Colorado under Colorado Housing and Finance Authority (CHFA) Insured Project. Under this program, HUD provides Section 8 project-based assistance to the housing authorities to help bridge the gap between the rents needed to make a project feasible and the rents affordable to the tenants.

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

1C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus - The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting - In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1D. Budgets

Budgets are prepared for regulatory purposes in accordance with the Authority’s contract with HUD on an annual basis for all operating programs and on a project length basis for capital projects funds which are approved by the Board of Commissioners and submitted to HUD for their approval, if required.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

1E. Estimates and assumptions

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from those estimates.

1F. Assets, Liabilities, and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash and cash equivalents” includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2B and 3A.

Inter-fund Receivables and Payables

During the course of operations, numerous transactions occur within individual funds that may result in amounts owed between funds. Inter-fund receivables and payables between funds are eliminated for financial statement presentation.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances consist of miscellaneous and tenant accounts receivable.

Inventories

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

Fixed Assets

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

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

Fixed Assets - (Continued)

Depreciation of all exhaustible fixed assets is charged as an expense against operations and is recorded in the Statement of Revenues, Expenses and Changes in Net Position with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building	15-40 years
Furniture, equipment and machinery - dwelling	5 years
Furniture, equipment and machinery - administrative	3-7 years

Restricted Assets

Restricted assets include cash of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to the security deposit fund, reserve accounts and HAP funds under the Public and Indian Housing, Housing Choice Vouchers, Section 8 N/C and State & Local programs.

Compensated Absences

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

Equity Classifications

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

- 1) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- 2) Restricted net position - Consists of net position with constraints placed on the use either by (i) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (ii) law through constitutional provisions or enabling legislation. The statement of net position of the Authority reports \$199,134 of restricted net position which consists of Housing Choice Voucher HAP reserves in the amount of \$26,203 and maintenance reserves relating to Section 8 N/C and State & Local Program in the amount of \$172,931.
- 3) Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted are available, the Authority's policy is to apply restricted assets to fund restricted costs and then unrestricted as they are needed.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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
Section 8 New Construction	
- (Fountain Townhomes)	U.S. Department of Housing and Urban Development
State & Local	
- (Fountain Mesa Court Townhomes)	State of Colorado

2B. Deposits and Investments Laws and Regulations

It is the Authority's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. The Authority must maintain a written collateral agreement from all financial institutions. As reflected in Note 3A, all deposits were fully insured or collateralized.

Investing is performed in accordance with HUD regulations and State Statutes. Funds may be invested in the following type of investments:

- Direct obligations of the U.S. Government pledged by its full faith and credit.
- Demand, savings, money-market and certificates of deposit at commercial banks, mutual savings banks, savings and loan associations and credit unions provided that the entire deposit be insured by the FDIC and any deposits in excess of insured amounts are adequately collateralized.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

For the year ended December 31, 2022, the Authority complied, in all material respects, with these revenue restrictions.

NOTE 3 – DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

The following notes present detailed information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3A. Cash and Investments

As of December 31, 2022, the Authority had the following cash deposits and investments:

Cash deposits	\$ <u>1,502,121</u>
Total	\$ <u><u>1,502,121</u></u>

Following is a reconciliation of the Authority's deposit balances as of December 31, 2022:

Cash and cash equivalents	\$ 1,250,994
Restricted assets	<u>251,127</u>
Total	\$ <u><u>1,502,121</u></u>

Deposits

Custodial Credit Risk - Deposits

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2022, the Authority's bank balances of \$1,483,305 were entirely covered by FDIC insurance or by the State of Colorado's (the State) Public Deposit Protection Act (PDPA) which precludes the Authority from requiring banks to hold securities in the Authority's name. The Authority deposits are subject to and in accordance with the PDPA. Under this act, all uninsured deposits are fully collateralized. The eligible collateral pledged is held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner prescribed by rule and regulation or is segregated from other trust department securities. All collateral so held must be clearly identified as being 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.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

3B. Restricted Assets

Restricted assets at December 31, 2022 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	\$ 172,931	\$ ----	\$ ----	\$ 172,931
HAP	26,203	----	----	26,203
Security deposit	<u>51,993</u>	<u>----</u>	<u>----</u>	<u>51,993</u>
Total	<u>\$ 251,127</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 251,127</u>

3C. Receivables

Receivables at December 31, 2022, consist of the following:

