

LAS ANIMAS / BENT COUNTY HOUSING AUTHORITY

Financial Statements

With Independent Auditor's Report

December 31, 2022

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Las Animas / Bent County Housing Authority
Las Animas / Bent County, Colorado

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Las Animas Housing Authority 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Las Animas Housing 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 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 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, including omissions, 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.

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In performing an audit in accordance with generally accepted auditing standards 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 of 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 Las Animas Housing 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Las Animas Housing Authority'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, as listed in the table of contents, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2023 on our consideration of the Las Animas Housing Authority'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 Las Animas Housing 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 Las Animas Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gnum + Associates LLC". The signature is written in black ink and is positioned above the typed address and date.

Fort Collins, Colorado
September 28, 2023

Management Discussion and Analysis

Management Discussion and Analysis

As management of the Las Animas / Bent County Housing Authority (Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2022.

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statement. The Authority's financial statements comprise two components: 1) financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Financial Statements The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of 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 position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows.

Fund Financial Statements A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority one proprietary enterprise fund that consists of three housing and grant programs which are described in Note 1 to Financial Statements.

Notes to the Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement can be found on pages 9 to 16 of this report.

Financial Analysis

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. The Liabilities of the Authority exceeded its assets at the close of the most recent fiscal year by \$93,795.

The largest portion of the Authority's net position is restricted for future uses such as renovation of current assets and funding of housing assistance payments.

Condensed Statement of Net Position

	2022	2021	2020	Increase (Decrease)
ASSETS				
Cash and equivalents	\$ 110,143	\$ 115,494	\$ 134,638	\$ (5,351)
Other current assets	21,955	6,626	6,626	15,329
Capital assets	291,730	322,231	341,985	(30,501)
Total Assets	<u>423,828</u>	<u>444,351</u>	<u>483,249</u>	<u>(20,523)</u>
LIABILITIES				
Current liabilities	136,022	124,928	124,441	11,094
Long term liabilities	381,601	440,068	494,664	(58,467)
Total liabilities	<u>517,623</u>	<u>564,996</u>	<u>619,105</u>	<u>(47,373)</u>
NET POSITION				
Net investment in capital assets	(124,626)	(142,111)	(166,585)	17,485
Restricted	119,046	111,884	104,197	7,162
Unrestricted	(88,215)	(90,418)	(73,468)	2,203
Total Net Position	<u>\$ (93,795)</u>	<u>\$ (120,645)</u>	<u>\$ (135,856)</u>	<u>\$ 26,850</u>

Current and other assets are increased due to an increase in prepaid expenses. This is primarily a result of timing of payments throughout the year.

Long term liabilities are decreased due to the repayment of long-term debt.

Condensed Statement of Activities

	2022	2021	2020	Increase (Decrease)	% Change
Revenue:					
Operating Revenue	\$ 308,093	\$ 273,082	\$ 280,692	\$ 35,011	12%
Non Operating Revenue	635,908	631,442	654,224	4,466	1%
Interest Income	147	102	285	45	16%
Total Revenue	<u>944,148</u>	<u>904,626</u>	<u>935,201</u>	<u>39,522</u>	<u>4%</u>
Expenses:					
Operating Expenses	274,183	253,841	306,022	20,342	7%
Housing Assistance Payments	629,308	620,574	621,977	8,734	1%
Interest Expense	13,807	15,000	19,900	(1,193)	-6%
Total Expenses	<u>917,298</u>	<u>889,415</u>	<u>947,899</u>	<u>27,883</u>	<u>3%</u>
Change in Net Position	26,850	15,211	(12,698)	11,639	
NetPosition-Beginning	(120,645)	(135,856)	(123,158)	15,211	
Net Position-Ending	<u>\$ (93,795)</u>	<u>\$ (120,645)</u>	<u>\$ (135,856)</u>	<u>\$ 26,850</u>	<u>-20%</u>

Operating revenue increased by 12% due to a decrease in vacancy rates. Operating expenses increased by 7% from the prior year due to an increase in maintenance of buildings and management costs which were offset by a reduction in depreciation expense. The Authority had an increase in net position of \$26,850.

