SHERIDAN HOUSING AUTHORITY

Financial Statements, Management's Discussion and Analysis and Independent Auditors' Reports

Year Ended December 31, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Sheridan Housing Authority
Sheridan, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of Sheridan Housing Authority (the Authority), a component unit of the City of Sheridan, Colorado as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with generally accepted auditing standards, 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 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 the 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 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 the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 information is fairly stated, in all material respects, in relation to the 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 July 20, 2026, on our consideration of the 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 the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Salt Lake City, Utah
July 20, 2026

Sheridan Housing Authority

Management's Discussion and Analysis (MD&A)

December 31, 2025

As management of the Sheridan Housing Authority (the 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, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements and notes to the financial statements.

Financial Highlights

- The Net Position is $113,735 at year-end, and the Authority had more expenses than revenues at the end of December 2025 of ($7,451).
- The total HUD subsidy received in 2025 for landlord Housing Assistance Payments (HAP) was $2,732,140, which was less than total (HAP) expenses of $2,743,110, resulting in less HAP revenues than HAP expenses of $10,970.
- With a current ratio of 2.3 for the HCV Program the Authority demonstrates liquidity. In other words, the HCV Program can meet its current obligations 2.3 times.
- The Number of Months Expendable Funds Balance Ratio, which shows adequacy of funds or the ability to pay monthly expenses is 1.38 months.

Using the Basic Financial Statements

The Financial Statements consist of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Authority as an entire operating entity.

A fund is a self-balancing set of accounts recording Cash and other financial resources together with all related Liabilities and Net Position and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

The Statement of Net Position-Enterprise Funds presents information on all the Authority’s Assets and Liabilities. The difference between an Authority’s Assets and Liabilities is Net Position. Over time, increases and 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 Revenues, Expenses and Changes in Net Position-Enterprise Funds show the reader operating revenues and expenses by funds and by the Authority in total. This is reported on a full-accrual basis where income is reported when earned and expenses are reported as incurred. This report shows the reader Operations Change in Net Position.

The Statement of Cash Flows-Enterprise Funds provides our third statement, which converts our accrual accounting to cash to let the reader know by fund and by the Authority as a whole, if the Authority increased or decreased our cash position this year and what were the sources or uses of the cash.

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found on pages 12 through 15 of the report.

Authority Financial Analysis

STATEMENTS OF NET POSITION
ENTERPRISE FUNDS

	2025	2024	Dollar Change	Percent Change
Assets				
Current Assets	$ 200,731	$ 228,132	$ (27,401)	-12.01%
Noncurrent Assets	1,787	7,905	(6,118)	-77.39%
Total Assets	202,518	236,037	(33,519)	-14.20%
Liabilities				
Current Liabilities	88,783	114,851	(26,068)	-22.70%
Total Liabilities	88,783	114,851	(26,068)	-22.70%
Net Position				
Restricted for Housing Assistance Payments	-	-	-	-
Unrestricted	113,735	121,186	(7,451)	-6.15%
Total Net Position	113,735	121,186	(7,451)	-6.15%
Total Liabilities and Net Position	$ 202,518	$ 236,037	$ (33,519)	-14.20%

Total Assets decreased by $33,519, due to net cash provided by operating activities decreasing by $11,540 and accounts receivable decreasing by $21,979.

- Current Liabilities had a net decrease as the voucher program decreased the amount owed for Management Fees, increased Escrow Deposits for the FSS program and landlord overpayments of HAP.
- Total Net Position at year-end was $113,735, a decrease this year of $7,451.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
ENTERPRISE FUNDS

	2025	2024	Dollar Change	Percent Change
Operating Revenues	$ 2,918,611	$ 2,697,087	$ 221,524	8.21%
Operating Expenses	2,928,518	2,687,800	240,718	8.96%
Net Operating Income (Loss)	(9,907)	9,287	(19,194)	-206.68%
Non-operating Revenue	2,456	2,867	(411)	-14.34%
Changes in Net Position	(7,451)	12,154	(19,605)	-161.30%
Net Position, Beginning of Year	121,186	109,032	12,154	11.15%
Net Position, End of Year	$ 113,735	$ 121,186	$ (7,451)	-6.15%

- Operating Revenues increased $221,524 due to an increase in HUD administrative fees and HAP funding of $221,370 and fraud recovery of $154.
- HAP costs increased in 2025 to $2,743,110, $223,391 more than 2024's costs of $2,519,719 due to an increase in per unit cost and unit months leased.
- HCV Administrative fees earned in 2025 increased by $3,122 compared to 2024. Total Administrative fees received in 2025 were $165,378. Administrative fees in 2024 were $162,256.
- There was a negative change in Net Position at December 2025 year-end of $7,451 compared to 12,154 in 2024. The year ended with a Net Position of $113,735.