Tenants	\$ 11,032	
Less: Allowance for doubtful account - tenants	<u>(1,856)</u>	\$ 9,176
Miscellaneous	8,709	
Less: Allowance for doubtful account – miscellaneous	<u>(7,791)</u>	918
Accounts receivable – PHA projects		<u>503</u>
Total Accounts Receivable		<u>\$ 10,597</u>

3D. Long Term Receivable

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

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

3E. Inventory

Inventory at December 31, 2022 comprised of the following:

Inventory	\$ 23,438
Less: Allowance for obsolete inventory	<u>(1,172)</u>
Inventory - net of allowance	<u>\$ 22,266</u>

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

3F. Capital Assets

A summary of capital asset activity for the year ended December 31, 2022 is as follows:

	Balance January 1, 2022	Additions	(Retirement)	Balance December 31, 2022
Non-depreciable assets:				
Land	\$ 259,361	\$ -	\$ -	\$ 259,361
Construction in progress	24,289	137,541	-	161,830
Total non-depreciable assets	283,650	137,541	-	421,191
Depreciable assets:				
Building	3,843,882	49,927	-	3,893,809
Equipment - dwelling	229,816	10,640	-	240,456
Equipment - administration	180,637	3,249	-	183,886
Leasehold improvements	656,283	-	-	656,283
Total depreciable assets	4,910,618	63,816	-	4,974,434
Accumulated depreciation	(3,921,505)	(90,463)	-	(4,011,968)
Total depreciable assets, net	989,113	(26,647)	-	962,466
Capital assets, net	\$ 1,272,763	\$ 110,894	\$ -	\$ 1,383,657

Depreciation expense is charged to programs as follows:

	Business-type Activities
Public and Indian Housing	\$ 35,041
Housing Choice Vouchers	2,677
State & Local	36,789
S8 N/C	15,956
Total depreciation expense	\$ 90,463

3G. Accounts Payable

Accounts payable at December 31, 2022, consist of the following:

Vendors & contractors	\$ 33,255
PILOT	800
Other current liabilities	1,573
Accrued utilities	15,745
Total Accounts Payable	\$ 51,373

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

3H. Non-current Liabilities

Non-current liabilities at December 31, 2022, consist of the following:

Accrued compensated absences	\$ 206,446
Mortgage payable	<u>515,354</u>
Total Non-Current Liabilities	<u>\$ 721,800</u>

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

	<u>Balance</u> <u>Jan 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>Dec 31, 2022</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Accrued compensated absences	\$ 144,625	\$ 61,821	\$ ---	\$ 206,446	\$ 22,939
Mortgage payable	<u>538,493</u>	<u>---</u>	<u>23,139</u>	<u>515,354</u>	<u>25,308</u>
Total Non-Current Liabilities	<u>\$ 683,118</u>	<u>\$ 61,821</u>	<u>\$ 23,139</u>	<u>\$ 721,800</u>	<u>\$ 48,247</u>

Annual Debt Service Requirements

The long-term debt consists of the following mortgages:

Fountain Townhomes:

The Authority has a mortgage payable to Colorado Housing and Finance Authority (CHFA) which is due in monthly installments of \$2,642, including principal and interest, with final maturity scheduled for December 1, 2033, at an interest rate of 5.75%. The balance due as of December 31, 2022, is \$256,641 (including current portion). The apartment project serves as collateral for this loan.

Additionally, the Authority has a second mortgage payable to Federal Housing Administration obtained through the Mark to Market program, consisting of a mortgage restructuring in the amount of \$140,399. This mortgage has a maturity date of December 1, 2033, at an interest rate of 4.00%. Principal is due in full at maturity, however, if the Authority operates Fountain Townhomes as affordable housing until maturity, the second mortgage will be forgiven. The apartment project serves as collateral for this loan.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

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

3H. Non-current Liabilities - (Continued)

Annual Debt Service Requirements – (Continued)

Fountain Townhomes – Continued):

The annual debt service requirements to maturity for long-term debt as of December 31, 2022, are as follows:

Year Ending Dec 31,	HUD		
	Principal	Interest	Total
2023	\$ 17,342	\$ 14,366	\$ 31,708
2024	18,298	13,410	31,708
2025	19,284	12,424	31,708
2026	20,300	11,408	31,708
2027	21,346	10,362	31,708
2028-2032	123,470	35,070	158,540
2033	177,000	121,939	298,939
	\$ 397,040	\$ 218,979	\$ 616,019

Fountain Mesa Court Townhomes:

The Project has a mortgage payable to Colorado Housing and Finance Authority which is due in monthly installments of \$7,376, including principal and interest, with final maturity scheduled for March 1, 2023 at an interest rate of 6.00%. The balance due as of December 31, 2022 is \$7,966 (including current portion). The apartment project serves as collateral for this loan.

