

**Housing Authority of the
City of Littleton**

Financial Statements
with Independent Auditor's Report

September 30, 2022



Housing Authority of the City of Littleton

September 30, 2022

Board of Commissioners

Kyle Henderson - Chairperson
Aubrey Ebbs - Vice Chairperson
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Sandra Petry

Executive Director

Corey Reitz

Housing Authority of the City of Littleton

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September 30, 2022

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

Independent Auditor's Report

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

Report on the Financial Statements

Opinions

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 (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, 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 September 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 supplementary information such as the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the financial data schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2024, 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 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 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.

Hick & Company, PC

Englewood, Colorado
March 1, 2024



Housing Authority of the City of Littleton

Management's Discussion and Analysis

September 30, 2022

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, 2022. 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 \$15,026,003 on September 30, 2022 and \$10,781,659 on September 30, 2021.
- Capital Assets in 2022 totaled \$36,987,720 compared to 2021 Capital Assets totaling \$23,687,154. This includes the Capital Assets of Powers Circle.
- Fiscal year 2022 ended with a current ratio of 1.52, allowing the Authority to meet its current obligations 1.52 times. This ratio was 3.64 in 2021.
- Total Unrestricted Cash and Investments was \$12,540,845 on September 30, 2022 and \$5,199,932 on September 30, 2021. Restricted Cash and Investments was \$3,210,342 on September 30 2022 and \$1,300,684 on September 30, 2021.

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, 2022

Using the Financial Statements (Continued)

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 2022, 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 227. 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 received Tenant Protection Vouchers, which were 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.

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.

Housing Authority of the City of Littleton

Management's Discussion and Analysis

September 30, 2022

Programs and Services (Continued)

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).

South Metro Property Corporation - The authority created a separate entity as a result of converting the Public Housing dwellings to Section 22. It was established as of May 2021 and maintains the renovations and sales of the 59 units currently being rehabilitated and sold through partnering with Habitat for Humanity. The 12 units that were demolished became a part of the PE-LIHTC property that was also established under South Metro Property Corporation and retains the construction in progress and operating activities. The closing on this property occurred in July 2022 and construction began in August 2022. The Broadway Office Center was purchased in December 2021 and is a commercial property with 38 suites.

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, 2022

Condensed Statement of Net Position

| | 2022 | 2021 |
|----------------------------------|----------------------|----------------------|
| Assets | | |
| Current Assets | \$ 13,407,351 | \$ 6,938,255 |
| Restricted Cash | 3,210,342 | 1,300,684 |
| Capital Assets | 36,987,720 | 23,687,154 |
| Other Noncurrent Assets | 15,582,825 | 4,152,557 |
| Total Assets | <u>\$ 69,188,238</u> | <u>\$ 36,078,650</u> |
| Liabilities | | |
| Current Liabilities | 8,814,719 | 1,905,471 |
| Long-Term Liabilities | 45,347,516 | 23,391,520 |
| Total Liabilities | <u>\$ 54,162,235</u> | <u>\$ 25,296,991</u> |
| Net Position | | |
| Net Investment in Capital Assets | 13,042,936 | 1,807,206 |
| Restricted Net Position | 1,349,118 | 1,270,516 |
| Unrestricted Net Position | 633,949 | 7,703,937 |
| Total Net Position | <u>15,026,003</u> | <u>10,781,659</u> |
| Total Liabilities & Net Position | <u>\$ 69,188,238</u> | <u>\$ 36,078,650</u> |

- Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On September 30, 2022, assets exceeded liabilities by \$15,026,003. This amount is allocated to \$13,042,936 Net Investment in Capital Assets, \$1,349,118 Restricted Net Position, and \$633,949, that is Unrestricted.
- Capital Assets represent the largest portion of assets at \$36,987,720 (53%), although Current Assets also represent a significant portion of the Authority's assets at \$13,407,351 (19%).
- Net Investment in Capital Assets increased \$11,235,730 is mainly due to the purchase of the Broadway Office Center and purchase of the land and construction in progress for PE-LIHTC.

