

Housing Authority of the City of Littleton

Financial Statements
with Independent Auditor's Report

September 30, 2021



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Housing Authority of the City of Littleton

September 30, 2021

Board of Commissioners

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Pat Cronenberger - Vice Chairperson
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Executive Director

Corey Reitz

Housing Authority of the City of Littleton

Table of Contents
September 30, 2021

Independent Auditor’s Report	1
Management’s Discussion and Analysis	i
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows.....	7
<i>Notes to Financial Statements</i>	9
Supplementary Information	
<i>Nonmajor Proprietary Funds</i>	
Combining Statement of Net Position	20
Combining Statement of Revenues, Expenses and Changes in Net Position.....	21
Combining Statement of Cash Flows	22
Federal Financial Assistance	
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 <i>Government Auditing Standard</i>	23
Independent Auditor’s Report on Compliance for Each Major Federal Program, Internal Control Over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	25
Schedule of Expenditures of Federal Awards	28
<i>Notes to Schedule of Expenditures of Federal Awards</i>	29
Schedule of Finding and Questioned Costs.....	30-32
Summary Schedule of Prior Audit Findings	33
Independent Auditor’s Report on Financial Data Schedules	34



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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Powers Circle Apartments LLLP, which represent 19 percent and 4 percent, respectively, of the assets and revenues of the Housing Authority of the City of Littleton. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Powers Circle Apartments LLLP, is based solely upon the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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Auditor's Responsibility

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of September 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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 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.



Other Matters

Other 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 Littleton’s basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 supplementary information is 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 June 7, 2022, on our consideration of the Housing Authority of the City of Littleton’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 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 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 Littleton’s internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
June 7, 2022



Housing Authority of the City of Littleton

Management's Discussion and Analysis

September 30, 2021

As management of Housing Authority of the City of Littleton, (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 September 30, 2021. The Management's Discussion and Analysis is designed to assist the reader in focusing on significant financial items, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and the additional information that we have furnished in our notes to the financial statements to obtain a full understanding of its financial position.

Financial Highlights

The Authority continues to have a positive financial outlook.

- Total Net Position was \$10,781,659 on September 30, 2021 and \$12,062,469 on September 30, 2020.
- Capital Assets in 2021 totaled \$23,687,154 compared to 2020 Capital Assets totaling \$24,504,545. This includes the Capital Assets of Powers Circle.
- Fiscal year 2021 ended with a current ratio of 3.64, allowing the Authority to meet its current obligations 3.64 times. This ratio was 3.48 in 2020.
- Total Unrestricted Cash and Investments was \$5,199,932 on September 30, 2021 and \$7,092,532 on September 30, 2020. Restricted Cash and Investments was \$1,300,684 on September 30, 2021 and \$1,384,577 on September 30, 2020.

Using the Financial Statements

The Financial Statements consist of Management's Discussion and Analysis (this section) and 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. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position - Proprietary Funds presents information on all the Authority assets and liabilities. The difference between a Public Housing 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 - Proprietary Funds provide 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 the net operating income/loss.

Operating Revenue consists of resident rents, management fees, operating subsidies and contributions, administration fees, and other income. Operating expenses are salaries and benefits, office expenses, insurance, utilities, maintenance activities and depreciation. The next section shows Non-Operating Revenues and Expenses to arrive at the Change in Net Position (Profit/Loss) for the year just ended. Non-Operating Revenues/Expenses consist of interest income, mortgage interest expense, debt issuance and financing activities, and non-operating grants.

Housing Authority of the City of Littleton
Management's Discussion and Analysis
September 30, 2021

Using the Financial Statements (Continued)

Each column of this statement is a fund. 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 Cash Flows - Proprietary Funds provides our third statement which converts accrual accounting to cash to let the reader know, by fund, and by the Authority, as-a whole, if the Authority increased or decreased its cash position this year and the sources and/or uses of the cash.

The Notes to the 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 immediately after them in the audit report.

Programs and Services

The following is a brief description of the programs and services that the Authority provides for the residents within the City of Littleton.

Housing Choice Vouchers - Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market and earns an administrative fee to cover the program's operating costs. In 2021, the Authority was authorized to issue 288 Housing Choice Vouchers and 209 Project-Based Vouchers (Sierra Vista). The Authority also administers a significant amount of Housing Choice Vouchers on behalf of Arapahoe County, the Colorado Division of Housing, and Port-In Vouchers from other Housing Authorities, the average monthly amount of those vouchers are 230. With the conversion of the Public Housing 71 homes through the Section 22 Conversion, there are 71 TPV (Tenant Protection Vouchers) plus 24 Foster Youth to Independence (FYI) vouchers to provide housing assistance to youth under the age of 25 that are aging out of foster care and are at extreme risk of experiencing homelessness. The Authority receives a separate administrative fee to operate this program.

Public Housing - The Streamlined Voluntary Conversion (Section 22) was completed in the 2021 fiscal year and as a result, the Authority no longer has participation in the Public Housing program. Ownership of the 71 homes was transferred to an affiliate nonprofit entity, South Metro Property Corporation. Families residing in these homes will receive Tenant Protection Vouchers, which will be issued in addition to the 288 Housing Choice Vouchers currently authorized to be administered by the Authority. Of the 71 homes, 59 will be rehabilitated and sold to low and moderate-income families and 12 will be redeveloped into a 51-unit Low-Income Housing Tax Credit property that will house low-income elderly and disabled residents. The Authority has partnered with Habitat for Humanity of Metro Denver to rehabilitate and sell the 59 homes to preserve housing affordability. The Authority will maintain management of the homes over the next two years until they are sold or redeveloped.

Housing Authority of the City of Littleton
Management's Discussion and Analysis
September 30, 2021

Section 8 New Construction and Substantial Rehabilitation - Under multi-family contracts with HUD, the Authority receives funding for four project-based housing facilities to provide subsidized rent for 332 low-income households. These four properties are Amity Plaza (180 Units), Alyson Court (60 Units), Bradley House (72 Units), and John W. Newey Family Housing (20 Units). The rents of the units in these properties are subsidized by HUD and are "project-based" under the Section 8 New Construction and/or Substantial Rehabilitation Programs.

Development - The Authority is involved with developing and rehabbing new acquisitions and the construction of low-income housing. This fund also accounts for the Authority's interest in various properties, including 2 office buildings, an interest in a Low-Income Housing Tax Credit project, Sierra Vista and other affordable housing projects.

Powers Circle Apartments - This 69-unit apartment complex was purchased by the Authority in 2008. On July 30, 2013, the property was sold to the Powers Circle Apartments LLLP tax credit partnership. Partners include Countryside Corporate Tax Credits XXI (as a Limited Partner) and Littleton Area Neighborhood Development (LAND) (as the General Partner). Littleton Housing Authority is the developer of the project and acts as the Management Agent. The property will remain affordable in the community for a period of 15 years in accordance with the tax credit requirements and for an additional 15 years in accordance with the Land Use Restriction Agreement (LURA).

Libby Bortz Assisted Living Center - The Authority owns and operates a 111-unit elderly assisted living property designed for moderate-income frail elderly. Services provided include three meals a day, weekly housekeeping and laundry service, medication administration and 24-hour protective oversight. Of the 111 units in the property, 10 units are dedicated to Expanded Care Services.

