# HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO

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

Year Ended March 31, 2023

TABLE OF CONTENTS

# INDEPENDENT AUDITOR'S REPORT

Niewedde & Wiens
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

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

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the major fund of the Housing Authority of the City of Sterling, Colorado, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Sterling, Colorado 's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the major fund of the Housing Authority of the City of Sterling, Colorado as of March 31, 2023, and the changes in financial position and cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Sterling, Colorado'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***

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

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fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Sterling, Colorado's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority of the City of Sterling, Colorado's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 the Housing Authority of the City of Sterling, Colorado's basic financial statements. The Program Financial Schedules and Financial Data Schedules 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 Program Financial Schedules and Financial Data Schedules 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 October 5, 2023 on our consideration of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Sterling, Colorado's internal control over financial reporting and compliance.

Niewedde & Wiens, CPA's

York, Nebraska
October 5, 2023

REQUIRED SUPPLEMENTAL INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Housing Authority of the City of Sterling, Colorado's annual financial report presents our managements analysis of the Authority's financial performance during the fiscal year ended on March 31, 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please read and consider the information presented in conjunction with the basic financial statements as a whole.

## FINANCIAL HIGHLIGHTS

The term "Net Position" refers to the difference between assets and liabilities. The Authority's total net position as of March 31, 2023 was $3,934,474. The net position decreased by $66,439, a decrease of 1.7% from the prior year. Of this amount, $2,542,813 was reported as "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Authority's ongoing obligations to citizens, creditors and operations of facilities.

Operating revenues for the Authority was $995,517 for the year ended March 31, 2023. This was an increase of 72% over the prior year.

Operating expenses for the Authority were $1,369,942 for the year ended March 31, 2023. This was an increase of 11% over the prior year.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

### *Required Basic Financial Statements*

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

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

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

### *Notes to Financial Statements*

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

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (CONT'D)

*Supplemental Information*

This report also contains the Financial Data Schedule (FDS) included in the *Supplemental Information* section. HUD has established *Uniform Financial Reporting Standards* that requires the Housing Authority to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) for the year ended March 31, 2023 and is required to be included in the audit reporting package.

## FINANCIAL HIGHLIGHTS AND ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by $3,934,474 at the close of the year ended March 31, 2023. This represents a decrease of $66,439, or 1.71% from the prior year. The unrestricted component of net position was $2,542,813 as of March 31, 2023 which was an increase of $12,248 as a result of operations.

**CONDENSED STATEMENT OF NET POSITION**

| | FY 2023 | FY 2022 | Dollar Change | Percent Change |
|---|---|---|---|---|
| Current and other assets | $ 2,948,666 | $ 2,907,974 | $ 40,692 | 1.4% |
| Capital assets | 1,488,512 | 1,631,647 | (143,134) | -8.8% |
| Total Assets | 4,437,178 | 4,539,620 | (102,442) | -2.3% |
| Current liabilities | 136,477 | 136,137 | 341 | 0.3% |
| Other noncurrent liabilities | 19,925 | 13,926 | 5,999 | 43.1% |
| Long-term debt | 346,302 | 388,645 | (42,343) | -10.9% |
| Total Liabilities | 502,705 | 538,708 | (36,003) | -6.7% |
| Net Position | | | | |
| Net investment in capital assets | 1,099,867 | 1,202,112 | (102,245) | -8.5% |
| Restricted | 291,794 | 268,235 | 23,558 | 8.8% |
| Unrestricted | 2,542,813 | 2,530,565 | 12,248 | 0.5% |
| Total Net Position | $ 3,934,474 | $ 4,000,912 | $ (66,439) | -1.7% |

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

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

Current and other assets increased $40,692. Within this cash and investments increased $70,126 and the receivable from other governments decreased $43,992.

Total liabilities decreased $36,003 with the majority of this being the required debt service payments.

## FINANCIAL HIGHLIGHTS AND ANALYSIS (CONT'D)

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

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

| | FY 2023 | FY 2022 | Dollar Change | Percent Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Program revenues | | | | |
| Rental | $ 606,035 | $ 583,172 | $ 22,863 | 3.9% |
| Program contributions | 581,283 | 685,721 | (104,438) | -15.2% |
| Other | 83,112 | 28,513 | 54,598 | 191.5% |
| General revenues | | | | |
| Interest | 8,509 | 776 | 7,733 | 996.3% |
| Other | - | 68 | (68) | -100.0% |
| Total Revenues | 1,278,938 | 1,298,250 | (19,312) | -1.5% |
| **Expenses** | | | | |
| Operating, less depreciation | 1,143,967 | 1,004,559 | 139,409 | 13.9% |
| Depreciation | 225,975 | 231,398 | (5,423) | -2.3% |
| Nonoperating | 14,263 | 15,671 | (1,408) | -9.0% |
| Total Expenses | 1,384,205 | 1,251,627 | 132,577 | 10.6% |
| Excess (Deficiency) Before Contributions | (105,267) | 46,622 | (151,889) | |
| Contributions | 38,828 | 37,120 | 1,708 | |
| Changes in Net Position | (66,439) | 83,742 | (150,181) | |
| Beginning net position | 4,000,912 | 3,917,170 | 83,742 | |
| Ending net position | $ 3,934,474 | $ 4,000,912 | $ (66,439) | |

Rental income increased $22,863. Within that, the Public Housing program had a decrease of 35 unit months leased and a 6% increase in the average rental charge. The MacLaren program had a decrease of 19 unit months leased and an 8% increase in the average rental charge.

Program contributions included rental assistance, operating subsidy and capital fund grants used for operations. Rental assistance increased $11,961, operating subsidy decreased $52,477 and capital fund grants used for operations decreased $40,000.

Operating expenses increased by $139,409. Within this, administrative expenses increased $10,798, utilities increased $47,857, maintenance expenses increased $45,482 and general expenses increased $31,837.

The Authority had HUD capital fund grant of $38,828 for the year ended March 31, 2023. The Authority is allocated capital grant money each year as determined by HUD and remains relatively consistent form year to year based on the Authority's number and type of units. The amount presented will vary from year to year depending on the timing of awards, project implementation and expenditures within budgets as outlined in the HUD approved capital grant budgets.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

***Capital Assets*** – The Housing Authority of the City of Sterling, Colorado's capital assets as of March 31, 2023 were $1,488,512. Capital assets includes land, buildings, improvements, equipment and construction in progress net of accumulated depreciation.