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

The annual debt service requirements to maturity for long-term debt as of December 31, 2022, are as follows:

Year Ending Dec 31,	HUD		
	Principal	Interest	Total
2023	\$ 7,966	\$ 80,542	\$ 88,508
2054	135,656	-	135,656
	\$ 143,622	\$ 80,542	\$ 224,164

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

NOTE 4 – OTHER NOTES

4A. Commitments – Construction

At December 31, 2022, the Authority had the following pending Public Housing Capital Fund project in progress:

		Funds Approved		Funds Expended - Project to Date
CFP 501-19	\$	77,287	\$	61,695
CFP 501-20	\$	83,122	\$	16,619

4B. Contingencies

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

4C. Risk Management

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

<u>Type of Loss</u>	<u>Method Managed</u>
a. Torts, errors and omissions	Purchased insurance with State Farm Insurance.
b. Physical property loss and natural disasters	Purchased commercial insurance with \$5,000 deductibles.

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

4D. Financial Data Schedule

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

4E. Related Party

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

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

NOTES TO THE BASIC FINANCIAL STATEMENTS - (Continued)
December 31, 2022

NOTE 4 – OTHER NOTES - (Continued)

4F. Subsequent Events

Events that occur after the balance sheet date but before the financial statements were issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events, which provide evidence about conditions that existed after the balance sheet date, require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 26, 2023, and concluded that no subsequent events have occurred that would require adjustment to or disclosures within these financial statements.

4G. Economic Dependency

The Authority is primarily dependent upon HUD for the funding of operations; therefore, the Authority is affected more by the federal budget than by local economic conditions. The funding of programs could be significantly affected by the 2023 federal budget.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
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PHA'S STATEMENT OF CERTIFICATION OF ACTUAL MODERNIZATION COST
December 31, 2022

1. Actual Capital Fund Program costs are as follows:

	<u>501-21</u>
Funds approved	\$ 87,035
Funds expended	<u>87,035</u>
Excess of Funds Approved	\$ <u><u>---</u></u>
Funds advanced	\$ 87,035
Funds expended	<u>87,035</u>
Excess (deficiency) of Funds Advanced	\$ <u><u>---</u></u>

2. The costs as shown on the Actual Cost Certificate dated June 13, 2023, submitted to HUD for approval is in agreement with the Authority's records as of December 31, 2022.
3. All costs have been paid and all related liabilities have been discharged through payments.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2022

<u>Federal Grantor</u>	<u>Assistance Listings Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 81,502
Public Housing Capital Fund	14.872	137,541
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	2,161,090
Section 8 Project-Based Cluster: Section 8 New Construction & Substantial Rehabilitation	14.182	116,747
Multifamily Assisted Housing Reform and Affordability Act	14.197	* 397,040
Home Investment Partnerships Program	14.239	* 135,656
Assisted Living Conversion for Eligible Multifamily Housing Projects	14.314	* <u>7,966</u>
Total Expenditures of Federal Awards		\$ <u><u>3,037,542</u></u>