Housing Authority of the City of Littleton
 Management's Discussion and Analysis
 September 30, 2021

Condensed Statement of Net Position

	2021	2020
Assets		
Current Assets	\$ 6,938,255	\$ 7,389,927
Restricted Cash	1,300,684	1,384,577
Capital Assets, Net of Accum. Depr.	23,687,154	24,504,545
Other Noncurrent Assets	4,152,557	3,790,036
Total Assets	\$ 36,078,650	\$ 37,069,085
Liabilities		
Current Liabilities	1,905,471	2,121,717
Long-Term Liabilities	23,391,520	22,884,899
Total Liabilities	\$ 25,296,991	\$ 25,006,616
Net Position		
Net Investment in Capital Assets	1,807,206	1,696,120
Restricted Net Position	1,270,516	1,384,577
Unrestricted Net Position	7,703,937	8,981,772
Total Net Position	10,781,659	12,062,469
Total Liabilities & Net Position	\$ 36,078,650	\$ 37,069,085

- Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On September 30, 2021 assets exceeded liabilities by \$10,781,659. This amount is allocated to \$1,807,206 Net Investment in Capital Assets, \$1,270,516 Restricted Net Position, and \$7,703,937, that is Unrestricted.
- Capital Assets represent the largest portion of assets at \$23,687,154 (66%), although Current Assets also represent a significant portion of the Authority's assets at \$6,938,255 (19%).
- Net Investment in Capital Assets increased \$111,086 due to principal payments made on Mortgages.

Housing Authority of the City of Littleton
Management's Discussion and Analysis
September 30, 2021

Financial Analysis

**Condensed Statement of Revenues, Expenses and
Changes in Net Position**

	2021	2020
Total Operating Revenues	\$ 18,084,550	\$ 17,121,092
Total Operating Expenses	17,351,910	16,731,647
Net Operating Income (Loss)	732,640	389,445
Net Nonoperating Revenues & Expenses	(2,013,450)	(134,994)
Change in Net Position	(1,280,810)	254,451
Net Position - Beginning	12,062,469	11,808,018
Net Position - Ending	\$ 10,781,659	\$ 12,062,469

- Operating Revenues increased \$963,458 from 2020 to 2021 with Operating Expenses increasing \$620,263 from 2020 to 2021.
- The Operating Revenue increase is consistent with normal Rental Rate increases, HAP increase in the Section 8 New Construction funds and a full year of commercial rental revenue at the Rapp St. building.
- The Operating Expense increase was due to several items. Increased HAP costs, associated with higher HAP revenue, increased General & Administrative costs, higher property & casualty insurance, and Environmental Cleanup costs at Amity Plaza, John Newey & Public Housing.
- Net Nonoperating Revenue & Expense in 2021 this was a loss of \$2,013,450 compared to a loss of \$134,994 in 2020. Most of this loss (\$1,008,666) was due to the Sale of the Public Housing entity and the fixed assets inside that entity for \$71, \$1 per home to South Metro Housing Corporation. In 2020 the agency received \$478,685 for Capital fund received at the conversion of Bradley House from Public Housing to RAD. This lowered the Nonoperating expense in 2020 and offsetting a large amount of normal Mortgage Interest expense. Mortgage Interest Expense in 2021 was \$945,621. Debt refinancing costs incurred in 2021 were \$140,178. \$113,870 for the Amity Refinance & \$26,308 for the Libby Bortz Refinance.

Housing Authority of the City of Littleton
 Management's Discussion and Analysis
 September 30, 2021

Capital Assets and Long-Term Debt

Capital Assets

Financial Analysis

Capital Assets

	<u>2021</u>	<u>2020</u>
Capital Assets	\$ 46,097,425	\$ 50,081,813
Less Accumulated Depreciation	\$ 22,410,271	\$ 25,577,268
Total Capital Assets, Net of Depreciation	<u>\$ 23,687,154</u>	<u>\$ 24,504,545</u>

Please see Note 6 to Financial Statements for further detail.

As of September 30, 2021, the Authority had outstanding long-term debt of \$22,008,866, comprised of loans, mortgages and employee compensated absences. Scheduled payments for within the next Fiscal year are \$472,335 (Current Debt). Regarding depreciation of buildings at Amity Plaza, Bradley House & John Newey, these assets have been fully depreciated based on their useful life, however, there is certainly significant value in the buildings. This is not financially indicated based on GAAP. Details of the Long-Term Debt are provided in Note 7 to the Financial Statements.

Most of the Authority's funding is from the Department of Housing & Urban Development (HUD). This funding consists of Section 8 housing assistant payments, capital fund grants, operating subsidies, and other smaller grants. The Authority is authorized to issue 288 Housing Choice Vouchers and this number is not expected to change. The Authority also earns administrative fees for the administration of Section 8 Housing Choice Vouchers for Arapahoe County, the Colorado Division of Housing, and Sierra Vista, a Low-Income Housing Tax Credit property where the Authority is a limited partner receiving administrative fees and a percentage of available cash from operations. While the number of Arapahoe County and Colorado Division of Housing vouchers vary due to portability, the average total number of vouchers administered each month is 822.

In 2018, the Authority began offering expanded care and services packages to residents at the Libby Bortz Assisted Living Center (LBALC) in order to provide a higher level of care to existing and future residents of the facility. The expanded care and services include dressing assistance, personal hygiene care (daily grooming), incontinence care management, medication management, bathing assistance, escort to and from meals and activities and other care services. There are currently 10 Expanded Care units, which took the place of 10 regular units. At this time there are no plans to increase that number.

Housing Authority of the City of Littleton
Management's Discussion and Analysis
September 30, 2021

The Authority expects to offer additional programming and continue its development efforts in order to preserve and create affordable housing in the community and provide additional revenue. The proceeds from the Section 22 conversion and subsequent sale of the 59 homes will be used by South Metro Property Corporation for additional development and acquisition opportunities, which will be managed by the Authority. In addition to the administration of the associated Tenant Protection Vouchers, the Authority has added 24 Foster Youth to Independence (FYI) vouchers to provide housing assistance to youth under the age of 25 that are aging out of foster care and are at extreme risk of experiencing homelessness. The Authority will receive a separate administrative fee to operate this program.

Requests for Information

This financial report is designed to provide a general overview of the Housing Authority of the City of Littleton's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Littleton Housing Authority
doing business as
South Metro Housing Options
5808 S. Rapp St.
Suite 100
Littleton, Colorado 80120

Basic Financial Statements

Housing Authority of the City of Littleton
Statement of Net Position
Proprietary Funds
September 30, 2021