The total decrease in the Authority's capital assets for the current fiscal year was 8.5% in terms of net book value. Actual expenditures to purchase or construct capital assets were $82,840. The majority of it was soffit replacements, an exterior door project and a new maintenance vehicle.

Depreciation expense for the year was $225,975.

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

***Debt Administration*** – The only debt activity for the year ended March 31, 2023 was related to the payment of debt. No new debt was issued during the year. Additional information on the Authority's debt can be found in Note K of the notes to financial statements of this report.

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

The Board of Commissioners and Management of the Housing Agency considered many factors when approving the fiscal year 2024 budget. The user charges are based on tenant's income as established by HUD guidelines and are not adjustable. In projecting the amount of rental income, the Authority considered prior year rental income and occupancy rates. The operating expenses are expected to increase by the economy's inflation rate.

## REQUEST FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF NET POSITION - PROPRIETARY FUND
March 31, 2023

| | | | Housing |
|---|---|---|---|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | | $ | 2,185,943.70 |
| Investments | | | 300,961.98 |
| Accounts receivable, net | | | 7,611.64 |
| Due from other governments | | | 75,870.00 |
| Accrued interest receivable | | | 12.37 |
| Prepaid insurance | | | 39,107.17 |
| *Restricted:* | | | |
| Cash and cash equivalents | | | 47,365.52 |
| | TOTAL CURRENT ASSETS | | 2,656,872.38 |
| NONCURRENT ASSETS: | | | |
| *Restricted:* | | | |
| Cash and cash equivalents | | | 291,793.56 |
| Capital Assets, non-depreciable | | | 232,411.89 |
| Capital Assets, depreciable, net | | | 1,256,100.28 |
| | TOTAL NONCURRENT ASSETS | | 1,780,305.73 |
| | TOTAL ASSETS | $ | 4,437,178.11 |
| LIABILITIES | | | |
| CURRENT LIABILITIES: | | | |
| Accounts payable | | $ | 10,873.14 |
| Accrued wages and benefits payable | | | 295.35 |
| Compensated absences payable | | | 6,641.79 |
| Due to other governments | | | 19,498.50 |
| Accrued interest payable | | | 1,133.55 |
| Unearned revenue | | | 8,326.02 |
| Trust and deposit liabilities | | | 47,365.52 |
| Current portion long-term debt | | | 42,343.30 |
| | TOTAL CURRENT LIABILITIES | | 136,477.17 |
| NONCURRENT LIABILITIES | | | |
| Compensated absences payable | | | 19,925.34 |
| Mortgage payable | | | 346,302.06 |
| | TOTAL NONCURRENT LIABILITIES | | 366,227.40 |
| | TOTAL LIABILITIES | | 502,704.57 |
| NET POSITION | | | |
| Net investment in capital assets | | | 1,099,866.81 |
| Restricted for: | | | |
| Replacement reserve, residual receipts, insurance | | | 291,793.56 |
| Unrestricted | | | 2,542,813.17 |
| | TOTAL NET POSITION | $ | 3,934,473.54 |



See accompanying notes.

# HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
### Year Ended March 31, 2023

| | | | Housing |
|---|---|---|---|
| OPERATING REVENUES | | | |
| Rental income | | $ | 606,035.00 |
| Rental assistance | | | 306,370.00 |
| Other income | | | 83,111.55 |
| | TOTAL OPERATING REVENUES | | 995,516.55 |
| OPERATING EXPENSES | | | |
| Administrative | | | 256,969.36 |
| Tenant services | | | 4,753.16 |
| Utilities | | | 320,777.60 |
| Ordinary maintenance and operations | | | 354,238.45 |
| Protective services | | | 18,810.00 |
| General expense | | | 188,418.81 |
| Depreciation | | | 225,974.83 |
| | TOTAL OPERATING EXPENSES | | 1,369,942.21 |
| | OPERATING INCOME (LOSS) | | (374,425.66) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| HUD operating subsidy | | | 274,912.50 |
| Interest income | | | 8,508.86 |
| Interest expense | | | (14,262.67) |
| | TOTAL NONOPERATING REVENUES(EXPENSES) | | 269,158.69 |
| | INCOME(LOSS) BEFORE CONTRIBUTIONS | | (105,266.97) |
| CONTRIBUTIONS | | | |
| HUD capital fund grants | | | 38,828.16 |
| | INCREASE (DECREASE) IN NET POSITION | | (66,438.81) |
| NET POSITION: | | | |
| Net position, beginning balance | | | 4,000,912.35 |
| | TOTAL NET ASSETS - ENDING POSITION | $ | 3,934,473.54 |



See accompanying notes.

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year Ended March 31, 2023

| | | Housing |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | | |
| Tenant receipts | $ | 621,882.97 |
| Rental assistance receipts | | 306,370.00 |
| Other receipts | | 53,230.73 |
| Trust and deposits | | (1,635.00) |
| Cash payments for goods and services | | (776,175.63) |
| Cash payments to employees for services | | (361,665.84) |
| NET CASH PROVIDED USED BY OPERATING ACTIVITIES | | (157,992.77) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:** | | |
| HUD operating subsidy | | 278,904.00 |
| HUD capital fund grants | | 40,000.00 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | | 318,904.00 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:** | | |
| Purchases and construction of capital assets | | (82,840.36) |
| HUD capital fund grants | | 38,828.16 |
| Principal paid on mortgage payable | | (40,888.99) |
| Interest paid on capital debt | | (14,381.93) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | | (99,283.12) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Interest received | | 8,497.73 |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | | 8,497.73 |
| NET INCREASE (DECREASE) IN CASH | | 70,125.84 |
| CASH AND CASH EQUIVALENTS-BEGINNING | | 2,454,976.94 |
| CASH AND CASH EQUIVALENTS-ENDING | $ | 2,525,102.78 |
| **RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:** | | |
| Operating income (loss) | $ | (374,425.66) |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | |
| Depreciation | | 225,974.83 |
| Change in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | | (3,311.54) |
| (Increase) decrease in prepaid insurance | | (11,235.40) |
| Increase (decrease) in accounts payable | | 1,433.95 |
| Increase (decrease) in accrued wages and benefits payable | | 9.05 |
| Increase (decrease) in accrued leave | | 6,673.04 |
| Increase (decrease) in due to governments | | (1,761.30) |
| Increase (decrease) in trust and deposit liabilities | | (1,635.00) |
| Increase (decrease) in unearned revenue | | 285.26 |
| NET CASH PROVIDED USED BY OPERATING ACTIVITIES | $ | (157,992.77) |



See accompanying notes.

## NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

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

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

### Financial Reporting Entity

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

### Basis of accounting, measurement focus, and financial statement presentation

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

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

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

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

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

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

### Budgetary Process

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

### Estimates

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

### Cash and Investments

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

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

### Accounts Receivable

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

### Prepaid Items

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

### Capital Assets and Depreciation

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

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

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

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

Use of Restricted/Unrestricted Net Position

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

Investment Income

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

Compensated Absences

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

Grant Revenue

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Income Taxes

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

Leases

Leases are accounted for following the guidance in GASB Statement No. 87.

Taxpayer's Bill of Rights

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

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

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

## NOTE B - DEPOSITS AND INVESTMENTS

Deposits

At March 31, 2023, the Authority's carrying amount of deposits was $2,711,417.37 and the bank balances were $2,734,133.83. The Authority had cash on hand of $300 as of March 31, 2023.

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

Investments

At March 31, 2023, the Authority had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities Less Than 1 Year |
|---|---|---|
| Colotrust Prime | $ 114,347.39 | $ 114,347.39 |

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

*Credit Risk:* The Authority has no investment policy that would limit its investment choices. At March 31, 2023, the Authority's investment in the Colotrust Fund was rated AAAm by Standard & Poor's.

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

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

**NOTE B - DEPOSITS AND INVESTMENTS (CONT'D)**

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

| | | |
|---|---|---|
| State of Net Position | | |
| Cash and cash equivalents | $ | 2,185,943.70 |
| Investments | | 300,961.98 |
| Restricted cash - current | | 47,365.52 |
| Restricted cash - noncurrent | | 291,793.56 |
| | $ | 2,826,064.76 |

| | | |
|---|---|---|
| Bank deposits | $ | 2,711,417.37 |
| Investments | | 114,347.39 |
| Cash on hand | | 300.00 |
| | $ | 2,826,064.76 |

**NOTE C – ACCOUNTS RECEIVABLE**

A summary of accounts receivable as presented in the Statement of Net Position at March 31, 2023 is as follows:

| | | |
|---|---|---|
| Tenant receivables | $ | 10,309.64 |
| Allowance for doubtful accounts | | (2,698.00) |
| | $ | 7,611.64 |

**NOTE D – DUE FROM OTHER GOVERNMENTS**

A summary of due from other governments as presented in the Statement of Net Position at March 31, 2023 is as follows:

| | | |
|---|---|---|
| HUD - Operating Subsidy | $ | 75,870.00 |

**NOTE E—RESTRICTED ASSETS**

The Authority's restricted cash and cash equivalents at March 31, 2023 which were restricted for:

| | | |
|---|---|---|
| Tenant security deposits | $ | 47,365.52 |
| Replacement reserves | | 269,425.22 |
| Residual receipts | | 5,643.29 |
| Insurance escrow | | 16,725.05 |
| | $ | 339,159.08 |

## NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2023 was as follows:

| | Balance 4/1/2022 | Increases | Decreases | Balance 3/31/2023 |
|---|---|---|---|---|
| **Non-depreciable assets:** | | | | |
| Land | $ 232,411.89 | $ - | $ - | $ 232,411.89 |
| Construction in progress | - | - | - | - |
| **Total non-depreciable assets** | 232,411.89 | - | - | 232,411.89 |
| **Depreciable assets** | | | | |
| Buildings | 7,957,213.48 | 38,828.16 | - | 7,996,041.64 |
| Equipment - Dwelling | 191,905.93 | - | - | 191,905.93 |
| Equipment - Administration | 101,591.69 | 44,012.20 | - | 145,603.89 |
| **Total depreciable assets** | 8,250,711.10 | 82,840.36 | - | 8,333,551.46 |
| **Total Capital Assets** | 8,483,122.99 | 82,840.36 | - | 8,565,963.35 |
| **Accumulated depreciation** | | | | |
| Buildings | 6,660,077.51 | 202,301.88 | - | 6,862,379.39 |
| Equipment - Dwelling | 99,972.70 | 16,833.79 | - | 116,806.49 |
| Equipment - Administration | 91,426.14 | 6,839.16 | - | 98,265.30 |
| Total accumulated depreciation | 6,851,476.35 | 225,974.83 | - | 7,077,451.18 |
| **Depreciable assets, net** | 1,399,234.75 | (143,134.47) | - | 1,256,100.28 |
| **Capital assets, net** | $ 1,631,646.64 | $ (143,134.47) | $ - | $ 1,488,512.17 |

## NOTE G – ACCOUNTS PAYABLE

A summary of accounts payable as presented in the Statement of Net Position at March 31, 2023 is as follows:

| | |
|---|---|
| Vendor and contractors | $ 10,873.14 |

## NOTE H – DUE TO OTHER GOVERNMENTS

A summary of due to other governments as presented in the Statement of Net Position at March 31, 2023 is as follows:

| | |
|---|---|
| Payments in lieu of taxes | $ 19,498.50 |

## NOTE I – UNEARNED REVENUE

A summary of unearned revenue as presented in the Statement of Net Position at March 31, 2023 is as follows:

| | |
|---|---|
| Prepaid rents | $ 8,326.02 |

## NOTE J—ACCRUED COMPENSATED ABSENCES

A summary of accrued compensated absences as presented in the Statement of Net Position as of March 31, 2023 is as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due within One Year |
|---|---|---|---|---|---|
| Compensated absences | $ 19,894.09 | $ 15,044.53 | $ (8,371.49) | $ 26,567.13 | $ 6,641.79 |

## NOTE K—LONG TERM DEBT

### Direct Placements

MacLaren House – The first mortgage payable as of March 31, 2023, represents permanent loan from the Colorado Housing Finance Authority under the SMART program with an original loan amount of $893,000 date March 15, 2001. The loan is due April 1, 2031 and had an annual interest rate of 6.35% which was modified to 6% on August 1, 2015 and then modified again to 3.5% on June 1, 2016. The loan requires monthly payment of $4,605.91. Principal and accrued interest payable at March 31, 2023 were $388,645.36 and $1,133.55, respectively.