Housing Authority of the City of Littleton

Management's Discussion and Analysis

September 30, 2022

Financial Analysis

Condensed Statement of Revenues, Expenses and

Changes in Net Position

| | 2022 | 2021 |
|--------------------------------------|----------------------|----------------------|
| Total Operating Revenues | \$ 19,389,258 | \$ 18,084,550 |
| Total Operating Expenses | 19,498,055 | 17,351,910 |
| Net Operating Income (Loss) | <u>(108,797)</u> | <u>732,640</u> |
| Net Nonoperating Revenues & Expenses | 2,710,003 | (2,013,450) |
| Contributed Capital | <u>1,643,138</u> | <u>-</u> |
| Change in Net Position | <u>4,244,344</u> | <u>(1,280,810)</u> |
| Net Position - Beginning | <u>10,781,659</u> | <u>12,062,469</u> |
| Net Position - Ending | <u>\$ 15,026,003</u> | <u>\$ 10,781,659</u> |

- Operating Revenues increased \$1,304,708 from 2021 to 2022 with Operating Expenses increasing \$2,146,145 from 2021 to 2022.
- The Operating Revenue increase is consistent with normal Rental Rate increases, HAP increases in the Section 8 New Construction funds and a full year of rental revenue for the Section 22 properties at the market rental rate.
- 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, Section 22 tenant relocation services, increased payroll costs and increased tenant services at Libby Bortz.
- Net Nonoperating Revenue & Expense in 2022, this was a gain of \$2,710,003 compared to a loss of \$2,013,450 in 2021. Most of this gain (\$4,723,453) was due to the Sale of 13 Section 22 homes (\$3,390,705) and land for PE-LIHTC (\$1,310,000).

Housing Authority of the City of Littleton

Management's Discussion and Analysis

September 30, 2022

Capital Assets and Long-Term Debt

Capital Assets

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| Capital Assets | \$ 60,652,848 | \$ 46,097,425 |
| Less Accumulated Depreciation | \$ 23,665,128 | \$ 22,410,271 |
| Total Capital Assets, Net of Depreciation | <u>\$ 36,987,720</u> | <u>\$ 23,687,154</u> |

Please see Note 6 to Financial Statements for further detail.

As of September 30, 2022, the Authority had outstanding long-term debt of \$44,787,039, comprised of loans, mortgages and employee compensated absences. Scheduled payments for the next Fiscal year are \$803,385 (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, 2022