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	John Newey	Powers Circle	Nonmajor	Totals
Assets								
<i>Current Assets</i>								
Cash	\$ 238,116	\$ 954,016	\$ 1,741,829	\$ 507,898	\$ 1,340,886	\$ 88,910	\$ 328,277	\$ 5,199,932
Accounts Receivable	20,302	930,896	56,759	31,486	11,907	32,319	473,347	1,557,016
Inventory	-	-	-	181	-	-	-	181
Prepaid Expenses	39,748	13,379	45,014	16,562	7,192	5,117	54,114	181,126
Total Current Assets	<u>298,166</u>	<u>1,898,291</u>	<u>1,843,602</u>	<u>556,127</u>	<u>1,359,985</u>	<u>126,346</u>	<u>855,738</u>	<u>6,938,255</u>
<i>Noncurrent Assets</i>								
Restricted Cash	-	55,007	502,770	421,773	30,168	290,966	-	1,300,684
Other Assets	-	-	-	-	-	17,274	-	17,274
Advances to Other Funds	-	645,413	-	-	-	-	-	645,413
Notes Receivable	30,511	3,459,359	-	-	-	-	-	3,489,870
Capital Assets, Not Being Depreciated	-	929,850	1,206,552	330,553	251,981	865,000	1,873,250	5,457,186
Capital Assets, Net of Accumulated Depreciation	-	4,037,449	3,375,125	2,390,387	189,169	5,513,737	2,724,101	18,229,968
Total Noncurrent Assets	<u>30,511</u>	<u>9,127,078</u>	<u>5,084,447</u>	<u>3,142,713</u>	<u>471,318</u>	<u>6,686,977</u>	<u>4,597,351</u>	<u>29,140,395</u>
Total Assets	<u>\$ 328,677</u>	<u>\$ 11,025,369</u>	<u>\$ 6,928,049</u>	<u>\$ 3,698,840</u>	<u>\$ 1,831,303</u>	<u>\$ 6,813,323</u>	<u>\$ 5,453,089</u>	<u>\$ 36,078,650</u>
Liabilities and Net Position								
<i>Current Liabilities</i>								
Accounts Payable	\$ 4,970	\$ 376,543	\$ 82,969	\$ 87,884	\$ 15,586	\$ 9,399	\$ 126,265	\$ 703,616
Accrued Liabilities	8,721	30,967	22,115	69,093	3,708	14,586	17,766	166,956
Unearned Revenues	5,760	2,664	55,613	2,582	3,321	7,272	3,566	80,778
Accrued Interest Payable	-	11,637	7,347	10,002	11,216	10,945	8,592	59,739
Tenant Security Deposits	4,384	17,386	54,602	180,265	7,064	46,241	66,718	376,660
Current Portion of Long-Term Liabilities	-	-	-	-	-	-	-	-
Accrued Compensated Absences	1,934	1,926	4,598	29,299	859	-	6,771	45,387
Mortgages Payable	-	55,963	197,845	123,905	48,783	-	45,839	472,335
Total Current Liabilities	<u>\$ 25,769</u>	<u>\$ 497,086</u>	<u>\$ 425,089</u>	<u>\$ 503,030</u>	<u>\$ 90,537</u>	<u>\$ 88,443</u>	<u>\$ 275,517</u>	<u>\$ 1,905,471</u>

(Continued)

Housing Authority of the City of Littleton

Statement of Net Position

Proprietary Funds

September 30, 2021

(Continued)

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	John Newey	Powers Circle	Nonmajor	Totals
Liabilities and Net Position (Continued)								
<i>Long-Term Liabilities</i>								
Advances from Other Funds	\$ -	\$ -	\$ -	\$ 3,410	\$ -	\$ 184,749	\$ 927,070	\$ 1,115,229
Accrued Interest Payable	-	-	-	-	-	535,080	-	535,080
Developer Fee Payable	-	-	-	-	-	229,537	-	229,537
Accrued Compensated Absences	12,511	12,458	29,743	-	5,558	-	43,791	104,061
Notes Payable	-	-	-	-	-	2,663,466	-	2,663,466
Mortgages Payable	-	2,415,609	5,679,948	3,164,338	2,755,284	2,528,434	2,200,534	18,744,147
Total Long-Term Liabilities	<u>12,511</u>	<u>2,428,067</u>	<u>5,709,691</u>	<u>3,167,748</u>	<u>2,760,842</u>	<u>6,141,266</u>	<u>3,171,395</u>	<u>23,391,520</u>
Total Liabilities	<u>\$ 38,280</u>	<u>\$ 2,925,153</u>	<u>\$ 6,134,780</u>	<u>\$ 3,670,778</u>	<u>\$ 2,851,379</u>	<u>\$ 6,229,709</u>	<u>\$ 3,446,912</u>	<u>\$ 25,296,991</u>
<i>Net Position</i>								
Net Investment in Capital Assets	-	2,495,727	(1,296,116)	(567,303)	(2,362,917)	1,186,837	2,350,978	1,807,206
Restricted for:								
Scholarships	-	55,007	-	-	-	-	-	55,007
Repair and Replacement	-	-	176,090	303,207	-	46,896	-	526,193
Operating Deficits	-	-	326,680	118,566	-	244,070	-	689,316
Unrestricted	290,397	5,549,482	1,586,615	173,592	1,342,841	(894,189)	(344,801)	7,703,937
Total Net Position	<u>290,397</u>	<u>8,100,216</u>	<u>793,269</u>	<u>28,062</u>	<u>(1,020,076)</u>	<u>583,614</u>	<u>2,006,177</u>	<u>10,781,659</u>
Total Liabilities and Net Position	<u>\$ 328,677</u>	<u>\$ 11,025,369</u>	<u>\$ 6,928,049</u>	<u>\$ 3,698,840</u>	<u>\$ 1,831,303</u>	<u>\$ 6,813,323</u>	<u>\$ 5,453,089</u>	<u>\$ 36,078,650</u>

See Notes to the Financial Statements.

Housing Authority of the City of Littleton
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Housing Choice Vouchers	Development	Army Plaza	Libby Bortz	John Newey	Powers Circle	Nonmajor	Totals
Operating Revenues								
Rental	\$ 25	\$ 351,317	\$ 682,762	\$ 1,084,119	\$ 84,053	\$ 665,741	\$ 909,044	\$ 3,777,061
Operating Grants and Contributions	7,962,077	-	2,363,691	326,300	258,971	-	870,747	11,781,786
Assisted Living Fees	-	-	-	1,860,585	-	-	-	1,860,585
Other	178,734	194,238	39,665	213,376	21,169	1,739	16,197	665,118
Total Operating Revenues	<u>8,140,836</u>	<u>545,555</u>	<u>3,086,118</u>	<u>3,484,380</u>	<u>364,193</u>	<u>667,480</u>	<u>1,795,988</u>	<u>18,084,550</u>
Operating Expenses								
Housing Assistance Payments	7,180,539	-	-	-	-	-	-	7,180,539
General and Administrative	574,818	493,962	641,566	761,326	123,918	303,241	1,009,171	3,908,002
Tenant Services	-	61	65,604	1,393,907	3,920	-	113,756	1,577,248
Utilities	54	49,478	171,792	113,980	19,840	64,727	252,386	672,257
Maintenance and Operation	3,468	145,686	372,103	193,255	36,233	105,022	496,322	1,352,089
Insurance and Benefits	128,443	88,993	311,522	361,304	50,614	44,722	371,094	1,356,692
Extraordinary Maintenance	-	-	-	-	193,306	-	28,829	222,135
Depreciation	1,506	132,273	342,137	195,590	48,531	168,686	194,225	1,082,948
Total Operating Expenses	<u>7,888,828</u>	<u>910,453</u>	<u>1,904,724</u>	<u>3,019,362</u>	<u>476,362</u>	<u>686,398</u>	<u>2,465,783</u>	<u>17,351,910</u>
Net Operating Income (Loss)	<u>252,008</u>	<u>(364,898)</u>	<u>1,181,394</u>	<u>465,018</u>	<u>(112,169)</u>	<u>(18,918)</u>	<u>(669,795)</u>	<u>732,640</u>
Nonoperating Revenues (Expenses)								
Grants and Contributions	-	-	-	-	-	-	28,014	28,014
Interest Revenue	-	81,980	213	132	547	-	117	82,989
Interest Expense	-	(142,975)	(181,302)	(165,475)	(137,501)	(212,515)	(105,853)	(945,621)
Debt Issuance Costs	-	-	(113,870)	(26,308)	-	-	-	(140,178)
Gain/Loss Sale of Assets	-	-	(29,988)	-	-	-	(1,008,666)	(1,038,654)
Transfers In (Out)	-	2,565,197	(3,336,264)	-	178,891	-	592,176	-
Net Nonoperating Revenues (Expenses)	<u>-</u>	<u>2,504,202</u>	<u>(3,661,211)</u>	<u>(191,651)</u>	<u>41,937</u>	<u>(212,515)</u>	<u>(494,212)</u>	<u>(2,013,450)</u>
Change in Net Position	<u>252,008</u>	<u>2,139,304</u>	<u>(2,479,817)</u>	<u>273,367</u>	<u>(70,232)</u>	<u>(231,433)</u>	<u>(1,164,007)</u>	<u>(1,280,810)</u>
Net Position, Beginning of year	<u>38,389</u>	<u>5,960,912</u>	<u>3,273,086</u>	<u>(245,305)</u>	<u>(949,844)</u>	<u>815,047</u>	<u>3,170,184</u>	<u>12,062,469</u>
Net Position, End of year	<u>\$ 290,397</u>	<u>\$ 8,100,216</u>	<u>\$ 793,269</u>	<u>\$ 28,062</u>	<u>(1,020,076)</u>	<u>\$ 583,614</u>	<u>\$ 2,006,177</u>	<u>\$ 10,781,659</u>