Capital Assets

As of December 31, 2025, the Authority did not have money invested in Capital Assets.

Debt Administration

As of December 31, 2025, the Authority had no Long-Term Debt.

Funds

1. General Fund: The Unrestricted Net Position (UNP) in this fund is a result of historic transactions such as rental property that was sold, rehabilitation projects that are now complete, and other investments of the Authority. The change in Net Position was $2,438 from $90,026 at the end of 2024, for an ending Net Position of $92,464 at the end of 2025.

2. Housing Choice Vouchers: This is the major program of the Authority and has been the focus of this report. The Authority was able to utilize 85% of the 2,172-unit months available for its program of 181. The Housing Authority provided 1,851-unit months, an average of 154 vouchers, which were issued to low-income clients in the City of Sheridan. In 2025, the change in Net Position compared to 2024 decreased by $9,889 for an ending Net Position of $21,271 for 2025 compared to $31,160 for 2024.

The Future of the Authority

Federal programs continue to be funded below historical levels. Earned Administrative Fees are estimated to be prorated at 88%. Maximizing Voucher utilization while controlling program costs will be a focus in 2026. The Housing Choice Voucher Program will strive to maintain its high-quality program and work to utilize Housing Assistance Payment (HAP) and Administrative Fee (AF) funding to the highest permissible levels.

Requests for information

The financial report is designed to provide a general overview of the Sheridan Housing Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Sheridan Housing Authority
C/O 3460 S. Sherman Street, Suite 101
Englewood, CO 80113

Basic Financial Statements

Sheridan Housing Authority
Statement of Net Position
Enterprise Funds
December 31, 2025

	General	Housing Choice Vouchers	Total
Assets			
Current assets			
Cash and investments	$ 92,464	$ 90,366	$ 182,830
Accounts receivable	-	17,901	17,901
Total current assets	92,464	108,267	200,731
Noncurrent sssets			
Accounts receivable	-	1,787	1,787
Total noncurrent assets	-	1,787	1,787
Total assets	$ 92,464	$ 110,054	$ 202,518
Liabilities			
Current liabilities			
Accounts payable	$ -	$ 36,119	$ 36,119
Escrow deposits	-	52,664	52,664
Total current liabilities	-	88,783	88,783
Total liabilities	-	88,783	88,783
Net position			
Restricted	-	-	-
Unrestricted	92,464	21,271	113,735
Total net position	92,464	21,271	113,735
Total liabilities and net position	$ 92,464	$ 110,054	$ 202,518

The accompanying notes are an integral part of these financial statements

Sheridan Housing Authority
Statement of Revenues, Expenses, and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2025

	General	Housing Choice Vouchers	Total
Operating revenues			
Grants	$ -	$ 2,897,518	$ 2,897,518
Other income	-	21,093	21,093
Total operating revenues	-	2,918,611	2,918,611
Operating expenses			
Housing assistance payments	-	2,743,110	2,743,110
General and administrative	12	185,396	185,408
Total operating expenses	12	2,928,506	2,928,518
Net operating loss	(12)	(9,895)	(9,907)
Non-operating revenues			
Interest income	2,450	6	2,456
Total non-operating revenues	2,450	6	2,456
Net income (loss)	2,438	(9,889)	(7,451)
Changes in net position	2,438	(9,889)	(7,451)
Net position, beginning of year	90,026	31,160	121,186
Net position, end of year	$ 92,464	$ 21,271	$ 113,735

The accompanying notes are an integral part of these financial statements

Sheridan Housing Authority
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2025