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, 2022

| | Housing Choice Vouchers | Development | Amity Plaza | Libby Bortz | South Metro Property | PE-LIHTC | Powers Circle | Nonmajor | Totals |
|--|-------------------------|---------------|---------------|--------------|----------------------|--------------|---------------|--------------|---------------|
| Assets | | | | | | | | | |
| <i>Current Assets</i> | | | | | | | | | |
| Cash | \$ - | \$ 1,990,621 | \$ 4,640,186 | \$ 465,516 | \$ 3,763,760 | \$ 18,320 | \$ 238,264 | \$ 1,424,178 | \$ 12,540,845 |
| Accounts Receivable | 204,567 | 16,324 | 154,566 | 10,050 | 128,836 | - | 53,307 | 70,706 | 638,356 |
| Inventory | - | - | 181 | 181 | - | - | - | - | 181 |
| Prepaid Expenses | 32,391 | 9,332 | 57,474 | 34,348 | 38,003 | - | 6,931 | 49,490 | 227,969 |
| Total Current Assets | 236,958 | 2,016,277 | 4,852,226 | 510,095 | 3,930,599 | 18,320 | 298,502 | 1,544,374 | 13,407,351 |
| <i>Noncurrent Assets</i> | | | | | | | | | |
| Restricted Cash | - | 55,528 | 2,364,301 | 474,238 | - | - | 316,275 | - | 3,210,342 |
| Other Assets | - | - | - | - | - | - | 15,201 | - | 15,201 |
| Advances from Other Funds | - | 566,208 | 484,147 | - | 2,134,440 | 3,740,100 | - | - | 6,924,895 |
| Notes Receivable | 21,889 | 7,100,191 | - | - | 1,520,649 | - | - | - | 8,642,729 |
| Capital Assets, <i>Not Being Depreciated</i> | - | 929,850 | 1,206,552 | 330,553 | 2,581,250 | 3,892,007 | 865,000 | 2,125,160 | 11,930,372 |
| Capital Assets | - | - | - | - | - | - | - | - | - |
| Net of Accumulated Depreciation | - | 4,100,384 | 3,331,138 | 2,186,409 | 7,664,805 | - | 5,364,266 | 2,410,346 | 25,057,348 |
| Total Noncurrent Assets | 21,889 | 12,752,161 | 7,386,138 | 2,991,200 | 13,901,144 | 7,632,107 | 6,560,742 | 4,535,506 | 55,780,887 |
| Total Assets | \$ 258,847 | \$ 14,768,438 | \$ 12,238,364 | \$ 3,501,295 | \$ 17,831,743 | \$ 7,650,427 | \$ 6,859,244 | \$ 6,079,880 | \$ 69,188,238 |
| Liabilities and Net Position | | | | | | | | | |
| <i>Current Liabilities</i> | | | | | | | | | |
| Accounts Payable | \$ 29,827 | \$ 87,853 | \$ 187,715 | \$ (1,583) | \$ 501,884 | \$ - | \$ 12,804 | \$ 34,231 | \$ 852,731 |
| Accrued Liabilities | 8,055 | 27,004 | 20,016 | 25,714 | 8,710 | - | 21,001 | 18,928 | 129,428 |
| Unearned Revenues | 2,440 | - | 4,097 | 14,209 | 38,891 | - | 3,656 | 35,837 | 99,130 |
| Advances to Other Funds | 484,147 | 4,764,649 | - | 40,930 | 247,146 | 910,046 | - | - | 6,446,918 |
| Accrued Interest Payable | - | 11,373 | 18,740 | 9,625 | - | 25,214 | 10,945 | 19,999 | 95,896 |
| Tenant Security Deposits | 4,385 | 13,851 | 54,378 | 154,736 | 62,471 | - | 51,249 | 46,161 | 387,231 |
| Current Portion of Long-Term Liabilities | - | - | - | - | - | - | - | - | - |
| Accrued Compensated Absences | 4,141 | 5,207 | 9,406 | 50,402 | 857 | - | - | 10,352 | 80,365 |
| Mortgages Payable | - | 59,254 | 167,000 | 128,569 | 206,706 | - | 62,270 | 99,221 | 723,020 |
| Total Current Liabilities | \$ 532,995 | \$ 4,969,191 | \$ 461,352 | \$ 422,602 | \$ 1,066,665 | \$ 935,260 | \$ 161,925 | \$ 264,729 | \$ 8,814,719 |

(Continued)

Housing Authority of the City of Littleton
 Statement of Net Position
 Proprietary Funds
 September 30, 2022
 (Continued)