See Notes to the Financial Statements.

Housing Authority of the City of Littleton
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	John Newey	Powers Circle	Nonmajor	Totals
Cash Flows from Operating Activities								
Grants and Contributions Received	\$ 7,965,808	\$ 1,430	\$ 2,363,691	\$ 326,300	\$ 258,971	\$ -	\$ 870,517	\$ 11,786,717
Cash Received from Tenants	4,409	348,367	683,874	2,608,775	80,430	639,683	504,476	4,870,014
Cash Received from Others	158,435	(717,085)	39,665	213,376	21,169	1,739	(18,789)	(301,490)
Cash Payments to Employees	(374,039)	(261,825)	(679,018)	(1,526,869)	(126,094)	(205,434)	(805,053)	(3,978,332)
Cash Payments to Suppliers	(365,093)	(396,974)	(817,003)	(1,222,021)	(371,229)	(313,477)	(1,471,990)	(4,957,787)
Housing Assistance Payments	(7,180,539)	-	(36,787)	-	-	-	-	(7,217,326)
Net Cash Provided (Used) by Operating Activities	208,981	(1,026,087)	1,554,422	399,561	(136,753)	122,511	(920,839)	201,796
Cash Flows from Capital and Related Financing Activities								
Payments from Other Funds	-	2,252,594	-	-	178,891	52,008	1,477,453	3,960,946
Payments to Other Funds	-	(20,550)	(3,336,264)	(72,487)	-	-	(5,000)	(3,434,301)
Capital Grants and Contributions Received	-	-	-	-	-	-	28,014	28,014
Purchases of Property and Equipment	-	(453,668)	(39,092)	-	-	(103,200)	(678,263)	(1,274,223)
Debt Principal Paid	-	(52,855)	(191,925)	(88,296)	(46,471)	(54,233)	(43,753)	(477,533)
Debt Interest Paid	-	(143,224)	(181,946)	(162,342)	(137,687)	(131,722)	(105,653)	(862,574)
Debt Issuance Costs Paid	-	-	(113,870)	(26,308)	-	-	-	(140,178)
Proceeds from Sale of Assets	-	-	(29,988)	-	-	-	-	(29,988)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	1,582,297	(3,893,085)	(349,433)	(5,267)	(237,147)	672,798	(2,229,837)
Cash Flows from Investing Activities								
Payment of notes receivable principal	(9,943)	60,000	-	-	-	-	-	50,057
Interest Received	-	482	213	132	547	-	117	1,491
Net Cash Provided by Investing Activities	(9,943)	60,482	213	132	547	-	117	51,548
Net Change in Cash	199,038	616,692	(2,338,450)	50,260	(141,473)	(114,636)	(247,924)	(1,976,493)
Cash, Beginning of year	39,078	392,331	4,583,049	879,411	1,512,527	494,512	576,201	8,477,109
Cash, End of year	\$ 238,116	\$ 1,009,023	\$ 2,244,599	\$ 929,671	\$ 1,371,054	\$ 379,876	\$ 328,277	\$ 6,500,616

(Continued)

Housing Authority of the City of Littleton
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021
(Continued)

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	John Newey	Powers Circle	Nonmajor	Totals
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Net Operating Income (Loss)	\$ 252,008	\$ (364,898)	\$ 1,181,394	\$ 465,018	\$ (112,169)	\$ (18,918)	\$ (669,795)	\$ 732,640
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Depreciation and Amortization		132,273	342,137	195,590	48,531	168,686	194,225	1,082,948
Changes in Assets and Liabilities		(20,299)	(36,787)	(15,387)	(1,602)	(20,929)	(437,264)	(1,443,591)
Accounts Receivable	(6,335)	(7,854)	(5,848)	27,664	(2,133)	922	(3,753)	2,663
Prepaid Expenses	-	-	-	-	-	-	(14,434)	(14,434)
Bank Overdraft Payable	3,080	116,481	23,831	60,190	(59,760)	(3,822)	77,274	217,274
Accounts Payable	(18,786)	19,362	(11,490)	(6,305)	(5,441)	1,701	(72,484)	(93,443)
Accrued Liabilities	3,731	1,430	51,150	(325,066)	(1,442)	(3,674)	(2,475)	(276,346)
Unearned Revenues	4,384	(2,950)	1,112	4,524	(579)	(1,455)	(45)	4,991
Tenant Security Deposits	(10,308)	(8,608)	8,923	(6,667)	(2,158)	-	7,912	(10,906)
Accrued Compensated Absences	(43,027)	(661,189)	373,028	(65,457)	(24,584)	141,429	(251,044)	(530,844)
Total Adjustments		\$ (1,026,087)	\$ 1,554,422	\$ 399,561	\$ (136,753)	\$ 122,511	\$ (920,839)	\$ 201,796
Net Cash Provided (Used) by Operating Activities	\$ 208,981	\$ (1,026,087)	\$ 1,554,422	\$ 399,561	\$ (136,753)	\$ 122,511	\$ (920,839)	\$ 201,796

See Notes to the Financial Statements.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of the Housing Authority of the City of Littleton, *dba* South Metro Housing Options (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 Authority's governing board and is able to impose its will on the organization, or if the Authority has the potential to provide benefits to, or impose financial burdens on, the Authority.

Based on the application of these criteria, the Authority includes the Powers Circle Apartments LLLC (the Partnership) in its reporting entity. Littleton Area Neighborhood Development LLC, a wholly owned subsidiary of the Authority, is the general partner of this low-income housing tax credit partnership. The Authority's Board of Commissioners serves as the governing board of the Partnership and management of the Authority has operational responsibility for the Partnership. Therefore, the financial activity of the Partnership is blended into the Authority's financial statements. The Partnership's financial statements are reported as of and for the Partnership's fiscal year end of December 31, which may result in inconsistencies in amounts reported as interfund balances and transactions. Separate financial statements for the Partnership are available at the Authority's offices at 5808 South Rapp Street, Littleton, Colorado 80120.

The Authority also includes the South Metro Property Corporation (SPMC) within its reporting entity. The Corporation was organized on June 18, 2021. SPMC was formed to develop low-income housing. As of September 30, 2021, the governing board of SPMC included the Authority's executive director and the Authority's board chairperson. Therefore, SPMC is blended into the financial statements of the Authority.