A summary of changes in notes payable as of March 31, 2023 is as follows:

| | Beginning Balance | Issued | Retired | Ending Balance | Due Within 1 Year |
|---|---|---|---|---|---|
| Long-term debt | $ 429,534.35 | $ - - | $ (40,888.99) | $ 388,645.36 | $ 42,343.30 |

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

| | Principal | Interest | Total |
|---|---|---|---|
| 2024 | $ 42,343.30 | $ 12,927.62 | $ 55,270.92 |
| 2025 | 43,849.33 | 11,421.59 | 55,270.92 |
| 2026 | 45,408.91 | 9,862.01 | 55,270.92 |
| 2027 | 47,023.97 | 8,246.95 | 55,270.92 |
| 2028 | 48,696.47 | 6,574.45 | 55,270.92 |
| 2029 - 2032 | 161,323.38 | 9,096.25 | 170,419.63 |
| | $ 388,645.36 | $ 58,128.87 | $ 446,774.23 |

## NOTE L – RETIREMENT PLAN

The Housing Authority participates in a qualified simplified employee pension plan. All eligible employees must participate. Eligible employees must be at least 21 and has performed services for the Authority in at least 3 of the preceding 5 years. The Housing Authority contributes an amount equal to 3.00% of the member's pay for the pay period. The total Housing Authority contribution was $7,934.52 for the fiscal year ended March 31, 2023 based on wages of $264,484. Total wages for the Authority were $278,103.82.

## NOTE M—NET POSITION

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

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

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

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

The Authority has restricted net position in the following categories:

| | | |
|---|---|---|
| Replacement reserves | $ | 269,425.22 |
| Residual receipts | | 5,643.29 |
| Insurance escrow | | 16,725.05 |
| | $ | 291,793.56 |

## NOTE N – RISK MANAGEMENT

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

During the year ended March 31, 2023, the Authority did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

## NOTE O – CONTINGENT LIABILITIES

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

SUPPLEMENTAL INFORMATION

# HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
## PROGRAM SCHEDULE OF NET POSITION
### March 31, 2023

| ASSETS | Public Housing | Nonfederal Program | MacLaren | Totals |
|---|---|---|---|---|
| CURRENT ASSETS: | | | | |
| Cash and cash equivalents | $ 1,058,036.22 | $ 102,918.48 | $ 1,024,989.00 | $ 2,185,943.70 |
| Investments | 300,961.98 | - | - | 300,961.98 |
| Accounts receivable, net | 6,186.64 | - | 1,425.00 | 7,611.64 |
| Due from other governments | 75,870.00 | - | - | 75,870.00 |
| Accrued interest receivable | 12.37 | - | - | 12.37 |
| Prepaid insurance | 33,547.73 | - | 5,559.44 | 39,107.17 |
| *Restricted:* | | | | |
| Cash and cash equivalents | 33,437.52 | - | 13,928.00 | 47,365.52 |
| TOTAL CURRENT ASSETS | 1,508,052.46 | 102,918.48 | 1,045,901.44 | 2,656,872.38 |
| NONCURRENT ASSETS: | | | | |
| *Restricted:* | | | | |
| Cash and cash equivalents | - | - | 291,793.56 | 291,793.56 |
| Capital Assets, non-depreciable | 138,017.40 | - | 94,394.49 | 232,411.89 |
| Capital Assets, depreciable, net | 965,013.42 | - | 291,086.86 | 1,256,100.28 |
| TOTAL NONCURRENT ASSETS | 1,103,030.82 | - | 677,274.91 | 1,780,305.73 |
| TOTAL ASSETS | $ 2,611,083.28 | $ 102,918.48 | $ 1,723,176.35 | $ 4,437,178.11 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES: | | | | |
| Accounts payable | $ 7,290.58 | $ - | $ 3,582.56 | $ 10,873.14 |
| Accrued wages and benefits payable | 196.60 | - | 98.75 | 295.35 |
| Compensated absences payable | 4,364.54 | - | 2,277.25 | 6,641.79 |
| Due to other governments | 19,498.50 | - | - | 19,498.50 |
| Accrued interest payable | - | - | 1,133.55 | 1,133.55 |
| Unearned revenue | 6,616.12 | - | 1,709.90 | 8,326.02 |
| Trust and deposit liabilities | 33,437.52 | - | 13,928.00 | 47,365.52 |
| Current portion long-term debt | - | - | 42,343.30 | 42,343.30 |
| TOTAL CURRENT LIABILITIES | 71,403.86 | - | 65,073.31 | 136,477.17 |
| NONCURRENT LIABILITIES | | | | |
| Compensated absences payable | 13,093.58 | - | 6,831.76 | 19,925.34 |
| Mortgage payable | - | - | 346,302.06 | 346,302.06 |
| TOTAL NONCURRENT LIABILITIES | 13,093.58 | - | 353,133.82 | 366,227.40 |
| TOTAL LIABILITIES | 84,497.44 | - | 418,207.13 | 502,704.57 |
| NET POSITION | | | | |
| Net investment in capital assets | 1,103,030.82 | - | (3,164.01) | 1,099,866.81 |
| Restricted | - | - | 291,793.56 | 291,793.56 |
| Unrestricted | 1,423,555.02 | 102,918.48 | 1,016,339.67 | 2,542,813.17 |
| TOTAL NET POSITION | $ 2,526,585.84 | $ 102,918.48 | $ 1,304,969.22 | $ 3,934,473.54 |