Condensed Statement of Cash Flows

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Cash from (for) Operating Activities	\$ 58,136	\$ 76,989	\$ 61,904	\$ (18,853)
Cash from Non Capital Financing Activities	6,600	10,868	32,247	(4,268)
Cash from (for) Capital and Related Financing Activities	(70,234)	(107,103)	(94,147)	36,869
Cash from (for) Investing Activities	147	102	285	45
Increase (Decrease)	<u>(5,351)</u>	<u>(19,144)</u>	<u>289</u>	<u>13,793</u>
Cash and Cash Equivalents, Beginning of Year	<u>115,494</u>	<u>134,638</u>	<u>134,349</u>	<u>(19,144)</u>
Cash and Cash Equivalents, End of Year	<u>\$ 110,143</u>	<u>\$ 115,494</u>	<u>\$ 134,638</u>	<u>\$ (5,351)</u>

Capital Asset and Debt Administration

Capital Assets. The Authority's net capital assets as of December 31, 2022, amounts to \$291,730 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment. The Authority's capital expenditure during fiscal year 2022 were \$0. The authority disposed of a fully depreciated vehicle during the year. Additional information on capital assets can be found in note 5 to the accompanying financial statements.

Long Term Debt

At the end of the year, the Authority had outstanding long-term debt of \$439,869. The only changes in long term debt were the scheduled payments of principal and the addition of the payable to HUD from the restatement of equity. Additional information on the Authority's Long-Term Debt can be found in note 5.

Economic Factors and Next Year's Revenue

The Authority does not receive any revenue by taxes. The Authority is not expected to receive another capital contribution in 2023. It is anticipated that vacancy rates will decrease which will increase rental revenues. The remaining revenues are expected to remain similar as the prior year.

Request for Information

This financial report is designed to provide an overview of the Las Animas/Bent County Housing Authority's finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Authority's Executive Director, 326 Prowers Ct, PO Box 247, Las Animas, CO 81054.

Basic Financial Statements

Las Animas / Bent County Housing Authority
Statement of Net Position
December 31, 2022

ASSETS

Current Assets

Cash and cash equivalents - unrestricted	\$	17,807
Cash security deposits		11,276
Accounts receivable, net		1,564
Escrow accounts		13,514
Prepaid expenses		6,877
Cash - restricted		81,060

		132,098
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Capital assets

Land		82,007
Buildings		1,755,423
Machinery and equipment		65,006
Less: accumulated depreciation		(1,610,706)
Net Capital Assets		291,730

Total Assets		423,828
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LIABILITIES

Current Liabilities

Accounts payable		62,805
Prepaid rent		688
Accrued interest		84
Tenant security deposits		11,276
Accrued payroll taxes		2,901
Long term debt - current portion		58,268
Total Current Liabilities		136,022

Long Term Liabilities

Long term debt		381,601
Total Long Term Liabilities		381,601
Total Liabilities		517,623

Net Position

Net investment in capital assets		(124,626)
Restricted for HAP		72,000
Restricted - other		47,046
Unrestricted		(88,215)
Total Net Position	\$	(93,795)

Las Animas / Bent County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2022

Operating Revenues	
Dwelling Rental - Net	\$ 76,959
Rental subsidy	132,065
Administrative fee	98,306
Miscellaneous revenue	763
Total Operating Revenues	308,093
 Operating Expenses	
General and Administrative	120,389
Utilities	33,563
Maintenance and Operation	89,730
Depreciation and Amortization	30,501
Total Operating Expenses	274,183
Operating Income (Loss)	33,910
 Non-Operating Revenues (Expenses)	
HUD Contributions and Grants	635,908
Housing Assistance Payments	(629,308)
Interest Expense	(13,807)
Interest Income	147
Total Non-Operating Revenues (Expenses)	(7,060)
Change in Net Position	26,850
Net Position, Beginning of Year	(120,645)
Net Position, End of Year	\$ (93,795)