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.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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.

The Authority reports the following major proprietary funds:

The *Housing Choice Vouchers Fund* accounts for the financial activities of the Authority's Section 8 Housing Choice Voucher program, including administration of the program for other entities.

The *Development Fund* accounts for the Authority's interests in various properties, including an office building and other affordable housing projects.

The *Amity Plaza Fund* accounts for the financial activities associated with the Amity Plaza Apartments, a 180-unit Section 8 New Construction project.

The *Libby Bortz Fund* accounts for the financial activities associated with the Libby Bortz Assisted Living Center, a 111-unit elderly assisted living property.

The *John Newey Fund* accounts for the financial activities associated with the John W. Newey Family Housing development, which consists of 20 single-family homes with two, three and four bedrooms located on three scattered sites within the community.

The *Powers Circle Fund* presents the financial activities of Powers Circle Apartments LLLP, a low-income housing tax credit partnership that operates the Powers Circle Apartments, a 69-unit apartment complex.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Assets, Liabilities and Net Position

Inventory - Certain materials and supplies inventories held by the Libby Bortz Assisted Living Center are reported as inventory in the financial statements, and are stated at cost, using the first-in, first-out method.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as interfund receivables and payables when they are short-term in nature. Interfund receivables or payables not expected to be liquidated within one year are classified as advances to other funds and advances from other funds.

Capital Assets - Property and equipment are recorded at cost or at estimated cost where no historical records exist. Contributed assets are valued at the acquisition value on the date received. The Authority capitalizes all assets with a cost of \$5,000 or greater and a useful life of one year or more. Interest is capitalized during the construction phase. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets.

Land Improvements	5 - 40 years
Buildings and Improvements	50 years
Equipment	5 - 10 years

Unearned Revenues - Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, including rental income received in advance.

Compensated Absences - Employees of the Authority are allowed to accumulate unused vacation time depending on length of employment. Upon termination of employment from the Authority, employees will be compensated for all eligible accrued vacation time at their current rate of pay.

Accumulated unused vacation time is accrued when earned and is reported as a liability of the fund expected to liquidate the liability.

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

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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. The Authority carries commercial insurance for these risks of loss.

Subsequent Events

We have evaluated subsequent events through June 7, 2022, the date the Financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted for all funds as a management control device but are not legally required. Therefore, budgetary information is not presented in the financial statements.

Accountability

At September 30, 2021, the J.W. Newey Fund had a negative net position of \$1,020,076. Revenues of the J.W. Newey Fund have not been sufficient to cover operating expenses, including depreciation.

Note 3: Cash and Investments

At September 30, 2021, the Authority had the following cash and investments:

Cash on Hand	\$	677
Deposits		6,120,063
Power Circle		379,876
Total	\$	<u>6,500,616</u>

Cash and investments are reported in the financial statements as follows:

Cash	\$	5,199,932
Restricted Cash		1,300,684
Total	\$	<u>6,500,616</u>

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 3: Cash and Investments (Continued)

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State statutes and 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. At September 30, 2021, the Authority had bank deposits of \$6,029,887 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, concentration, and custodial risk criteria in which local governments may invest, which include the following. State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes an investment for a period in excess of five years.

- 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
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Authority had no investments at September 30, 2021.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2021

Note 3: Cash and Investments (Continued)

Restricted Cash

At September 30, 2021, restricted cash was held for the following purposes:

<u>Development</u>	
Scholarships	\$ <u>55,007</u>
<u>Amity Plaza</u>	
Repair and Replacement Reserves	176,090
Operating Reserve	<u>326,680</u>
Total	<u>502,770</u>
<u>Libby Bortz</u>	
Replacement Reserves	211,730
Escrow	91,477
Operating Reserve	<u>118,566</u>
Total	<u>421,773</u>
<u>John Newey</u>	
Escrow	<u>30,168</u>
Total	<u>30,168</u>
<u>Power Circle</u>	
Replacement Reserves	46,896
Operating Reserve	<u>244,070</u>
Total	<u>290,966</u>
Total Restricted Cash	\$ <u>1,300,684</u>

Note 4: Interfund Balances and Transactions

The Authority routinely pays costs on behalf of Powers Circle Apartments LLLP (the Partnership). These costs are reimbursed by the Partnership and are reported in the financial statements as accounts receivable and accounts payable.

As of September 30, 2021 the Partnership owed the Authority \$403,597.

As of September 30, 2021 the Libby Bortz owed the Authority \$3,410.

As of September 30, 2021 the Alyson fund owed the Development Fund \$41,793.

On April 30, 2021, the Public Housing fund transferred all of its capital assets to SMPC. The fair value of the assets transferred was \$71 resulting a loss on disposal of 1,008,666.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 4: Interfund Balances and Transactions (Continued)

Transfers between the Funds were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Development	\$ 2,565,197	\$ -
Amity Plaza	-	(3,336,264)
John Newey	178,891	-
Nonmajor	<u>592,176</u>	<u>-</u>
	<u>\$ 3,336,264</u>	<u>\$ (3,336,264)</u>

Note 5: Notes Receivable

At September 30, 2021, notes receivable consisted of the following:

Powers Circle Apartments LLLP	\$ 2,663,466
Powers Circle Apartments LLLP Accrued Interest	605,893
Development Deferred Loans	190,000
Other	30,511
Total	<u>\$ 3,489,870</u>

Powers Circle Apartments LLLP

In July 2013, the Authority sold the Powers Circle Apartments for \$4,620,000 and received as compensation a combination of loans and cash. Three loan agreements, in the amounts of \$1,970,456, \$243,010 and \$450,000, were executed with the purchaser, Powers Circle Apartments LLLP. Interest accrues on the outstanding balance of the first two loans at the rate of 2.8% per annum and the third loan at 1% per annum, and compounds annually. Payments will be made from available net cash flow from the prior calendar year. If not paid sooner, the loans are due in full on December 31, 2052, December 31, 2053, and December 31, 2042, respectively.

In July 2013, the Authority entered into a Development Services Agreement with Powers Circle Apartments LLLP (the Partnership). In accordance with the agreement, the Authority will receive a development fee of \$633,020 to provide certain development services related to the rehabilitation of the Powers Circle Apartments. Through September 30, 2021, the Authority received \$403,483 under this agreement. Any unpaid portion of the development fee is evidenced by a note and is payable from available cash of the Partnership. The note bears no interest.

If the development fee has not been repaid by May of 2026, the twelfth anniversary of the rehabilitation completion, the General Partner must make a capital contribution to pay any amount outstanding at that time. Because the General Partner is the Littleton Area Neighborhood Development LLC, a wholly owned subsidiary of the Authority, no receivable is reported in the financial statements for the unpaid development fees.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2021

Note 5: Notes Receivable (Continued)

Development Deferred Loans

The Development Fund has provided loans to individuals to purchase or rehabilitate homes. These deferred loans will be repaid upon the sale of the homes.

Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2021, is summarized below.