	General	Housing Choice Vouchers	Total
Cash flows from operating activities			
Cash received from grants	$ -	$ 2,919,497	$ 2,919,497
Cash received from tenants and others	-	21,093	21,093
Cash paid for housing assistance	-	(2,742,285)	(2,742,285)
Cash paid to vendors and others	(12)	(212,289)	(212,301)
Interest received	2,450	6	2,456
Net cash from operating activities	2,438	(13,978)	(11,540)
Net change in cash and cash equivalents	2,438	(13,978)	(11,540)
Cash and cash equivalents, beginning of year	90,026	104,344	194,370
Cash and cash equivalents, end of year	$ 92,464	$ 90,366	$ 182,830
Reconciliation of net operating income (loss) to net cash from operating activities			
Net operating income (loss)	$ 2,438	$ (9,889)	$ (7,451)
Adjustments to reconcile net operating income (loss) to net cash from operating activities			
Changes in assets and liabilities:			
Accounts receivable	-	21,979	21,979
Accounts payable	-	(26,893)	(26,893)
Escrow deposits	-	825	825
Total adjustments	-	(4,089)	(4,089)
Net cash from operating activities	$ 2,438	$ (13,978)	$ (11,540)

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sheridan Housing Authority (the Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard- setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on the Authority.

Based on the application of this criteria, the Authority does not include additional organizations within its reporting entity.

The members of the City Council of the City of Sheridan also act as the governing board of the Authority. Therefore, the Authority is reported as a component unit of the City of Sheridan.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses funds to report its financial position and activities. Fund accounting is designed to segregate transactions related to certain functions or activities. All of the Authority's funds are classified as enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods or services.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Major individual funds are reported as separate columns in the financial statements. The Authority reports the following major proprietary funds:

The *General Fund* accounts for the general operations of the Authority.

The *Housing Choice Vouchers Fund* accounts for the financial activities of the Authority's Section 8 Housing Choice Voucher program. The program has been allocated 181 vouchers by the U.S. Department of Housing and Urban Development (HUD).

Assets, Liabilities and Net Position

Cash Equivalents - Cash equivalents are defined as short-term investments with an original maturity of three months or less.

Accounts Receivable - Accounts receivable is expended as bad debts at the time they are determined to be uncollectible and are approved by the Board of Commissioners. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future.

Unearned Revenues - Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, including when cash is received before the eligibility requirements imposed by the grantor have been met.

Escrow Deposits - The Authority holds deposits in escrow for participants of the family self-sufficiency program. The deposits are returned to the participants upon the satisfaction of all program requirements.

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of assets; and errors and omissions. Innovative Housing Concepts carries commercial insurance for these risks of losses.

Subsequent Events

Subsequent events were evaluated by management through July 20, 2026, which is the date the financial statements were available to be issued. No material subsequent events required to be disclosed were noted by management.

NOTE 2 – CASH AND INVESTMENTS

Deposits

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

Investments

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. 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

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentration of Credit Risk - State statutes do not limit the amount the Authority may invest in a single issuer of investment securities, except for corporate securities.

Local Government Investment Pool - At December 31, 2025, the Authority had $57,905 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds.

Colotrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables. This investment is valued using the NAV per share (or its equivalent) of the investments.

Colotrust is an investment vehicle established by state statute for local entities in Colorado to pool surplus funds for investment purposes and registered with the State Securities Commissioner. The pools operate similarly to money market funds and each share is equal in value to $1.00. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank.

The custodian's internal records identify the investments owned by the participating governments. Investments of the pools consist of US Treasury bills, notes, and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by US Treasury securities or US Instrumentalities. Colotrust is rated AAAm by Standard and Poor's. Information regarding Colotrust's financial statements is available at their website www.colotrust.com.

NOTE 3 – COMMITMENT AND CONTINGENCIES

Claims and Judgements

The Authority participates in federal programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor. At December 31, 2025, significant amounts of grant expenses have not been audited, but management believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The TABOR Amendment is subject to many interpretations, but the Authority believes it is exempt from the provisions of the TABOR Amendment because they do not collect tax.