| | Housing Choice Vouchers | Development | Amity Plaza | Libby Bortz | South Metro Property | PE-LIHTC | Powers Circle | Nonmajor | Totals |
|---|-------------------------|------------------|--------------------|------------------|----------------------|------------------|------------------|------------------|-------------------|
| Liabilities and Net Position (Continued) | | | | | | | | | |
| <i>Long-Term Liabilities</i> | | | | | | | | | |
| Advances to Other Funds | \$ - | \$ - | \$ - | 8,778 | \$ - | \$ - | 472,835 | \$ 36,793 | \$ 518,406 |
| Accrued Interest Payable | - | - | - | - | - | - | 615,919 | - | 615,919 |
| Developer Fee Payable | - | - | - | - | - | - | 229,537 | - | 229,537 |
| Accrued Compensated Absences | 12,077 | 15,186 | 27,432 | - | 2,498 | - | - | 30,183 | 87,376 |
| Loans Payable | - | - | - | - | - | 496,193 | - | - | 496,193 |
| Notes Payable | - | 2,356,354 | 15,833,000 | 3,035,769 | 7,195,213 | 5,050,000 | 2,663,466 | - | 7,713,466 |
| Mortgages Payable | - | 2,371,540 | 15,860,432 | 3,044,547 | 7,197,711 | 5,546,193 | 2,409,687 | 4,856,596 | 35,686,619 |
| Total Long-Term Liabilities | <u>12,077</u> | <u>2,371,540</u> | <u>15,860,432</u> | <u>3,044,547</u> | <u>7,197,711</u> | <u>5,546,193</u> | <u>6,391,444</u> | <u>4,923,572</u> | <u>45,347,516</u> |
| Total Liabilities | \$ 545,072 | \$ 7,340,731 | \$ 16,321,784 | \$ 3,467,149 | \$ 8,264,376 | \$ 6,481,453 | \$ 6,553,369 | \$ 5,188,301 | \$ 54,162,235 |
| <i>Net Position</i> | | | | | | | | | |
| Net Investment in Capital Assets | \$ - | \$ 4,970,980 | \$ 4,370,690 | \$ 2,388,393 | \$ 5,104,244 | \$ (9,321,499) | \$ 1,093,843 | \$ 4,436,285 | \$ 13,042,936 |
| Restricted for: | | | | | | | | | |
| Scholarships | - | 55,528 | - | - | - | - | - | - | 55,528 |
| Repair and Replacement | - | - | 176,197 | 345,397 | - | - | 72,074 | - | 593,668 |
| Operating Deficits | - | - | 326,880 | 128,841 | - | - | 244,201 | - | 699,922 |
| Unrestricted | (286,225) | 2,401,199 | (8,957,187) | (2,828,485) | 4,463,123 | 10,490,473 | (1,104,243) | (3,544,706) | 633,949 |
| Total Net Position | <u>(286,225)</u> | <u>7,427,707</u> | <u>(4,083,420)</u> | <u>34,146</u> | <u>9,567,367</u> | <u>1,168,974</u> | <u>305,875</u> | <u>891,579</u> | <u>15,026,003</u> |
| Total Liabilities and Net Position | \$ 258,847 | \$ 14,768,438 | \$ 12,238,364 | \$ 3,501,295 | \$ 17,831,743 | \$ 7,650,427 | \$ 6,859,244 | \$ 6,079,880 | \$ 69,188,238 |

Housing Authority of the City of Littleton
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2022