Las Animas / Bent County Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows From Operating Activities:	
Cash Received from Tenants and Subsidies	\$ 306,845
Cash Payments to Tenants and Suppliers	(248,709)
Net Cash Provided For Operating Activities	<u>58,136</u>
Cash Flows From Noncapital Financing Activities:	
HUD Contributions and Grants	635,908
Housing Assistance Payments	(629,308)
Net Cash Provided by Non-Capital Financing Activities	<u>6,600</u>
Cash Flows From Capital and Related Financing Activities:	
Repayment of Notes and Mortgage	(56,386)
Interest on Notes and Mortgage	(13,848)
Net Cash (Used) by Capital and Related Financing Activities	<u>(70,234)</u>
Cash Flows from Investing Activities:	
Interest Income	147
Net Cash Provided by Investing Activities	<u>147</u>
Net increase in Cash and Cash Equivalents	(5,351)
Cash and Cash Equivalents, Beginning	<u>115,494</u>
Cash and Cash Equivalents, Ending	<u>\$ 110,143</u>
Detail of cash and cash equivalents:	
Cash - Unrestricted	17,807
Cash - Security Deposits	11,276
Cash-Restricted	81,060
Total	<u>\$ 110,143</u>
Reconciliation of Operating Income to Net	
Cash Used for Operating Activities:	
Operating (Loss)	33,910
Adjustments to Reconcile Operating Loss to	
Net Cash Used for Operating Activities:	
Depreciation and Amortization	30,501
Changes in Assets and Liabilities:	
Accounts Receivable	96
Prepaid Expenses and Escrow	(15,425)
Accounts Payable	10,398
Prepaid rent	688
Security Deposits	(2,032)
Net Cash Provided for Operating Activities	<u>58,136</u>

Las Animas / Bent County Housing Authority
Notes to the Financial Statements
December 31, 2022

Note 1 Summary of Significant Accounting Policies

The Las Animas / Bent County Housing Authority (the Authority) was established in 1976 by the City of Las Animas, Colorado and Bent County, Colorado. The Authority is operated by a Board of Commissioners.

The accounting policies of the Authority conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Authority follows all pronouncements issued by GASB. The more significant of the Authority's policies are described below. The Authority does not have any employees and all operations are contracted.

Financial Reporting Entity

The Authority follows the Governmental Accounting Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39 which provides guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of governmental organizations elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Based upon the application of these criteria, no entities will be included in the Authority's reporting entity. The Las Animas / Bent County Housing Authority is not a component unit of any other entities.

Basis of Accounting

Enterprise fund accounting is utilized by the Authority in accordance with accounting principles generally accepted in the United States of America. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets. Retirement of bonds is recorded as a reduction of liabilities.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, cost incurred and/or net income is necessary for management accountability. All assets, deferred inflows, liabilities, deferred outflows associated with the operation of the Authority are included in the statement of net position. The principal operating revenues of the Authority are rental revenues received from tenants and rental subsidies received from government agencies.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprises fund is charges for providing low-income housing. Operating expenses for the enterprise fund include the cost of providing low-income housing, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022

Note 1 Summary of Significant Accounting Policies (Continued)

Basis of Accounting (continued)

The Authority follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* as amended by Statement No. 61 *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* and Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. These statements establish standards for external financial reporting for all state and local governmental entities which includes a management’s discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components: net investment in capital assets; restricted; and unrestricted.

The Authority presents its activities as a single enterprise proprietary fund and its primary operations are comprised of a number of grant programs as follows:

State and Local Program accounts for the financial activities associated with 12 houses situated in the City of Las Animas, which were constructed with the bond proceeds.

Rural Development Program accounts for the financial activities associated with 10 Farm Labor Housing Units.

Housing Choice Vouchers Program accounts for the financial activities associated with Section 8 Housing Choice Vouchers.

Deferred Outflows / Inflows of Resources

The Authority implemented the provisions of GASB No. 65 *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result, in addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Assets, Liabilities and Net Position

Investments - Investments are recorded at fair value, which approximates cost.

Receivables - All receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital assets - These consist of all property, plant and equipment. The Authority defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or estimated historical cost if donated.

Depreciation of all exhaustible capital assets is charged as expense against operations. Accumulated depreciation is reported on the balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	10 - 20 years
Equipment	1 - 20 years

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

Restricted Assets - Certain resources are set restricted for future uses and are classified as restricted cash and cash equivalents on the balance sheet in the amount of \$81,060 because they are restricted by loan covenants or grant requirements. Of this amount \$47,046 is restricted for capital projects in the farm labor program. The Authority receives payments in advance that are designated for housing assistance by the Department of Housing and Urban Development. These amounts are shown as restricted cash on the Statement of Net Position in the amount of \$34,014. At December 31, 2022 the Authority did not have enough cash to cover the restricted fund balance related to the housing choice vouchers.