* Consists of principal loan balance at December 31, 2022.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Housing Authority of the City of Fountain (Authority) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
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FINANCIAL DATA SCHEDULE
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	Total
111 Cash - Unrestricted	\$480,154	\$330,424	\$11,133	\$429,283	\$1,250,994	\$1,250,994
113 Cash - Other Restricted	\$0	\$111,016	\$61,915	\$26,203	\$199,134	\$199,134
114 Cash - Tenant Security Deposits	\$3,825	\$43,589	\$4,579	\$0	\$51,993	\$51,993
100 Total Cash	\$483,979	\$485,029	\$77,627	\$455,486	\$1,502,121	\$1,502,121
121 Accounts Receivable - PHA Projects	\$0	\$0	\$0	\$503	\$503	\$503
125 Accounts Receivable - Miscellaneous	\$8,709	\$0	\$0	\$0	\$8,709	\$8,709
126 Accounts Receivable - Tenants	\$1,763	\$3,858	\$5,411	\$0	\$11,032	\$11,032
126.1 Allowance for Doubtful Accounts -Tenants	-\$176	-\$386	-\$1,294	\$0	-\$1,856	-\$1,856
126.2 Allowance for Doubtful Accounts - Other	-\$7,791	\$0	\$0	\$0	-\$7,791	-\$7,791
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$2,505	\$3,472	\$4,117	\$503	\$10,597	\$10,597
142 Prepaid Expenses and Other Assets	\$8,428	\$0	\$0	\$0	\$8,428	\$8,428
143 Inventories	\$8,203	\$11,719	\$3,516	\$0	\$23,438	\$23,438
143.1 Allowance for Obsolete Inventories	-\$410	-\$586	-\$176	\$0	-\$1,172	-\$1,172
150 Total Current Assets	\$502,705	\$499,634	\$85,084	\$455,989	\$1,543,412	\$1,543,412
161 Land	\$26,742	\$182,432	\$50,187	\$0	\$259,361	\$259,361
162 Buildings	\$2,195,328	\$1,041,852	\$656,629	\$0	\$3,893,809	\$3,893,809
163 Furniture, Equipment & Machinery - Dwellings	\$130,560	\$83,459	\$26,437	\$0	\$240,456	\$240,456
164 Furniture, Equipment & Machinery - Administration	\$87,625	\$76,305	\$5,005	\$14,951	\$183,886	\$183,886
165 Leasehold Improvements	\$521,669	\$84,766	\$49,848	\$0	\$656,283	\$656,283
166 Accumulated Depreciation	-\$2,354,750	-\$963,809	-\$682,128	-\$11,281	-\$4,011,968	-\$4,011,968
167 Construction in Progress	\$161,830	\$0	\$0	\$0	\$161,830	\$161,830
160 Total Capital Assets, Net of Accumulated Depreciation	\$769,004	\$505,005	\$105,978	\$3,670	\$1,383,657	\$1,383,657
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0	\$389,271	\$0	\$0	\$389,271	\$389,271
180 Total Non-Current Assets	\$769,004	\$894,276	\$105,978	\$3,670	\$1,772,928	\$1,772,928
290 Total Assets and Deferred Outflow of Resources	\$1,271,709	\$1,393,910	\$191,062	\$459,659	\$3,316,340	\$3,316,340

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	Total
312 Accounts Payable <= 90 Days	\$7,182	\$17,707	\$4,274	\$4,092	\$33,255	\$33,255
321 Accrued Wage/Payroll Taxes Payable	\$15,224	\$26,003	\$8,488	\$16,039	\$65,754	\$65,754
322 Accrued Compensated Absences - Current Portion	\$4,582	\$8,429	\$2,833	\$7,095	\$22,939	\$22,939
333 Accounts Payable - Other Government	\$800	\$0	\$0	\$0	\$800	\$800
341 Tenant Security Deposits	\$3,825	\$43,589	\$4,579	\$0	\$51,993	\$51,993
342 Unearned Revenue	\$1,207	\$5,563	\$436	\$0	\$7,206	\$7,206
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$0	\$7,966	\$17,342	\$0	\$25,308	\$25,308
345 Other Current Liabilities	\$0	\$675	\$898	\$0	\$1,573	\$1,573
346 Accrued Liabilities - Other	\$0	\$1,197	\$5,458	\$0	\$6,655	\$6,655
347 Inter Program - Due To	\$9,090	\$0	\$0	\$0	\$9,090	\$9,090
310 Total Current Liabilities	\$41,910	\$111,129	\$44,308	\$27,226	\$224,573	\$224,573
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$0	\$135,656	\$379,698	\$0	\$515,354	\$515,354
354 Accrued Compensated Absences - Non Current	\$41,243	\$75,858	\$25,494	\$63,851	\$206,446	\$206,446
350 Total Non-Current Liabilities	\$41,243	\$211,514	\$405,192	\$63,851	\$721,800	\$721,800
300 Total Liabilities	\$83,153	\$322,643	\$449,500	\$91,077	\$946,373	\$946,373
508.4 Net Investment in Capital Assets	\$769,004	\$361,383	-\$291,062	\$3,670	\$842,995	\$842,995
511.4 Restricted Net Position	\$0	\$111,016	\$61,915	\$26,203	\$199,134	\$199,134
512.4 Unrestricted Net Position	\$419,552	\$598,868	-\$29,291	\$338,709	\$1,327,838	\$1,327,838
513 Total Equity - Net Assets / Position	\$1,188,556	\$1,071,267	-\$258,438	\$368,582	\$2,369,967	\$2,369,967
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$1,271,709	\$1,393,910	\$191,062	\$459,659	\$3,316,340	\$3,316,340