| | Housing Choice Vouchers | Development | Amity Plaza | Libby Bortz | South Metro Property | PE-LIHTC | Powers Circle | Nonmajor | Totals |
|---|-------------------------|------------------|--------------------|------------------|----------------------|------------------|------------------|------------------|-------------------|
| Operating Revenues | | | | | | | | | |
| Rental | \$ 4,067 | \$ 349,287 | \$ 662,554 | \$ 1,084,576 | \$ 1,319,751 | \$ - | \$ 715,644 | \$ 537,281 | \$ 4,673,160 |
| Operating Grants and Contributions | 8,171,637 | 317 | 2,428,884 | - | - | - | - | 918,973 | 11,519,811 |
| Assisted Living Fees | - | - | - | 2,103,791 | - | - | - | - | 2,103,791 |
| Other | 149,504 | 274,422 | 112,786 | 207,034 | 336,895 | 6 | (4,154) | 16,203 | 1,092,496 |
| Total Operating Revenues | <u>8,325,208</u> | <u>624,026</u> | <u>3,204,224</u> | <u>3,395,401</u> | <u>1,656,446</u> | <u>6</u> | <u>711,490</u> | <u>1,472,457</u> | <u>19,389,258</u> |
| Operating Expenses | | | | | | | | | |
| Housing Assistance Payments | 7,825,209 | - | - | - | - | - | - | - | 7,825,209 |
| General and Administrative | 690,145 | 529,526 | 714,314 | 795,679 | 435,635 | 319,036 | 382,247 | 680,852 | 4,547,434 |
| Tenant Services | 972 | 8,096 | 112,921 | 1,541,032 | 53,482 | - | - | 108,379 | 1,824,882 |
| Utilities | - | 41,529 | 207,912 | 146,889 | 172,502 | - | 78,818 | 238,805 | 886,455 |
| Maintenance and Operation | 2,271 | 221,852 | 412,406 | 241,815 | 269,193 | - | 88,622 | 354,304 | 1,590,463 |
| Insurance and Benefits | 147,151 | 122,348 | 341,468 | 341,078 | 179,206 | 15,630 | 54,177 | 331,519 | 1,532,577 |
| Extraordinary Maintenance | - | - | - | - | - | - | - | 15,069 | 15,069 |
| Depreciation | - | 154,911 | 341,309 | 203,978 | 169,238 | - | 175,307 | 231,223 | 1,275,966 |
| Total Operating Expenses | <u>8,665,748</u> | <u>1,078,262</u> | <u>2,130,330</u> | <u>3,270,471</u> | <u>1,279,256</u> | <u>334,666</u> | <u>779,171</u> | <u>1,960,151</u> | <u>19,498,055</u> |
| Net Operating Income (Loss) | <u>(340,540)</u> | <u>(454,236)</u> | <u>1,073,894</u> | <u>124,930</u> | <u>377,190</u> | <u>(334,660)</u> | <u>(67,681)</u> | <u>(487,694)</u> | <u>(108,797)</u> |
| Nonoperating Revenues (Expenses) | | | | | | | | | |
| Grants and Contributions | - | 183,393 | - | - | - | - | - | - | 183,393 |
| Interest Revenue | - | 101,199 | 560 | 366 | 8,667 | - | - | 969 | 111,761 |
| Interest (Expense) | - | (139,851) | (403,592) | (119,212) | (177,003) | (25,214) | (210,058) | (239,132) | (1,314,062) |
| Debt Issuance Costs | - | - | (562,276) | - | (145,768) | (114,290) | - | - | (822,334) |
| Gain/Loss Sale of Assets | - | (149,448) | - | - | 4,700,693 | - | - | - | 4,551,245 |
| Net Nonoperating Revenues (Expenses) | - | <u>(4,707)</u> | <u>(965,308)</u> | <u>(118,846)</u> | <u>4,386,589</u> | <u>(139,504)</u> | <u>(210,058)</u> | <u>(238,163)</u> | <u>2,710,003</u> |
| Net Income (Loss) Before Contributed Capital and Transfers | <u>(340,540)</u> | <u>(458,943)</u> | <u>108,586</u> | <u>6,084</u> | <u>4,763,779</u> | <u>(474,164)</u> | <u>(277,739)</u> | <u>(725,857)</u> | <u>2,601,206</u> |
| Contributed Capital Transfers In (Out) | <u>(236,082)</u> | <u>(213,566)</u> | <u>(4,985,275)</u> | <u>-</u> | <u>5,077,162</u> | <u>-</u> | <u>-</u> | <u>357,761</u> | <u>1,643,138</u> |
| Total Capital Contributions and Transfers | <u>(236,082)</u> | <u>(213,566)</u> | <u>(4,985,275)</u> | <u>-</u> | <u>5,077,162</u> | <u>1,643,138</u> | <u>-</u> | <u>357,761</u> | <u>1,643,138</u> |
| Change in Net Position | <u>(576,622)</u> | <u>(672,509)</u> | <u>(4,876,689)</u> | <u>6,084</u> | <u>9,840,941</u> | <u>1,168,974</u> | <u>(277,739)</u> | <u>(368,096)</u> | <u>4,244,344</u> |
| Net Position, Beginning of Year | <u>290,397</u> | <u>8,100,216</u> | <u>793,269</u> | <u>28,062</u> | <u>(273,574)</u> | <u>-</u> | <u>583,614</u> | <u>1,259,675</u> | <u>10,781,659</u> |
| Net Position, End of Year | <u>(286,225)</u> | <u>7,427,707</u> | <u>(4,083,420)</u> | <u>34,146</u> | <u>9,567,367</u> | <u>1,168,974</u> | <u>305,875</u> | <u>891,579</u> | <u>15,026,003</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, 2022