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended March 31, 2023

| | Public Housing | Nonfederal Program | MacLaren | Totals |
|---|---|---|---|---|
| OPERATING REVENUES | | | | |
| Rental income | $ 407,664.00 | $ - | $ 198,371.00 | $ 606,035.00 |
| Rental assistance | - | - | 306,370.00 | 306,370.00 |
| Other income | 23,984.53 | 50,000.00 | 9,127.02 | 83,111.55 |
| TOTAL OPERATING REVENUES | 431,648.53 | 50,000.00 | 513,868.02 | 995,516.55 |
| OPERATING EXPENSES | | | | |
| Administrative | 171,660.14 | - | 85,309.22 | 256,969.36 |
| Tenant services | 4,284.77 | - | 468.39 | 4,753.16 |
| Utilities | 220,043.99 | - | 100,733.61 | 320,777.60 |
| Ordinary maintenance and operations | 221,485.01 | - | 132,753.44 | 354,238.45 |
| Protective services | 8,452.00 | - | 10,358.00 | 18,810.00 |
| General expense | 151,241.34 | - | 37,177.47 | 188,418.81 |
| Depreciation | 157,046.89 | - | 68,927.94 | 225,974.83 |
| TOTAL OPERATING EXPENSES | 934,214.14 | - | 435,728.07 | 1,369,942.21 |
| OPERATING INCOME (LOSS) | (502,565.61) | 50,000.00 | 78,139.95 | (374,425.66) |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| HUD operating subsidy | 274,912.50 | - | - | 274,912.50 |
| Interest income | 7,670.22 | - | 838.64 | 8,508.86 |
| Interest expense | - | - | (14,262.67) | (14,262.67) |
| TOTAL NONOPERATING REVENUES(EXPENSES) | 282,582.72 | - | (13,424.03) | 269,158.69 |
| INCOME(LOSS) BEFORE CONTRIBUTIONS | (219,982.89) | 50,000.00 | 64,715.92 | (105,266.97) |
| CONTRIBUTIONS | | | | |
| HUD capital fund grants | 38,828.16 | - | - | 38,828.16 |
| INCREASE (DECREASE) IN NET POSITION | (181,154.73) | 50,000.00 | 64,715.92 | (66,438.81) |
| NET POSITION: | | | | |
| Net position, beginning balance | 2,707,740.57 | 52,918.48 | 1,240,253.30 | 4,000,912.35 |
| TOTAL NET POSITION - ENDING BALANCE | $ 2,526,585.84 | $ 102,918.48 | $ 1,304,969.22 | $ 3,934,473.54 |

HOUSING AUTHORITY OF THE CITY OF STERLING, COLORADO
PROGRAM SCHEDULE OF CASH FLOWS
Year Ended March 31, 2023

| | Public Housing | Nonfederal Program | MacLaren | Totals |
|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Tenant receipts | $ 423,060.16 | $ - | $ 198,822.81 | $ 621,882.97 |
| Rental assistance receipts | - | - | 306,370.00 | 306,370.00 |
| Other income | 0.02 | 50,000.00 | 3,230.71 | 53,230.73 |
| Trust and deposits | (474.00) | - | (1,161.00) | (1,635.00) |
| Cash payments for goods and services | (536,898.84) | - | (239,276.79) | (776,175.63) |
| Cash payments to employees for services | (239,891.32) | - | (121,774.52) | (361,665.84) |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | (354,203.98) | 50,000.00 | 146,211.21 | (157,992.77) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| HUD operating subsidy | 278,904.00 | - | - | 278,904.00 |
| HUD capital fund grants | 40,000.00 | - | - | 40,000.00 |
| NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES | 318,904.00 | - | - | 318,904.00 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Purchases and construction of capital assets | (68,169.63) | - | (14,670.73) | (82,840.36) |
| HUD capital fund grants | 38,828.16 | - | - | 38,828.16 |
| Principal paid on mortgage payable | - | - | (40,888.99) | (40,888.99) |
| Interest paid on capital debt | - | - | (14,381.93) | (14,381.93) |
| NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (29,341.47) | - | (69,941.65) | (99,283.12) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest received | 7,659.09 | - | 838.64 | 8,497.73 |
| NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES | 7,659.09 | - | 838.64 | 8,497.73 |
| NET INCREASE (DECREASE) IN CASH | (56,982.36) | 50,000.00 | 77,108.20 | 70,125.84 |
| CASH AND CASH EQUIVALENTS-BEGINNING | 1,148,456.10 | 52,918.48 | 1,253,602.36 | 2,454,976.94 |
| CASH AND CASH EQUIVALENTS-ENDING | $ 1,091,473.74 | $ 102,918.48 | $ 1,330,710.56 | $ 2,525,102.78 |
| RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | $ (502,565.61) | $ 50,000.00 | $ 78,139.95 | $ (374,425.66) |
| Adjustments to reconcile income from operations to net cash provided by operating activities: | | | | |
| Depreciation | 157,046.89 | - | 68,927.94 | 225,974.83 |
| Change in assets and liabilities: | | | | |
| (Increase) decrease in accounts receivable | (2,163.54) | - | (1,148.00) | (3,311.54) |
| (Increase) decrease in prepaid expenses | (10,637.53) | - | (597.87) | (11,235.40) |
| Increase (decrease) in accounts payable | 855.70 | - | 578.25 | 1,433.95 |
| Increase (decrease) in accrued wages and benefits payable | 6.00 | - | 3.05 | 9.05 |
| Increase (decrease) in accrued leave | 4,357.27 | - | 2,315.77 | 6,673.04 |
| Increase (decrease) in due to governments | (1,761.30) | - | - | (1,761.30) |
| Increase (decrease) in trust and deposit liabilities | (474.00) | - | (1,161.00) | (1,635.00) |
| Increase (decrease) in unearned revenue | 1,132.14 | - | (846.88) | 285.26 |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | $ (354,203.98) | $ 50,000.00 | $ 146,211.21 | $ (157,992.77) |