Short-Term Inter-program Receivables/Payables and Transfers - During the course of operations, transactions may occur between individual programs for the goods provided or services rendered. These receivables and payables are classified as due from other programs or due to other programs on the balance sheet and have been eliminated in the government wide statement of net position. The outstanding balances between programs result mainly from the time lag between the dates that (1) transactions are recorded in the accounting system, and (2) payments between programs are made. The composition of inter program balances is as follows:

Due To:	Due From:			
Program	Farm Labor	HUD	State & Local	Total
Farm labor	\$ -	\$ (8,975)	\$ (85,432)	\$ (94,407)
HUD	8,975	-	2,239	11,214
State & Local	85,432	(2,239)	-	83,193
Total	<u>\$ 94,407</u>	<u>\$ (11,214)</u>	<u>\$ (83,193)</u>	<u>\$ -</u>

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

- a. 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 borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” These net positions are available for future operations or distributions. The Authority utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes. As of December 31, 2022 the Authority had a deficit in unrestricted net position.

As of December 31, 2022 the Authority reported a deficit net position of \$(93,795).

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as investments (including restricted assets) with maturity of three months or less at date of acquisition. The Authority considers certificates of deposit with maturities of more than three months at date of purchase as investments.

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022**

Note 1 Summary of Significant Accounting Policies (Continued)

Estimates

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

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end. The Authority adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Authority Board must approve revisions that alter total expenditures by fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Authority Board or revised by the Authority Board.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2022, the Authority's cash deposits had a carrying balance of \$110,143 and a corresponding bank balance of \$122,807 all of which was insured by the Federal Deposit Insurance Corporation, respectively.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2022, none of the Authority's bank deposits were exposed to custodial credit risk.

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022

Note 2 Cash and Investments (Continued)

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

The Authority does not have a formal investment policy.

Note 3 Accounts Receivable

Accounts receivable balance at December 31, 2022, was comprised of the following:

Program	Subsidy and Other Receivable	Tenants Receivable	Allowance for Bad Debt	Receivable Net of Allowance
State & Local	\$ -	\$ -	\$ -	\$ -
HCV	-	-	-	-
Rural Development	-	1,564	-	1,564
Total	\$ -	\$ 1,564	\$ -	\$ 1,564

Note 4 Fixed Assets

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

	Balance at 12/31/2021	Additions	Deletions	Balance at 12/31/2022
Nondepreciable				
Land	\$ 82,007	\$ -	\$ -	\$ 82,007
Total Nondepreciable	82,007	-	-	82,007
Depreciable				
Buildings and improvements	1,755,423	-	-	1,755,423
Machinery and equipment	69,812	-	(4,806)	65,006
Total Depreciable	1,785,760	-	(4,806)	1,820,429
TOTAL	1,867,767	-	(4,806)	1,902,436
Less Accumulated Depreciation	(1,585,011)	(30,501)	4,806	(1,610,706)
Total Accumulated Depreciation	(1,525,782)	(30,501)	4,806	(1,610,706)
Net Capital Assets	\$ 341,985	\$ (30,501)	\$ -	\$ 291,730

Depreciation expense charged to business activities for the year ended December 31, 2022 was \$30,501.

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022**

Note 5 Notes Payable

On September 5, 2014 the Authority entered into a promissory note with First National bank of Las Animas totaling \$300,000. The note carries a rate of 5.75% interest requiring the repayment of interest only for the first 12 months and is fully amortized thereafter with a maturity date of September 1, 2028. Out of the note proceeds the Authority paid off the 2009 Series Bonds totaling \$270,288 and used the balance of funds to pay off the sidewalk loan and improvements to the building. The loan is utilized by the State and Local program. The requirements to amortize the bonds outstanding as of December 31, 2022 are as follows:

Year	Principal	Interest	Total
2023	\$ 23,070	\$ 8,177	\$ 31,247
2024	24,432	6,815	31,247
2025	25,874	5,373	31,247
2026	27,402	3,845	31,247
2027	29,019	2,228	31,247
2028	19,886	552	20,438
Total	<u>\$ 149,683</u>	<u>\$ 26,990</u>	<u>\$ 176,673</u>

On October 25, 1995, the authority obtained a First Mortgage Construction Loan (“loan”) from Colorado Housing and Finance Authority (CHFA) in the amount of \$159,000 bearing 8% interest rate. The loan proceeds were used to construct the 10 Farm labor units in the Bent County. On March 28, 1997, the loan was converted to a permanent 30-year first mortgage payable monthly with principal and interest beginning May 1, 1997. The rate of interest on loan was 7.5%. The loan is secured by 10 Farm Labor units.