NOTE 4 – CONCENTRATION OF FUNDING

The Authority receives substantially all of its operating and capital funding from the U.S. Department of Housing and Urban Development (HUD). The Authority's continued operations are highly dependent on the level of funding received from HUD. Any significant reduction in the amount of federal funding available to the Authority could have a material adverse effect on its financial position and results of operations. Management believes the Authority will continue to receive adequate funding to sustain its operations.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Authority has no employees of its own and all operational and administrative functions are performed by Innovative Housing Concepts (IHC) under a management agreement. During the year ended December 31, 2025, the Authority paid IHC an aggregate management fee of $145,407. This fee compensates IHC for all operational services provided, including salaries, benefits, maintenance, and supplies. All transactions with IHC are conducted at arm's length. As of December 31, 2025, there was a $34,405 payable to IHC included in the Accounts Payable liability.

Federal Financial Assistance

INDEPENDENT AUDITORS' 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
Sheridan Housing Authority
Sheridan, 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 business-type activities and each major fund of Sheridan Housing Authority (the Authority), a component unit of the City of Sheridan, Colorado as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Sheridan Housing Authority's basic financial statements, and have issued our report thereon dated July 20, 2026.

Report on Internal Control over Financial Reporting

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

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

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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, 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,

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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.



Salt Lake City, Utah
July 20, 2026

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

To the Board of Commissioners
Sheridan Housing Authority
Sheridan, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sheridan Housing Authority (the Authority) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2025. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 the Authority's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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



Salt Lake City, Utah
July 20, 2026

Sheridan Housing Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Assistance Programs Agency/Program Grant Title	Federal Assistance Listing Number	Federal Expenditures
U.S. Department of Housing & Urban Development (HUD)		
Section 8 Housing Vouching Cluster	14.871	$ 2,908,488
Total Expenditures of Federal Awards		$ 2,908,488

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation
The accompanying schedule presents the expenditures incurred (and related awards received) by Sheridan Housing Authority (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting
The expenditures included in the accompanying schedule were reported on an accrual basis of accounting. Expenditures are recognized in the accounting period in which the related liability is incurred. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

Indirect Cost Rate
The Authority has elected not to use the de minimis indirect cost rate permitted under 2 CFR 200.414(f)

Commitment and Contingencies
Federal grants received by the Authority are subject to review and audit by grantor agencies. The Authority's management believes that the results of such audits will not have a material effect on the Schedule.

Subrecipients
The Authority does not participate with any subrecipient organizations for the administration or performance of its' federal programs.

Sheridan Housing Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	__X__ None reported
Noncompliance material to financial statements noted?	_____ Yes	__X__ No

Federal Awards

Type of auditors' report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
• Material weakness(es) identified?	_____ Yes	__X__ No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	__X__ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	__X__ No

Identification of major programs

Assistance Listing Number	Name of Federal Program or Cluster
14.871	Section 8 Housing Vouching Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as low risk auditee?	_____ Yes	__X__ No

Sheridan Housing Authority
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

There were no findings to report for the year ended December 31, 2025.

Sheridan Housing Authority
Schedule of Findings and Questioned Costs - Prior Year
For the Year Ended December 31, 2025

There were no findings to report for the year ended December 31, 2024.

Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Sheridan Housing Authority
Sheridan, Colorado

We have performed the procedure enumerated in the second paragraph, which was agreed to by Sheridan Housing Authority (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. The sufficiency of the procedure is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedure enumerated below either for the purpose of which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below. 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. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

We were engaged to perform an audit in accordance with 2 CFR 200 Subpart F, Audits Requirements, for the Authority as of and for the year ended December 31, 2025, and have issued our reports thereon dated July 20, 2026. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of the audit. Further, our opinion on the fair presentation of the Authority's Financial Data Schedule (FDS) dated July 20, 2026, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by Uniform Guidance, which includes the auditors' report, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH REAC.

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

Procedure	UFRS Rule Information	Hard Copy Document(s)	Findings
1	Balance Sheet and Revenue Expense (data line items 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 (data element G3100-040)	Auditor's Supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of findings and Questioned Costs	Agrees
5	General information (data element series G2000, G2100, G2200,G9000, G9100)	OMB Data Collection Form	Agrees
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned Costs , Part 1 of OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic Financial Statements (inclusive of auditor reports)	Agrees

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Salt Lake City, Utah
July 20, 2026