Business-Type Activities	Balance 9/30/20	Additions	Deletions	Balance 9/30/21
<i>Capital Assets, Not Being Depreciated</i>				
Land and Sites	\$ 6,042,295	\$ 71	\$ (585,180)	\$ 5,457,186
Total Capital Assets, <i>Not Being Depreciated</i>	<u>6,042,295</u>	<u>71</u>	<u>(585,180)</u>	<u>5,457,186</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	1,835,674	540,940	(644,871)	1,731,743
Buildings and Improvements	40,247,130	733,285	(3,650,435)	37,329,980
Equipment	1,956,714	-	(378,198)	1,578,516
Total Capital Assets, <i>Being Depreciated</i>	<u>44,039,518</u>	<u>1,274,225</u>	<u>(4,673,504)</u>	<u>40,640,239</u>
<i>Less Accumulated Depreciation</i>				
Land Improvements	(1,093,778)	(80,379)	280,895	(893,262)
Buildings and Improvements	(22,478,956)	(979,602)	3,281,331	(20,177,227)
Equipment	(2,004,534)	(22,967)	687,719	(1,339,782)
Total Accumulated Depreciation	<u>(25,577,268)</u>	<u>(1,082,948)</u>	<u>4,249,945</u>	<u>(22,410,271)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>18,462,250</u>	<u>191,277</u>	<u>(423,559)</u>	<u>18,229,968</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 24,504,545</u>	<u>\$ 191,348</u>	<u>\$ (1,008,739)</u>	<u>\$ 23,687,154</u>

Note 7: Long-Term Debt

A summary of changes in long-term debt for the year ended September 30, 2021, is presented below.

Authority	Balance 9/30/20	Additions	Deletions	Balance 9/30/21	Due Within One Year
Mortgages Payable	\$ 17,111,348	\$ -	\$ (423,300)	\$ 16,688,048	\$ 472,335
Compensated Absences	160,354	149,448	(160,354)	149,448	45,387
Total	<u>\$ 17,271,702</u>	<u>\$ 149,448</u>	<u>\$ (583,654)</u>	<u>\$ 16,837,496</u>	<u>\$ 517,722</u>
Powers Circle Apartments					
Notes Payable	2,663,466	-	-	2,663,466	-
Mortgages Payable	2,582,667	-	(54,233)	2,528,434	59,245
Total	<u>\$ 5,246,133</u>	<u>\$ -</u>	<u>\$ (54,233)</u>	<u>\$ 5,191,900</u>	<u>\$ 59,245</u>
Total	<u>\$ 22,517,835</u>	<u>\$ 149,448</u>	<u>\$ (637,887)</u>	<u>\$ 22,029,396</u>	<u>\$ 576,967</u>

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 7: Long-Term Debt (Continued)

Mortgages Payable

In July 2018, the Authority obtained a loan from FirstBank in the amount of \$2,410,947. Proceeds of the loan were used to pay in full the CHFA loan and the Multifamily Housing Revenue Bonds, Series 2002A. The loan is payable in monthly installments of \$12,450, including interest accruing at 4.5% per annum, with a final balloon payment of \$1,623,187 due on August 1, 2032.

On February 27, 2013, the Authority approved two mortgages in the amounts of \$7,357,000 and \$403,000 from First Bank to refinance existing debt for \$6,351,266 and to provide financing of \$1,408,634 to rehabilitate the Amity Plaza Apartments. The mortgages were secured by the Amity Plaza Apartments. The second agreement for \$403,000 was paid in full on February 15, 2017. The remaining mortgage is due in monthly installments of \$31,156 including interest accruing at 3% per annum. The remaining mortgage requires a final balloon payment of \$4,529,304 due on February 15, 2028.

On June 16, 2010, the Authority refinanced an outstanding loan of \$2,806,928 assumed upon dissolution of the Littleton Creative Housing Limited Partnership, owner of the Libby Bortz Assisted Living Center, and received additional proceeds to fully pay the Authority's outstanding loan to the Littleton Creative Housing Limited Partnership, in the amount of \$1,245,783. The loan from First Bank in the original amount of \$4,200,000 was due in monthly payments of \$22,077, including interest accruing at 5% per annum, with a final balloon payment of \$2,835,741 due on June 15, 2025. On January 15, 2021, the Authority entered into a loan modification agreement with First Bank. Under this loan modification agreement, the interest rate on the note changed from 5% per annum to 3.65% per annum. In addition, the Authority began monthly payments of principal and interest of \$20,291 with a balloon payment of \$2,830,873 due on May 15, 2025. The Authority incurred application and rate lock fees of \$26,308.

On March 26, 2003, the Authority obtained financing in the amount of \$1,802,000 from U.S. Bank for the rehabilitation of certain properties. The mortgage is due in monthly installments of \$9,576, including interest accruing at 4.84% per annum, with a final balloon payment of \$1,180,324 due on March 15, 2028. The mortgage is secured by the J.W. Newey Family Housing Development.

On February 11, 2019, the Authority approved a promissory note with FirstBank for \$2,606,250. The loan is payable in monthly installments of \$16,340, including interest accruing at 5.65% per annum for 119 months with a single balloon payment of \$1,986,770 due on February 1, 2029. The loan was used by Development to purchase the Rapp St building.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2021

Note 7: Long-Term Debt (Continued)

Mortgages Payable (Continued)

Following is a summary of debt service requirements for the mortgage loans:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 472,335	\$ 695,918	\$ 1,168,253
2023	494,101	652,906	1,147,007
2024	511,710	636,336	1,148,046
2025	3,297,289	583,291	3,880,580
2026	410,780	496,889	907,669
2027-2031	9,824,919	1,090,921	10,915,840
2032	1,676,914	70,350	1,747,264
Total	<u>\$ 16,688,048</u>	<u>\$ 4,226,611</u>	<u>\$ 20,914,659</u>

Note 8: Pension Plans

The Authority contributes to a multiple-employer defined contribution 401(a) pension plan on behalf of all full-time employees. Employees are eligible to participate in the plan upon employment and become fully vested after five years of service. Employees are required to contribute 5% of their compensation to the plan, and the Authority matches the contributions. In addition, the Authority has agreed to match employee contributions to a 457 deferred compensation retirement plan up to 2% of compensation, and to a similar plan up to 3% of compensation for employees of the Libby Bortz Assisted Living Center. These contributions vest immediately. For the year ended September 30, 2021, the Authority contributed \$106,518 to the plans.

Note 9: Commitments and Contingencies

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. However, management believes the Authority is exempt from the provisions of the Amendment.

Claims and Judgements

The Authority participates in a number of 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 government. If expenses are disallowed due to noncompliance with grant regulations, the Authority may be required to reimburse the grantor government. At September 30, 2021, significant amounts of grant expenses have not been audited, but management believes that subsequent audits will not have a material effect on the financial position of the Authority.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2021

Note 9: Commitments and Contingencies (Continued)

Forgivable Loan

During 2012, the Authority received a loan in the amount of \$450,000 from Vectra Bank under the Federal Home Loan Bank Affordable Housing Program to finance improvements to the Powers Circle Apartments. The loan is non-interest bearing and will be forgiven in its entirety after 15 years if the property is used as very low-income housing, defined as households whose income is 60% or less of area median gross income.

Operating Deficit Guaranty Agreement

The General Partner of Powers Circle Apartments LLLP (the Partnership), Littleton Area Neighborhood Development LLC, is a wholly owned subsidiary of the Authority. The General Partner has agreed to loan the Partnership any amounts needed to fund operating deficits for five years following full rental of the Partnership's rental properties. Any such loans are payable, without interest, solely from available cash of the Partnership. At September 30, 2021, no loans were outstanding under this agreement.

Note 10: Subsequent Event

On December 14, 2021, the Authority approved a \$10,401,151 note payable to refinance existing debt of \$5,877,793 and to provide additional financing of \$1,408,634 to rehabilitate the Amity Plaza Apartments. The note was secured by the Amity Plaza Apartments. The remaining note is due in monthly installments of interest accruing at 3.25% per annum. The note requires a final balloon payment of \$10,429,861 due on June 14, 2023.