Effective January 1, 2002 CHFA agreed to reduce the interest rate to 6.5 percent. On January 1, 2013 CHFA issued a 6-month forbearance and capitalized the interest from that time period. Regular payments resumed on July 1, 2013 with a maturity date of April 1, 2027. As of December 31, 2022, future payments were as follows:

Year	Principal	Interest	Total
2023	\$ 10,006	\$ 2,855	\$ 12,861
2024	10,676	2,185	12,861
2025	11,391	1,470	12,861
2026	12,154	707	12,861
2027	4,229	57	4,287
Total	<u>\$ 48,456</u>	<u>\$ 7,274</u>	<u>\$ 55,731</u>

On October 25, 1995, the Authority obtained a second mortgage loan from United States Department of Agriculture, Farmers Home Administration, in the amount of \$420,200. The loan is secured by second mortgage lien on 10 farm labor housing units and the revenues derived from rents from the property. On September 1, 2022 the Authority entered into a reamortization agreement on the loan which extended its payments until October 1, 2028. The loan has an interest rate of 1% and payments of \$1,477 due monthly. As of December 31, 2022, future payments were as follows:

**Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022**

Note 5 Long-term Debt (Continued)

Year	Principal	Interest	Total
2023	16,792	932	17,724
2024	16,961	763	17,724
2025	17,131	593	17,724
2026	17,303	421	17,724
2027	17,477	242	17,719
2028	14,700	67	14,767
Total	<u>\$ 100,364</u>	<u>\$ 3,018</u>	<u>\$ 103,382</u>

During 2014 HUD conducted an audit of the Authority's Housing Choice Vouchers program. As a result of this review HUD has determined that funding from prior years designated for housing assistance payments were used for unallowable purposes. On May 28, 2014 the Authority executed a formal repayment agreement with HUD. The Authority is required to repay \$700 per month to the housing choice voucher program until the balance is repaid in full, with payments beginning on July 1, 2014 and the term not to exceed a 15-year period at 0% interest.

Year	Principal	Interest	Total
2023	\$ 8,400	\$ -	\$ 8,400
2024	8,400	-	8,400
2025	6,713	-	6,713
Total	<u>\$ 23,513</u>	<u>\$ -</u>	<u>\$ 23,513</u>

The Authority entered into a note agreement in 2014 in the amount of \$117,853 with Tri County Housing. The proceeds of the note were used to fund operations and repairs and maintenance to the facilities. The note carries an interest rate of 0% and is payable as cash flow becomes available, therefore a schedule of annual payments is not available.

Changes in long term debt for the year ending December 31, 2022 were as follows:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2021	Amounts Due Within One Year
CHFA	\$ 57,835	\$ -	\$ 9,379	\$ 48,456	\$ 10,006
USDA	116,989	-	16,625	100,364	16,792
First National Bank	171,665	-	21,982	149,683	23,070
HUD	31,913	-	8,400	23,513	8,400
Tri County Housing	117,853	-	-	117,853	-
Total Long-term Debt	<u>\$ 496,255</u>	<u>\$ -</u>	<u>\$ 56,386</u>	<u>\$ 439,869</u>	<u>\$ 58,268</u>

Las Animas / Bent County Housing Authority
Notes to the Financial Statements (Continued)
December 31, 2022

Note 6 Tax, Spending, and Debt Limitation

In November 1992, Colorado voters passed the Tabor Amendment (Amendment 1) to the State Constitution which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded, unless the local electorate votes to retain the revenue. The Tabor Amendment is subject to many interpretations; however, the Authority believes it is exempt because it receives no taxes and is funded primarily by federal grants and contributions.

Note 7 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 disaster. These risks are covered by commercial insurance purchased from independent insurance companies. Settled claims for these risks have not exceeded commercial insurance coverage's in the past three years.

Note 8 Claims and Judgments and Subsequent Events

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government.