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

Submission Type: Audited/Non Single Audit    Fiscal Year End: 03/31/2023

| | Project Total | 1 Business Activities | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | Total |
|---|---|---|---|---|---|
| 111 Cash - Unrestricted | $1,058,038 | $102,918 | $1,024,990 | $2,185,946 | $2,185,946 |
| 113 Cash - Other Restricted | | | $291,794 | $291,794 | $291,794 |
| 114 Cash - Tenant Security Deposits | $33,438 | | $13,928 | $47,366 | $47,366 |
| 100 Total Cash | $1,091,476 | $102,918 | $1,330,712 | $2,525,106 | $2,525,106 |
| 122 Accounts Receivable - HUD Other Projects | $75,870 | | | $75,870 | $75,870 |
| 126 Accounts Receivable - Tenants | $6,868 | | $3,442 | $10,310 | $10,310 |
| 126.1 Allowance for Doubtful Accounts -Tenants | -$681 | | -$2,017 | -$2,698 | -$2,698 |
| 129 Accrued Interest Receivable | $12 | | | $12 | $12 |
| 120 Total Receivables, Net of Allowances for Doubtful Accounts | $82,069 | $0 | $1,425 | $83,494 | $83,494 |
| 131 Investments - Unrestricted | $300,962 | | | $300,962 | $300,962 |
| 142 Prepaid Expenses and Other Assets | $33,548 | | $5,560 | $39,108 | $39,108 |
| 150 Total Current Assets | $1,508,055 | $102,918 | $1,337,697 | $2,948,670 | $2,948,670 |
| 161 Land | $138,017 | | $94,394 | $232,411 | $232,411 |
| 162 Buildings | $5,718,392 | | $2,277,649 | $7,996,041 | $7,996,041 |
| 163 Furniture, Equipment & Machinery - Dwellings | $120,436 | | $71,470 | $191,906 | $191,906 |
| 164 Furniture, Equipment & Machinery - Administration | $117,996 | | $27,608 | $145,604 | $145,604 |
| 166 Accumulated Depreciation | -$4,991,810 | | -$2,085,640 | -$7,077,450 | -$7,077,450 |
| 160 Total Capital Assets, Net of Accumulated Depreciation | $1,103,031 | $0 | $385,481 | $1,488,512 | $1,488,512 |
| 180 Total Non-Current Assets | $1,103,031 | $0 | $385,481 | $1,488,512 | $1,488,512 |
| 290 Total Assets and Deferred Outflow of Resources | $2,611,086 | $102,918 | $1,723,178 | $4,437,182 | $4,437,182 |
| 312 Accounts Payable <= 90 Days | $247 | | $244 | $491 | $491 |
| 321 Accrued Wage/Payroll Taxes Payable | $197 | | $99 | $296 | $296 |
| 322 Accrued Compensated Absences - Current Portion | $4,365 | | $2,277 | $6,642 | $6,642 |
| 325 Accrued Interest Payable | | | $1,134 | $1,134 | $1,134 |
| 333 Accounts Payable - Other Government | $19,499 | | | $19,499 | $19,499 |
| 341 Tenant Security Deposits | $33,438 | | $13,928 | $47,366 | $47,366 |
| 342 Unearned Revenue | $6,616 | | $1,710 | $8,326 | $8,326 |
| 343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue | | | $42,343 | $42,343 | $42,343 |
| 346 Accrued Liabilities - Other | $7,044 | | $3,339 | $10,383 | $10,383 |
| 310 Total Current Liabilities | $71,406 | $0 | $65,074 | $136,480 | $136,480 |
| 351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue | | | $346,302 | $346,302 | $346,302 |
| 354 Accrued Compensated Absences - Non Current | $13,094 | | $6,832 | $19,926 | $19,926 |
| 350 Total Non-Current Liabilities | $13,094 | $0 | $353,134 | $366,228 | $366,228 |
| 300 Total Liabilities | $84,500 | $0 | $418,208 | $502,708 | $502,708 |
| 508.4 Net Investment in Capital Assets | $1,103,031 | | -$3,164 | $1,099,867 | $1,099,867 |
| 511.4 Restricted Net Position | | | $291,794 | $291,794 | $291,794 |
| 512.4 Unrestricted Net Position | $1,423,555 | $102,918 | $1,016,340 | $2,542,813 | $2,542,813 |
| 513 Total Equity - Net Assets / Position | $2,526,586 | $102,918 | $1,304,970 | $3,934,474 | $3,934,474 |
| 600 Total Liabilities, Deferred Inflows of Resources and Equity - Net | $2,611,086 | $102,918 | $1,723,178 | $4,437,182 | $4,437,182 |