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	Total
70300 Net Tenant Rental Revenue	\$145,791	\$428,712	\$42,928	\$0	\$617,431	\$617,431
70400 Tenant Revenue - Other	\$201	\$9,933	\$9,974	\$0	\$20,108	\$20,108
70500 Total Tenant Revenue	\$145,992	\$438,645	\$52,902	\$0	\$637,539	\$637,539
70600 HUD PHA Operating Grants	\$81,502	\$0	\$116,747	\$2,161,090	\$2,359,339	\$2,359,339
70610 Capital Grants	\$137,541	\$0	\$0	\$0	\$137,541	\$137,541
71100 Investment Income - Unrestricted	\$5,140	\$4,463	\$58	\$2,525	\$12,186	\$12,186
71400 Fraud Recovery	\$0	\$0	\$0	\$830	\$830	\$830
71500 Other Revenue	\$6,404	\$817	\$14,330	\$0	\$21,551	\$21,551
72000 Investment Income - Restricted	\$0	\$79	\$67	\$0	\$146	\$146
70000 Total Revenue	\$376,579	\$444,004	\$184,104	\$2,164,445	\$3,169,132	\$3,169,132
91100 Administrative Salaries	\$52,189	\$77,701	\$34,833	\$101,480	\$266,203	\$266,203
91200 Auditing Fees	\$5,000	\$3,000	\$1,060	\$3,000	\$12,060	\$12,060
91400 Advertising and Marketing	\$96	\$0	\$0	\$66	\$162	\$162
91500 Employee Benefit contributions - Administrative	\$14,092	\$37,987	\$19,869	\$27,394	\$99,342	\$99,342
91600 Office Expenses	\$7,330	\$4,410	\$1,036	\$5,318	\$18,094	\$18,094
91700 Legal Expense	\$0	\$137	\$0	\$0	\$137	\$137
91800 Travel	\$0	\$0	\$291	\$0	\$291	\$291
91900 Other	\$6,435	\$19,338	\$4,084	\$12,841	\$42,698	\$42,698
91000 Total Operating - Administrative	\$85,142	\$142,573	\$61,173	\$150,099	\$438,987	\$438,987
92400 Tenant Services - Other	\$626	\$0	\$0	\$0	\$626	\$626
92500 Total Tenant Services	\$626	\$0	\$0	\$0	\$626	\$626
93100 Water	\$14,080	\$15,700	\$17,758	\$0	\$47,538	\$47,538
93200 Electricity	\$21,278	\$1,203	\$13,236	\$0	\$35,717	\$35,717
93300 Gas	\$12,148	\$1,445	\$7,816	\$0	\$21,409	\$21,409
93600 Sewer	\$6,181	\$1,389	\$5,860	\$0	\$13,430	\$13,430
93000 Total Utilities	\$53,687	\$19,737	\$44,670	\$0	\$118,094	\$118,094

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	Total
94100 Ordinary Maintenance and Operations - Labor	\$35,004	\$49,074	\$15,757	\$0	\$99,835	\$99,835
94200 Ordinary Maintenance and Operations - Materials and Other	\$9,502	\$18,811	\$2,582	\$350	\$31,245	\$31,245
94300 Ordinary Maintenance and Operations Contracts	\$22,930	\$74,189	\$53,110	\$0	\$150,229	\$150,229
94500 Employee Benefit Contributions - Ordinary Maintenance	\$24,424	\$24,287	\$0	\$0	\$48,711	\$48,711
94000 Total Maintenance	\$91,860	\$166,361	\$71,449	\$350	\$330,020	\$330,020
95200 Protective Services - Other Contract Costs	\$325	\$0	\$0	\$0	\$325	\$325
95000 Total Protective Services	\$325	\$0	\$0	\$0	\$325	\$325
96110 Property Insurance	\$16,414	\$2,034	\$653	\$216	\$19,317	\$19,317
96120 Liability Insurance	\$79	\$133	\$46	\$154	\$412	\$412
96140 All Other Insurance	\$1,047	\$0	\$0	\$1,004	\$2,051	\$2,051
96100 Total insurance Premiums	\$17,540	\$2,167	\$699	\$1,374	\$21,780	\$21,780
96200 Other General Expenses	\$0	\$3,494	\$0	\$963	\$4,457	\$4,457
96210 Compensated Absences	\$0	\$23,117	\$0	\$0	\$23,117	\$23,117
96300 Payments in Lieu of Taxes	\$400	\$0	\$0	\$0	\$400	\$400
96400 Bad debt - Tenant Rents	\$1,908	\$19,588	\$12,155	\$0	\$33,651	\$33,651
96000 Total Other General Expenses	\$2,308	\$46,199	\$12,155	\$963	\$61,625	\$61,625
96710 Interest of Mortgage (or Bonds) Payable	\$0	\$3,273	\$29,705	\$0	\$32,978	\$32,978
96700 Total Interest Expense and Amortization Cost	\$0	\$3,273	\$29,705	\$0	\$32,978	\$32,978
96900 Total Operating Expenses	\$251,488	\$380,310	\$219,851	\$152,786	\$1,004,435	\$1,004,435
97000 Excess of Operating Revenue over Operating Expenses	\$125,091	\$63,694	-\$35,747	\$2,011,659	\$2,164,697	\$2,164,697
97100 Extraordinary Maintenance	\$1,811	\$0	\$0	\$0	\$1,811	\$1,811
97300 Housing Assistance Payments	\$0	\$0	\$0	\$2,009,961	\$2,009,961	\$2,009,961
97400 Depreciation Expense	\$35,041	\$36,789	\$15,956	\$2,677	\$90,463	\$90,463
90000 Total Expenses	\$288,340	\$417,099	\$235,807	\$2,165,424	\$3,106,670	\$3,106,670