Other Supplemental Information

Las Animas / Bent County Housing Authority
Combining Schedule of Program Net Position
December 31, 2022

	State & Local	Housing Choice Vouchers	Rural Development	Total
ASSETS				
Current Assets				
Cash and cash equivalents - unrestricted	\$ 12,710	\$ -	\$ 5,097	\$ 17,807
Cash security deposits	3,956	-	7,320	11,276
Accounts receivable, net	-	-	1,564	1,564
Prepaid expenses	-	6,877	-	6,877
Escrow accounts	-	-	13,514	13,514
Due from other programs	85,432	11,214	-	96,646
Cash - restricted	-	34,014	47,046	81,060
Total Current Assets	<u>102,098</u>	<u>52,105</u>	<u>74,541</u>	<u>228,744</u>
Capital assets				
Land	79,007	3,000	-	82,007
Buildings	1,094,359	22,000	639,064	1,755,423
Machinery and equipment	26,674	31,798	6,534	65,006
Less: accumulated depreciation	(971,937)	(29,871)	(608,898)	(1,610,706)
Net Capital Assets	<u>228,103</u>	<u>26,927</u>	<u>36,700</u>	<u>291,730</u>
Total Assets	<u>330,201</u>	<u>79,032</u>	<u>111,241</u>	<u>520,474</u>
LIABILITIES				
Current Liabilities				
Accounts payable	11,235	23,137	28,433	62,805
Prepaid rent	688	-	-	688
Accrued interest	-	-	84	84
Tenant security deposits	3,956	-	7,320	11,276
Accrued payroll taxes	2,901	-	-	2,901
Due to other programs	2,239	-	94,407	96,646
Long term debt - current portion	23,070	8,400	26,798	58,268
Total Current Liabilities	<u>44,089</u>	<u>31,537</u>	<u>157,042</u>	<u>232,668</u>
Long Term Liabilities				
Long term debt	244,466	15,113	122,022	381,601
Total Long Term Liabilities	<u>244,466</u>	<u>15,113</u>	<u>122,022</u>	<u>381,601</u>
Total Liabilities	<u>288,555</u>	<u>46,650</u>	<u>279,064</u>	<u>614,269</u>
Net Position				
Net investment in capital assets	(39,433)	26,927	(112,120)	(124,626)
Restricted for HAP	-	72,000	-	72,000
Restricted - other	-	-	47,046	47,046
Unrestricted	81,079	(66,545)	(102,749)	(88,215)
Total Net Position	<u>\$ 41,646</u>	<u>\$ 32,382</u>	<u>\$ (167,823)</u>	<u>\$ (93,795)</u>

Las Animas / Bent County Housing Authority
Combining Schedule of Program Revenues, Expenses and Changes in Net Position
December 31, 2022

	State & Local	Housing Choice Vouchers	Rural Development	Total
Operating Revenues				
Dwelling Rental - Net	\$ 59,693	\$ -	\$ 17,266	\$ 76,959
Rental Subsidy	49,947	-	82,118	132,065
Administrative Fee	-	98,306	-	98,306
Miscellaneous Revenue	563	200	-	763
Total Operating Revenues	<u>110,203</u>	<u>98,506</u>	<u>99,384</u>	<u>308,093</u>
Operating Expenses				
General and Administrative	24,217	78,026	18,146	120,389
Utilities	18,513	1,515	13,535	33,563
Maintenance and Operation	51,471	5,092	33,167	89,730
Depreciation and Amortization	21,299	4,197	5,005	30,501
Total Operating Expenses	<u>115,500</u>	<u>88,830</u>	<u>69,853</u>	<u>274,183</u>
Operating Income (Loss)	(5,297)	9,676	29,531	33,910
Non-Operating Revenues (Expenses)				
HUD Contributions and Grants	-	635,908	-	635,908
Housing Assistance Payments	-	(629,308)	-	(629,308)
Interest Expense	(9,271)	-	(4,536)	(13,807)
Interest Income	44	6	97	147
Total Non-Operating Revenues (Expenses)	<u>(9,227)</u>	<u>6,606</u>	<u>(4,439)</u>	<u>(7,060)</u>
Change in Net Position	(14,524)	16,282	25,092	26,850
Net Position, Beginning of Year	<u>56,170</u>	<u>16,100</u>	<u>(192,915)</u>	<u>(120,645)</u>
Net Position, End of Year	<u>\$ 41,646</u>	<u>\$ 32,382</u>	<u>\$ (167,823)</u>	<u>\$ (93,795)</u>

SINGLE AUDIT SECTION

Green & Associates LLC

Certified Public Accountants & Business Consultants

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

To the Board of Commissioners
Las Animas Housing Authority

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 Las Animas Housing Authority, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Las Animas Housing Authority's basic financial statements, and have issued our report thereon dated September 28, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Las Animas Housing 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Las Animas Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Las Animas Housing 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we 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 Las Animas Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. This report is intended solely for the information and use of management, the Board of Commissioners, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "G. & Associates LLP". The signature is written in black ink and is positioned above the typed name and date.