On December 15, 2021, SMPC completed the purchase of a commercial office building for \$10,349,059. This purchase was financed with a note payable of \$7,552,576. The note is due in monthly installments of principal and interest of \$36,407 accruing at 3.15% per annum. The note requires a final balloon payment of \$6,512,976 due on December 15, 2026.

Federal Financial Assistance

Housing Authority of the City of Littleton
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2021

	Public Housing	Alyson Court	Bradley House	South Metro Property	Totals
Assets					
<i>Current Assets</i>					
Cash	\$ 232,494	\$ 71,843	\$ 23,940	\$ -	\$ 328,277
Accounts Receivable	55,584	10,648	15,919	391,196	473,347
Prepays	-	11,010	24,767	18,337	54,114
Total Current Assets	<u>288,078</u>	<u>93,501</u>	<u>64,626</u>	<u>409,533</u>	<u>855,738</u>
<i>Noncurrent Assets</i>					
Capital Assets, <i>Not Being Depreciated</i>	-	1,288,000	585,179	71	1,873,250
Capital Assets, <i>Net of Accumulated Depreciation</i>	-	1,569,863	853,162	301,076	2,724,101
Total Noncurrent Assets	<u>-</u>	<u>2,857,863</u>	<u>1,438,341</u>	<u>301,147</u>	<u>4,597,351</u>
Total Assets	<u>288,078</u>	<u>2,951,364</u>	<u>1,502,967</u>	<u>710,680</u>	<u>5,453,089</u>
Liabilities					
<i>Current Liabilities</i>					
Accounts Payable	\$ 25,601	\$ 28,975	\$ 17,513	\$ 54,176	\$ 126,265
Accrued Liabilities	-	10,377	7,389	-	17,766
Unearned Revenues	-	1,348	2,218	-	3,566
Accrued Interest Payable	-	8,592	-	-	8,592
Tenant Security Deposits	-	18,085	24,362	24,271	66,718
Current Portion of Long-Term Liabilities	-	1,866	2,156	2,749	6,771
Accrued Compensated Absences	-	45,839	-	-	45,839
Mortgages Payable	-	-	-	-	-
Total Current Liabilities	<u>25,601</u>	<u>115,082</u>	<u>53,638</u>	<u>81,196</u>	<u>275,517</u>
<i>Long-Term Liabilities</i>					
Advances from Other Funds	-	41,793	-	885,277	927,070
Accrued Compensated Absences	-	12,067	13,943	17,781	43,791
Mortgages Payable	-	2,200,534	-	-	2,200,534
Total Long-Term Liabilities	<u>-</u>	<u>2,254,394</u>	<u>13,943</u>	<u>903,058</u>	<u>3,171,395</u>
Total Liabilities	<u>25,601</u>	<u>2,369,476</u>	<u>67,581</u>	<u>984,254</u>	<u>3,446,912</u>
Net Position					
Net Investment in Capital Assets	-	611,490	1,438,341	301,147	2,350,978
Unrestricted	262,477	(29,602)	(2,955)	(574,721)	(344,801)
Total Net Position	<u>262,477</u>	<u>581,888</u>	<u>1,435,386</u>	<u>(273,574)</u>	<u>2,006,177</u>
Total Liabilities and Net Position	<u>\$ 288,078</u>	<u>\$ 2,951,364</u>	<u>\$ 1,502,967</u>	<u>\$ 710,680</u>	<u>\$ 5,453,089</u>

Housing Authority of the City of Littleton
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended September 30, 2021

	<u>Public Housing</u>	<u>Alyson Court</u>	<u>Bradley House</u>	<u>South Metro Property</u>	<u>Totals</u>
Operating Revenues					
Rental	\$ 118,512	\$ 199,416	\$ 283,746	\$ 307,370	\$ 909,044
Operating Grants and Contributions	225,797	459,612	185,338	-	870,747
Other	3,549	352	12,270	26	16,197
Total Operating Revenues	<u>347,858</u>	<u>659,380</u>	<u>481,354</u>	<u>307,396</u>	<u>1,795,988</u>
Operating Expenses					
General and Administrative	129,198	275,829	220,490	383,654	1,009,171
Tenant Services	14,723	28,041	38,683	32,309	113,756
Utilities	38,191	79,792	97,520	36,883	252,386
Maintenance and Operation	136,037	123,017	163,369	73,899	496,322
Insurance and Benefits	79,873	108,660	128,336	54,225	371,094
Extraordinary Maintenance	28,013	816	-	-	28,829
Depreciation	17,861	92,772	83,592	-	194,225
Total Operating Expenses	<u>443,896</u>	<u>708,927</u>	<u>731,990</u>	<u>580,970</u>	<u>2,465,783</u>
Net Operating Income (Loss)	<u>(96,038)</u>	<u>(49,547)</u>	<u>(250,636)</u>	<u>(273,574)</u>	<u>(669,795)</u>
Nonoperating Revenues (Expenses)					
Grants and Contributions	28,014	-	-	-	28,014
Interest Revenue	117	-	-	-	117
Interest Expense	-	(105,853)	-	-	(105,853)
Debt Issuance Costs	-	-	-	-	-
Gain/Loss Sale of Assets	(1,008,666)	-	-	-	(1,008,666)
Transfers In (Out)	581,431	1,834	8,911	-	592,176
Total Nonoperating Revenues (Expenses)	<u>(399,104)</u>	<u>(104,019)</u>	<u>8,911</u>	<u>-</u>	<u>(494,212)</u>
Change in Net Position	<u>(495,142)</u>	<u>(153,566)</u>	<u>(241,725)</u>	<u>(273,574)</u>	<u>(1,164,007)</u>
Net Position, Beginning of year	<u>757,619</u>	<u>735,454</u>	<u>1,677,111</u>	<u>-</u>	<u>3,170,184</u>
Net Position, End of year	<u>\$ 262,477</u>	<u>\$ 581,888</u>	<u>\$ 1,435,386</u>	<u>\$ (273,574)</u>	<u>\$ 2,006,177</u>

Housing Authority of the City of Littleton
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended September 30, 2021