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

FINANCIAL DATA SCHEDULE - (Continued)
Year Ended December 31, 2022

	Project Total	2 State/Local	14.182 N/C S/R Section 8 Programs	14.871 Housing Choice Vouchers	Subtotal	Total
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	\$88,239	\$26,905	-\$51,703	-\$979	\$62,462	\$62,462
11020 Required Annual Debt Principal Payments	\$0	\$85,235	\$16,436	\$0	\$101,671	\$101,671
11030 Beginning Equity	\$1,100,317	\$1,044,362	-\$206,735	\$369,561	\$2,307,505	\$2,307,505
11170 Administrative Fee Equity	\$0			\$342,379	\$342,379	\$342,379
11180 Housing Assistance Payments Equity				\$26,203	\$26,203	\$26,203
11190 Unit Months Available	480	768	168	2036	3452	3452
11210 Number of Unit Months Leased	467	737	152	2010	3366	3366
11270 Excess Cash	\$423,617				\$423,617	\$423,617
11620 Building Purchases	\$137,541				\$137,541	\$137,541
11630 Furniture & Equipment - Dwelling Purchases	\$1,519				\$1,519	\$1,519



Audit Solutions, LLC.

Certified Public Accountant

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Housing Authority of the City of Fountain (Authority), Colorado, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued my report thereon dated June 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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

June 26, 2023



Audit Solutions, LLC.

Certified Public Accountant

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Audit Solutions, LLC

Chesterfield, Missouri

June 26, 2023



Audit Solutions, LLC.

Certified Public Accountant

INDEPENDENT AUDITORS REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

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

I was engaged to perform an audit in accordance with the audit requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), by the Authority as of and for the year ended December 31, 2022, and have issued my report thereon dated June 26, 2023. 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 June 26, 2023, 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
June 26, 2023

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

AGREED UPON PROCEDURES
December 31, 2022

Procedure	UFRS Rule Information	Hard Copy Document(s)	Agrees
1	Balance Sheet and Revenue and Expense (data line items 111 to 1121)	Financial Data Schedule, all CFDA's	√
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	√
3	Type of opinion to FDS (data element G5100-010)	Auditor's supplemental report on FDS	√
4	Audit findings narratives (data element G5200-010)	Schedule of Findings and Questioned costs	√
5	General Information (data element series G2000, G2100, G2200, G2300, G90000, G9100)	OMB Data Collection Form	√
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	√
8	Type of compliance requirement (G4000-020 & G4000-030)	OMB Data Collection Form	√
9	Basic financial statements and auditors' reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	√

HOUSING AUTHORITY OF THE CITY OF FOUNTAIN
Fountain, Colorado

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
➤ Material weakness(es) identified?	No
➤ Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
<u>Identification of Major programs:</u>	
➤ ALN #14.197 Multifamily Assisted Housing Reform and Affordability Act	
➤ ALN #14.871 Section 8 Housing Choice Vouchers	
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

The current audit report for the year ended December 31, 2022 disclosed no Financial Statement audit finding.

Section III - Federal Award Findings and Questioned Costs

The current audit report for the period ended December 31, 2022 disclosed no Federal Awards audit finding and questioned costs.