Fort Collins, Colorado
September 28, 2023

Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE UNIFORM GUIDANCE

To the Board of Commissioners
Las Animas Housing Authority

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Las Animas Housing Authority'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 Las Animas Housing Authority's major federal programs for the year ended December 31, 2022. Las Animas Housing 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 our opinion, Las Animas Housing Authority complied, in all material respects, with the 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 Las Animas Housing Authority 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 Las Animas Housing 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 Las Animas Housing Authority'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 Las Animas Housing Authority'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 Las Animas Housing 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, 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 Las Animas Housing Authority'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 Las Animas Housing 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 Las Animas Housing Authority'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004 and 2022-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Las Animas Housing Authority's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Las Animas Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004 and 2022-005 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Las Animas Housing Authority's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Las Animas Housing Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Fort Collins, Colorado
September 28, 2023

**Las Animas / Bent County Housing Authority
Schedule of Expenditures of Federal Awards
Year Ended Dcember 31, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Federal Award Expenditures
U.S. Department of Housing and Urban Development (HUD)		
Housing Choice Vouchers (Housing Voucher Cluster)	14.871	\$ 727,318
Total Housing Voucher Cluster and HUD		<u>727,318</u>
U.S. Department of Agriculture		
Rural Development-Rental Assistance	10.427	82,118
Rural Development Loan	10.415	116,988
Total U.S. Department of Agriculture		<u>199,106</u>
Total Federal Awards Expended		<u><u>\$ 926,424</u></u>

There were no federal awards passed through to sub recipients in the current year.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Las Animas / Bent County Housing Authority. All federal financial assistance received by the reporting entity directly from federal agencies, as well as federal financial assistance passed through other government agencies, is included on the schedule.

Basis of presentation

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Federal financial assistance provided to sub recipients is treated as an expenditure when it is paid to the sub recipient.

Las Animas / Bent County Housing Authority uses the de minimis indirect cost rate of 10%.

Loan Guarantees

The Authority had one loan that was guaranteed by the U.S. Department of Agriculture. The ending balance of each of the loan at December 31, 2022 was \$100,363.

Las Animas / Bent County Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2022

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

Noncompliance material to financial

- statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material Weakness identified? Yes No
- Significant deficiency identified that are not considered to be material weakness? Yes None reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

Housing Choice Vouchers 14.871

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Audited qualified as low-risk audited? Yes No

Las Animas / Bent County Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2022

Current Year Findings:

2022-001 Annual Housing Quality Standards Inspections

Criteria: The PHA must inspect the unit leased to a family at least bi-annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b))

Condition: The control deficiency exists due to three instances out of thirteen samples in which a unit failed the initial inspection and the re-inspection was either not performed or not properly documented.

Cause: Due to the turnover of personnel there were not enough personnel allotted to ensure compliance with HQS inspections

Effect: The Authority is not in compliance with 24 CFR sections 982.158(d) and 982.405(b), which required it to at least annually inspect units to ensure they meet HQS.

Recommendation: We recommend that the Authority review its policy to inspect units annually and to ensure that there is staff available to perform these inspections and to follow up on any deficiencies.

Views of responsible officials and corrective action plans: the one staff position turned over in 2021 and 2022 and the organization experienced recruitment difficulties in the small rural community. The Management Agent implemented a short-term solution by utilizing upper management to perform essential functions of the position until it was filled in early 2023 by permanent staff. In that short-term interim, HQS were performed if tenant had an issue that needed addressed, or a request was presented to LA/BC HA. It was also determined that PIC was not being updated in early 2022 due to staff performance and INSPIRE technology issues. Bi-annual inspections continued until permanent staff were hired. As of February 2023, the LA/BC HA has performed all HQS inspections to move to the triennial inspection allowable for small rural Housing Authorities. We believe this Finding has been resolved.