	<u>Public Housing</u>	<u>Alyson Court</u>	<u>Bradley House</u>	<u>South Metro Property</u>	<u>Totals</u>
Cash Flows from Operating Activities					
Grants and Contributions Received	\$ 225,797	\$ 459,382	\$ 185,338	\$ -	\$ 870,517
Cash Received from Tenants	92,843	195,185	276,003	(59,555)	504,476
Cash Received from Others	(31,437)	352	12,270	26	(18,789)
Cash Payments to Employees	(112,740)	(279,813)	(320,632)	(91,868)	(805,053)
Cash Payments to Suppliers	(320,953)	(322,359)	(395,945)	(432,733)	(1,471,990)
Net Cash Provided (Used) by Operating Activities	<u>(146,490)</u>	<u>52,747</u>	<u>(242,966)</u>	<u>(584,130)</u>	<u>(920,839)</u>
Cash Flows from Capital and Related Financing Activities					
Payments from Other Funds	581,431	1,834	8,911	885,277	1,477,453
Payments to Other Funds	-	(5,000)	-	-	(5,000)
Capital Grants and Contributions Received	28,014	-	-	-	28,014
Purchases of Property and Equipment	(230,578)	(17,575)	(128,963)	(301,147)	(678,263)
Debt Principal Paid	-	(43,753)	-	-	(43,753)
Debt Interest Paid	-	(105,653)	-	-	(105,653)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>378,867</u>	<u>(170,147)</u>	<u>(120,052)</u>	<u>584,130</u>	<u>672,798</u>
Cash Flows from Investing Activities					
Interest Received	117	-	-	-	117
Net Change in Cash Flows	232,494	(117,400)	(363,018)	-	(247,924)
Cash, Beginning of year	-	189,243	386,958	-	576,201
Cash, End of year	<u>\$ 232,494</u>	<u>\$ 71,843</u>	<u>\$ 23,940</u>	<u>\$ -</u>	<u>\$ 328,277</u>
Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Net Operating Income (Loss)	\$ (96,038)	\$ (49,547)	\$ (250,636)	\$ (273,574)	\$ (669,795)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	17,861	92,772	83,592	-	194,225
Changes in Assets and Liabilities					
Accounts Receivable	(33,492)	(4,773)	(7,803)	(391,196)	(437,264)
Prepaid Expenses	22,592	(1,250)	(6,758)	(18,337)	(3,753)
Bank Overdraft Payable	(14,434)	-	-	-	(14,434)
Accounts Payable	13,106	19,530	(9,538)	54,176	77,274
Accrued Liabilities	(15,104)	(4,085)	(53,295)	-	(72,484)
Unearned Revenues	(1,494)	(230)	(751)	-	(2,475)
Tenant Security Deposits	(25,669)	542	811	24,271	(45)
Accrued Compensated Absences	(13,818)	(212)	1,412	20,530	7,912
Total Adjustments	<u>(50,452)</u>	<u>102,294</u>	<u>7,670</u>	<u>(310,556)</u>	<u>(251,044)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (146,490)</u>	<u>52,747</u>	<u>(242,966)</u>	<u>(584,130)</u>	<u>\$ (920,839)</u>



**HINKLE &
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Business Advisors

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton, and have issued our report thereon dated June 7, 2022. Our report includes a reference to other auditors who audited the financial statements of Powers Circle Apartments LLLP, as described in our report on the Housing Authority of the City of Littleton's financial statements. The financial statements of Powers Circle Apartments LLLP, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Housing Authority of the City of Littleton's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Littleton'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 Housing Authority of the City of Littleton's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
June 7, 2022





**Independent Auditor's Report on Compliance for Each Major
Federal Program, Internal Control Over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Littleton's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Littleton's major federal programs for the year ended September 30, 2021. The Housing Authority of the City of Littleton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Littleton's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Littleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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Auditor's Responsibility

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Littleton's compliance.

Opinion on Each Major Federal Program

In our opinion, the Housing Authority of the City of Littleton 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 September 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002. Our opinion on each major federal program is not modified with respect to these matters. Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Housing Authority of the City of Littleton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Littleton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Littleton's 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 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 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 the Housing Authority of the City of Littleton's internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton. We issued our report thereon dated June 7, 2022, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Powers Circle Apartments LLLP, which represent 19 percent and 4 percent, respectively, of the assets and revenues of the Housing Authority of the City of Littleton. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Powers Circle Apartments LLLP, is based solely upon the report of the other auditors.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Littleton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Englewood, Colorado
June 7, 2022



Housing Authority of the City of Littleton
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2021

<u>Federal Grantor/Pass-Through Entity/Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ 7,180,539
CARES Section 8	14.HCC	<u>177,489</u>
Total Housing Voucher Cluster		<u>7,358,028</u>
Public Housing	14.850	225,797
Public Housing Capital Fund	14.872	<u>211,406</u>
Total Public Housing		<u>437,203</u>
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	2,622,662
Section 8 Housing Assistance Payments Program	14.195	<u>644,950</u>
Total Section 8 Project-Based Cluster		<u>3,267,612</u>
Total Federal Financial Assistance		<u>\$ 11,062,843</u>

Housing Authority of the City of Littleton
Notes to Schedule of Expenditures of Federal Awards
September 30, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The Authority does not charge a de minimis indirect cost rate.

Housing Authority of the City of Littleton
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2021

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None
 Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None
 Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

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

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
14.871	Housing Voucher Cluster

* - Refer to the Schedule of Expenditures of Federal Awards for the for CFDA numbers related to this program.

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Housing Authority of the City of Littleton
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Section III: Federal Award Findings and Questioned Costs

Finding 2021-001: Eligibility for Individuals

Federal Program: Assistance Listing #14.871 - Section 8 Housing Choice Vouchers.

Criteria: In accordance with 24 CFR sections 5.212 and 5.230, the public housing agency (PHA) must obtain (a) one or more release forms to allow the PHA to obtain information from third parties; (b) a federally prescribed general release form for employment information; and (c) a privacy notice for each member of the family of an assistance applicant or participant who is at least 18 years of age. Under some circumstances, other members of the family are required to sign these forms.

Condition: The Authority was unable to provide the consent release forms for three participant households out of forty households tested.

Questioned Costs: None.

Cause and Effect: Due to a difference in timing between the participant household's annual reexamination and the completion of the document file, the related consents were misplaced. This could cause the Authority to be out of compliance with the Privacy Act and other provisions of Federal, State and local laws.

Recommendation: We recommend the Authority add participant household consent forms to the participant's paper or electronic file at the start of the reexamination process.

Management's Response: The Authority has implemented the following in response to this finding:

- Check sheets will be used to ensure that all documents that are required are in the file behind the check sheet.
- Filing will be completed in a timely manner and is scheduled for Thursday afternoons or Friday mornings each week.
- When there is any turnover in staff, this filing process will be trained to ensure that going forward all paperwork is in the files.
- Random files will be selected during the year by the Housing Programs Manager or Director of Housing to verify the correct information is in the files.

Housing Authority of the City of Littleton
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

Finding 2021-002: Eligibility for Individuals

Federal Program: Assistance Listing #14.871 - Section 8 Housing Choice Vouchers.

Criteria: In accordance with 24 CFR section 982.516, the public housing agency (PHA) must reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification.

Condition: The Authority was unable to provide documentation supporting the annual reexamination of family income and composition and a corresponding adjustment to the tenant rent and housing assistance payment as necessary using the documentation from third party verification consent release forms for one out of forty participant households tested.

Questioned Costs: None.

Cause and Effect: Due to personnel turnover during the year, documentation for annual reexaminations was not completed or filed in a manner that supporting document was added to the household's file.

Recommendation: We recommend the Authority add participant household consent forms to the participant's paper or electronic file at the start of the reexamination process.

Management's Response: The Authority has implemented the following in response to this finding:

- Check sheets will be used to ensure that all documents that are required are in the file behind the check sheet.
- Filing will be completed in a timely manner and is scheduled for Thursday afternoons or Friday mornings each week.
- When there is any turnover in staff, this filing process will be trained to ensure that going forward all paperwork is in the files.
- Random files will be selected during the year by the Housing Programs Manager or Director of Housing to verify the correct information is in the files.

Housing Authority of the City of Littleton
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2021

Section I: Financial Statement Findings

None reported for the year ended September 30, 2020.

Section II: Federal Award Findings and Questioned Costs

None reported for the year ended September 30, 2020.



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

Independent Auditor's Report on Financial Data Schedules

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton. We issued our report thereon dated June 7, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Littleton's basic financial statements.

The accompanying financial data schedules are supplementary information required by the U. S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), 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 the 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 financial data schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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June 7, 2022

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