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

Submission Type: Audited/Non Single Audit Fiscal Year End: 03/31/2023

| | Project Total | 1 Business Activities | 14.195 Section 8 Housing Assistance Payments Program_Special Allocations | Subtotal | Total |
|---|---|---|---|---|---|
| 70300 Net Tenant Rental Revenue | $407,664 | | $198,371 | $606,035 | $606,035 |
| 70400 Tenant Revenue - Other | $19,026 | | $3,417 | $22,443 | $22,443 |
| 70500 Total Tenant Revenue | $426,690 | $0 | $201,788 | $628,478 | $628,478 |
| 70600 HUD PHA Operating Grants | $274,913 | | $306,370 | $581,283 | $581,283 |
| 70610 Capital Grants | $38,828 | | | $38,828 | $38,828 |
| 71100 Investment Income - Unrestricted | $7,670 | | | $7,670 | $7,670 |
| 71500 Other Revenue | $4,959 | $50,000 | $5,710 | $60,669 | $60,669 |
| 72000 Investment Income - Restricted | | | $839 | $839 | $839 |
| 70000 Total Revenue | $753,060 | $50,000 | $514,707 | $1,317,767 | $1,317,767 |
| 91100 Administrative Salaries | $105,282 | | $52,694 | $157,976 | $157,976 |
| 91200 Auditing Fees | $5,715 | | $2,557 | $8,272 | $8,272 |
| 91400 Advertising and Marketing | $2,853 | | $1,476 | $4,329 | $4,329 |
| 91500 Employee Benefit contributions - Administrative | $36,164 | | $18,239 | $54,403 | $54,403 |
| 91600 Office Expenses | $6,839 | | $3,818 | $10,657 | $10,657 |
| 91700 Legal Expense | $4,281 | | $2,202 | $6,483 | $6,483 |
| 91800 Travel | $275 | | | $275 | $275 |
| 91900 Other | $10,250 | | $4,323 | $14,573 | $14,573 |
| 91000 Total Operating - Administrative | $171,659 | $0 | $85,309 | $256,968 | $256,968 |
| 92100 Tenant Services - Salaries | $3,360 | | | $3,360 | $3,360 |
| 92400 Tenant Services - Other | $925 | | $468 | $1,393 | $1,393 |
| 92500 Total Tenant Services | $4,285 | $0 | $468 | $4,753 | $4,753 |
| 93100 Water | $34,301 | | $53,297 | $87,598 | $87,598 |
| 93200 Electricity | $81,060 | | $32,668 | $113,728 | $113,728 |
| 93300 Gas | $25,152 | | $14,768 | $39,920 | $39,920 |
| 93600 Sewer | $79,530 | | | $79,530 | $79,530 |
| 93000 Total Utilities | $220,043 | $0 | $100,733 | $320,776 | $320,776 |
| 94100 Ordinary Maintenance and Operations - Labor | $68,261 | | $36,823 | $105,084 | $105,084 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $32,099 | | $21,369 | $53,468 | $53,468 |
| 94300 Ordinary Maintenance and Operations Contracts | $97,867 | | $61,978 | $159,845 | $159,845 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $23,258 | | $12,584 | $35,842 | $35,842 |
| 94000 Total Maintenance | $221,485 | $0 | $132,754 | $354,239 | $354,239 |
| 95200 Protective Services - Other Contract Costs | $8,452 | | $10,358 | $18,810 | $18,810 |
| 95000 Total Protective Services | $8,452 | $0 | $10,358 | $18,810 | $18,810 |
| 96110 Property Insurance | $99,817 | | $19,609 | $119,426 | $119,426 |
| 96120 Liability Insurance | $8,257 | | $3,618 | $11,875 | $11,875 |
| 96130 Workmen's Compensation | $2,480 | | $1,240 | $3,720 | $3,720 |
| 96140 All Other Insurance | $2,343 | | $1,065 | $3,408 | $3,408 |
| 96100 Total insurance Premiums | $112,897 | $0 | $25,532 | $138,429 | $138,429 |
| 96210 Compensated Absences | $11,290 | | $8,195 | $19,485 | $19,485 |
| 96300 Payments in Lieu of Taxes | $19,499 | | | $19,499 | $19,499 |
| 96400 Bad debt - Tenant Rents | $7,557 | | $3,450 | $11,007 | $11,007 |
| 96000 Total Other General Expenses | $38,346 | $0 | $11,645 | $49,991 | $49,991 |
| 96710 Interest of Mortgage (or Bonds) Payable | | | $14,263 | $14,263 | $14,263 |
| 96700 Total Interest Expense and Amortization Cost | $0 | $0 | $14,263 | $14,263 | $14,263 |
| 96900 Total Operating Expenses | $777,167 | $0 | $381,062 | $1,158,229 | $1,158,229 |
| 97000 Excess of Operating Revenue over Operating Expenses | -$24,107 | $50,000 | $133,645 | $159,538 | $159,538 |
| 97400 Depreciation Expense | $157,047 | | $68,928 | $225,975 | $225,975 |
| 90000 Total Expenses | $934,214 | $0 | $449,990 | $1,384,204 | $1,384,204 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -$181,154 | $50,000 | $64,717 | -$66,437 | -$66,437 |
| 11020 Required Annual Debt Principal Payments | $0 | $0 | $40,889 | $40,889 | $40,889 |
| 11030 Beginning Equity | $2,707,740 | $52,918 | $1,240,253 | $4,000,911 | $4,000,911 |
| 11190 Unit Months Available | 1320 | | 648 | 1968 | 1968 |
| 11210 Number of Unit Months Leased | 1261 | | 615 | 1876 | 1876 |
| 11270 Excess Cash | $1,338,338 | | | $1,338,338 | $1,338,338 |
| 11620 Building Purchases | $38,828 | | | $38,828 | $38,828 |
| 11640 Furniture & Equipment - Administrative Purchases | $29,341 | | | $29,341 | $29,341 |

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

Submission Type: Audited/Non Single Audit    Fiscal Year End: 03/31/2023    Project: CO025000001 STERLING

| | Low Rent | Capital Fund | Total Project |
|---|---|---|---|
| 70300 Net Tenant Rental Revenue | $407,664 | | $407,664 |
| 70400 Tenant Revenue - Other | $19,026 | | $19,026 |
| 70500 Total Tenant Revenue | $426,690 | $0 | $426,690 |
| 70600 HUD PHA Operating Grants | $274,913 | | $274,913 |
| 70610 Capital Grants | | $38,828 | $38,828 |
| 71100 Investment Income - Unrestricted | $7,670 | | $7,670 |
| 71500 Other Revenue | $4,959 | | $4,959 |
| 70000 Total Revenue | $714,232 | $38,828 | $753,060 |
| 91100 Administrative Salaries | $105,282 | | $105,282 |
| 91200 Auditing Fees | $5,715 | | $5,715 |
| 91400 Advertising and Marketing | $2,853 | | $2,853 |
| 91500 Employee Benefit contributions - Administrative | $36,164 | | $36,164 |
| 91600 Office Expenses | $6,839 | | $6,839 |
| 91700 Legal Expense | $4,281 | | $4,281 |
| 91800 Travel | $275 | | $275 |
| 91900 Other | $10,250 | | $10,250 |
| 91000 Total Operating - Administrative | $171,659 | $0 | $171,659 |
| 92100 Tenant Services - Salaries | $3,360 | | $3,360 |
| 92400 Tenant Services - Other | $925 | | $925 |
| 92500 Total Tenant Services | $4,285 | $0 | $4,285 |
| 93100 Water | $34,301 | | $34,301 |
| 93200 Electricity | $81,060 | | $81,060 |
| 93300 Gas | $25,152 | | $25,152 |
| 93600 Sewer | $79,530 | | $79,530 |
| 93000 Total Utilities | $220,043 | $0 | $220,043 |
| 94100 Ordinary Maintenance and Operations - Labor | $68,261 | | $68,261 |
| 94200 Ordinary Maintenance and Operations - Materials and Other | $32,099 | | $32,099 |
| 94300 Ordinary Maintenance and Operations Contracts | $97,867 | | $97,867 |
| 94500 Employee Benefit Contributions - Ordinary Maintenance | $23,258 | | $23,258 |
| 94000 Total Maintenance | $221,485 | $0 | $221,485 |
| 95200 Protective Services - Other Contract Costs | $8,452 | | $8,452 |
| 95000 Total Protective Services | $8,452 | $0 | $8,452 |
| 96110 Property Insurance | $99,817 | | $99,817 |
| 96120 Liability Insurance | $8,257 | | $8,257 |
| 96130 Workmen's Compensation | $2,480 | | $2,480 |
| 96140 All Other Insurance | $2,343 | | $2,343 |
| 96100 Total insurance Premiums | $112,897 | $0 | $112,897 |
| 96210 Compensated Absences | $11,290 | | $11,290 |
| 96300 Payments in Lieu of Taxes | $19,499 | | $19,499 |
| 96400 Bad debt - Tenant Rents | $7,557 | | $7,557 |
| 96000 Total Other General Expenses | $38,346 | $0 | $38,346 |
| 96900 Total Operating Expenses | $777,167 | $0 | $777,167 |
| 97000 Excess of Operating Revenue over Operating Expenses | -$62,935 | $38,828 | -$24,107 |
| 97400 Depreciation Expense | $155,537 | $1,510 | $157,047 |
| 90000 Total Expenses | $932,704 | $1,510 | $934,214 |
| 10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses | -$218,472 | $37,318 | -$181,154 |
| 11030 Beginning Equity | $2,707,740 | $0 | $2,707,740 |
| 11190 Unit Months Available | 1320 | | 1320 |
| 11210 Number of Unit Months Leased | 1261 | | 1261 |
| 11270 Excess Cash | $1,338,338 | | $1,338,338 |
| 11620 Building Purchases | $0 | $38,828 | $38,828 |
| 11640 Furniture & Equipment - Administrative Purchases | $29,341 | $0 | $29,341 |