2022-002 Income Review and Minimum Tenant Contribution

Criteria: 24 CFR section 982.516 require that the Authority reexamine family income and composition annually, or upon the change of household income, verify the family income, and adjust the tenant rent and housing assistance payments as needed.

Condition: The control deficiency exists due to two instances out of thirteen samples in which the Authority failed to properly document an instance of zero income, or did not properly calculate the tenant portion of the rent.

Cause: The cause of the deficiency was related to the improper input of information into the system and the failure to obtain proper documentation of income related items in accordance with the Authority's policies.

Effect: The Authority is not in compliance with 24 CFR sections 982.516 which requires it to obtain and document in the file reported family annual income and to determine the tenant's portion of the rent.

Recommendation: We recommend that the Authority communicate the income verification policy with all employees and to ensure the employees have training sufficient to comply with these policies.

Las Animas / Bent County Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2022

Views of responsible officials and corrective action plans: With the new staff member hired in 2023 and controls inherent in the newly implemented software, review and recalculation can be conducted more readily by Management. The new staff member has been provided much more training, especially after the Pandemic restrictions have been relaxed, and this staff member will be pursuing Certification in Voucher Management Specialist

2022-003 Payments to Landlords and Payment Standards

Criteria: 24 CFR section 982 subpart K establishes the maximum amount of subsidy a family may receive regardless of the rent the owner charges for the unit.

Condition: The control deficiency exists due to one instance out of thirteen samples in which the Authority failed to properly apply the payment standard for the unit, resulting in the total subsidy being in excess of the payment standard.

Cause: The cause of the deficiency was related to the improper input of information into the system.

Effect: The Authority is not in compliance with 24 CFR sections 982 subpart K which requires it to calculate the maximum amount of subsidy which a tenant is eligible.

Recommendation: We recommend that the Authority implement a procedure to review the calculation and entry of tenant amounts into the system.

Views of responsible officials and corrective action plans: This response is similar to the response regarding Finding 2023-003 in that the new staff member hired in 2023 and controls inherent in the newly implemented software provides for review and recalculation to be conducted more readily by Management. The new staff member has been provided and has accepted much more training, especially after the Pandemic restrictions have been relaxed. This staff member will be pursuing Certification in Voucher Management Specialist and periodically trains and retrains on the software features and capabilities.

2022-004 Rent Reasonableness Calculation

Criteria: 24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507 requires the Authority to document the basis for the determination that the rent to owner is a reasonable rent as outlined in their administrative plan

Condition: The control deficiency exists due to documentation of reasonable rent that is inadequate to determine the calculation of reasonable rent and did not contain sufficient information to support the calculation.

Cause: The cause of the deficiency was related to turnover of employees.

Effect: The Authority is not in compliance with 24 CFR 982.4, 982.54(d)(15), 982.158(f)(7) and 982.507

Recommendation: We recommend that the Authority review their procedures to ensure reasonable rent is properly documented and update their administrative plan to reflect any changes.

Views of responsible officials and corrective action plans: Management has reviewed procedures and practices related to document filing and retention. Specifically, all forms and file items to include supporting documents and calculations will be in hard-copy form rather than only electronically.

**Las Animas / Bent County Housing Authority
Schedule of Findings and Questioned Costs (Continued)
December 31, 2022**

2022-005 Submission to the Federal Audit Clearinghouse

Criteria: 2 CFR 200.36 of the Uniform Guidance requires the Authority to submit the audited financial statements to the Federal Audit Clearinghouse within 30 days of the completion of the audit, but no later than nine months from the conclusion of the fiscal year.

Condition: The control deficiency exists due the audited financial statements not being submitted to the Federal Audit Clearinghouse until subsequent to the submission deadline

Cause: The cause of the deficiency was related to internal delays resulting in the submission of the audited financial statements subsequent to the submission deadline

Effect: The Authority is not in compliance with 2 CFR 200.36 of the Uniform Guidance.

Recommendation: We recommend that the Authority review their procedures to ensure timely submission of the audited financial statements.

Views of responsible officials and corrective action plans: Staff responsible for the timely completion of financial records and reports are no longer employed by the Management Agent. An additional temporary consultant that is professionally trained and credentialed has been engaged to assist with trial balance and workpaper preparation to address delays and ensure timely submissions. This 2022 audit and submission will occur within the requirement.

Prior Year Findings:

None