# GOVERNMENT AUDITING STANDARDS SECTION

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

## 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
Housing Authority of the City of Sterling, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the major fund of the Housing Authority of the City of Sterling, Colorado as of and for the year ended March 31, 2023, and the related notes to the financial statements, which comprise the Housing Authority of the City of Sterling, Colorado's basic financial statements, and have issued our report thereon dated October 5, 2023.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2023-1 that we consider to be a material weakness.

### Report on Compliance and Other Matters

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

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Housing Authority of the City of Sterling, Colorado's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Housing Authority of the City of Sterling, Colorado's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## 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.

Nieweddle & Wiens, CPA's

York, Nebraska
October 5, 2023

**Finding 2023-1: Cash Management**
**Material Weakness**

**Criteria:** The Authority should have procedures in place to timely advance grant funds. Further, the Authority should have procedures in place to maximize return on its cash and investments.

**Condition:** HUD obligates Public Housing operating subsidy to the Authority generally on a monthly basis. During our audit, we noted the Authority had a receivable for operating subsidy at March 31, 2022 of $79,861.50 and a receivable of $75,870 at March 31, 2023. Further, the Authority only advanced funds three times during the year instead of doing it monthly.

We further noted the Authority was not monitoring its return on cash and investments and did not have procedures in place to invest available funds and only had interest income of $8,508.86 for the year ended March 31, 2023 with a total cash and investments balance of $2,826,064.76 at March 31, 2023 which is an effective interest rate of 0.30%. The Authority had a total of $1,148,835.43 of bank balances at March 31, 2023 in no-interest checking accounts. The Authority had one CD in total and its interest rate was 0.10%. Public Housing had a bank balance of $998,186.15 at March 31, 2023 in its checking account earning 0.81% interest and the MacLaren had $1,026,916.82 in its checking account earning 0% interest.

The Authority did have $114,344.60 in an investment that was earning 4.86% percent. To project out the potential interest income, we assumed all funds that were not held in a trust were invested in the account earning 4.86% leaving a $100,000 in both the Public Housing and MacLaren checking accounts. Based on this, the projected interest income would be $101,675.73, an increase of over $93,166.87. Rates had increase during the fiscal year so this projection would be a bit higher than had these funds been invested properly since the beginning of the fiscal year. We did the same projection using a 3% rate of return and the projected interest income would be $59,863.34 or $51,354.48 increase.

**Cause:** The Authority does not have effective cash management and investment procedures in place.

**Effect or Potential Effect:** The Authority did not earn material amounts of interest income by not monitoring its cash and investment balances and rate of return. Further, by not advancing operating subsidy timely, this also reduced the cash the Authority had available to invest.

**Recommendation:** The Authority should establish separate cash management procedures and investment procedures. The Authority should advance funds as they are obligated from HUD which would generally require operating subsidy being advanced on a monthly basis.

The Authority should review its cash balances and place all funds in accounts that earn interest. The Authority should then evaluate its cash needs and invest the remaining funds. A monthly investment report should be provided to the Board of Commissioners to show the bank balances of each account, the type of account it is in and the rate of return. The Board of Commissioners should activity monitor this report.

Housing Authority of The City of Sterling

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STERLING, COLORADO 80751

October 2, 2023

**One noted finding was specified. For finding number 2023-001: Cash Management Material Weakness**

The auditee's management agrees with the finding. The Authority will establish cash management and investment procedures that will include monthly monitoring of operating subsidy and establish a monthly investment report that will be provided to the Board of Commissioners.

AGREED-UPON PROCEDURE

Niewedde & Wiens
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have performed the procedure described in the second paragraph of this report on whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. The Housing Authority of the City of Sterling, Colorado is responsible for the accuracy and completeness of the electronic submission.

The Housing Authority of the City of Sterling, Colorado has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose to determine whether the electronic submission of certain information agrees with the related hard copy documents within the audit reporting package. Additionally, the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC) has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We 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 associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown the chart below.

| Procedure | UFRS Rule Information | Hard Copy Document(s) | Findings |
|---|---|---|---|
| 1 | Balance Sheet and Revenue and Revenue and Expense (account numbers 111 to 13901) | Financial Data Schedule, all CFDAs, if applicable. | Agrees |
| 2 | Footnotes (data element G5000-010 | Footnotes to audited basic financial statements | Agrees |
| 3 | Type of opinion on FDS (date element G3100-040) | Auditor's supplemental report on FDS | Agrees |
| 4 | Basic financial statements and auditor reports required to be submitted electronically | Basic financial statements (inclusive of auditor reports) | Agrees |

We were engaged by the Housing Authority of the City of Sterling, Colorado to perform this agreed-upon procedure engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

We were engaged to perform an audit of the financial statements of the Housing Authority of the City of Sterling, Colorado as of and for the year ended March 31, 2023, and have issued our report thereon dated October 5, 2023. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority of the City of Sterling, Colorado's Financial Data Schedule dated October 5, 2023, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

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

The purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Nieweddе & Wiens, CPA's

York, Nebraska
October 5, 2023