| | Housing Choice Vouchers | Development | Amity Plaza | Libby Bortz | South Metro Property | PE-LIHTC | Powers Circle | Nonmajor | Totals |
|--|-------------------------|--------------|--------------|-------------|----------------------|-------------|---------------|--------------|---------------|
| Cash Flows from Operating Activities | | | | | | | | | |
| Grants and Contributions Received | \$ 8,168,317 | \$ (2,347) | \$ 2,428,884 | \$ - | \$ - | \$ - | \$ - | \$ 929,505 | \$ 11,524,359 |
| Cash Received from Tenants | 4,068 | 345,752 | 662,330 | 3,195,901 | 1,655,857 | - | 696,048 | 520,117 | 7,080,073 |
| Cash Received from Others | (34,761) | 1,160,239 | 112,786 | 207,034 | 336,695 | 6 | (4,154) | 71,787 | 1,849,632 |
| Cash Payments to Employees | (391,252) | (344,842) | (709,365) | (1,511,683) | (213,244) | - | (260,321) | (746,273) | (4,176,980) |
| Cash Payments to Suppliers | (415,966) | (861,106) | (1,038,488) | (1,684,339) | (477,197) | - | (337,609) | (808,586) | (5,957,957) |
| Housing Assistance Payments | (7,825,209) | - | (97,807) | - | - | - | - | - | (7,923,016) |
| Net Cash Provided (Used) by Operating Activities | (494,803) | 297,696 | 1,358,340 | 206,913 | 1,302,111 | (334,660) | 93,964 | (33,450) | 2,396,111 |
| Cash Flows from Capital and Related Financing Activities | | | | | | | | | |
| Payments from (to) Other Funds | 248,065 | 1,119,043 | (5,469,422) | 46,298 | 794,591 | 239,047 | 288,086 | 352,761 | (2,381,531) |
| Capital Grants and Contributions Received | - | 183,393 | - | - | - | - | - | - | 183,393 |
| Contributed Capital | - | - | - | - | - | 1,643,138 | - | - | 1,643,138 |
| Purchases of Property and Equipment | - | (643,532) | (297,322) | - | (10,363,121) | (1,911,108) | (23,764) | (1,038,041) | (14,276,888) |
| Debt Principal Paid | - | (55,964) | - | (123,905) | 7,401,919 | - | (56,477) | (94,623) | 7,070,950 |
| Debt Interest Paid | - | (140,115) | (392,199) | (119,589) | (177,003) | - | (127,146) | (238,941) | (1,194,993) |
| Debt Issuance Costs Paid | - | - | (562,276) | - | (145,768) | (114,290) | - | - | (822,334) |
| Proceeds from Issuance of Long-term Debt | - | - | 10,122,207 | - | - | 496,193 | - | - | 10,618,400 |
| Proceeds from Sale of Assets | - | 276,238 | - | - | 4,949,668 | - | - | 1,008,666 | 6,234,572 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | 248,065 | 739,063 | 3,400,988 | (197,196) | 2,460,286 | 352,980 | 80,699 | (10,178) | 7,074,707 |
| Cash Flows from Investing Activities | | | | | | | | | |
| Payment of notes receivable principal | 8,622 | (17,110) | - | - | 2,826 | - | - | - | (5,662) |
| Interest Received | - | 17,477 | 560 | 366 | (1,463) | - | - | 969 | 17,909 |
| Net Cash Provided by Investing Activities | 8,622 | 367 | 560 | 366 | 1,363 | - | - | 969 | 12,247 |
| Net Change in Cash | (238,116) | 1,037,126 | 4,759,888 | 10,083 | 3,763,760 | 18,320 | 174,663 | (42,659) | 9,483,065 |
| Cash, Beginning of Year | 238,116 | 1,009,023 | 2,244,599 | 929,671 | - | - | 379,876 | 1,466,837 | 6,268,122 |
| Cash, End of Year | \$ - | \$ 2,046,149 | \$ 7,004,487 | \$ 939,754 | \$ 3,763,760 | \$ 18,320 | \$ 554,539 | \$ 1,424,178 | \$ 15,751,187 |

(Continued)

Housing Authority of the City of Littleton
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2022
(Continued)

| | Housing Choice Vouchers | Development | Amity Plaza | Libby Bortz | South Metro Property | PE-LIHTC | Powers Circle | Nonmajor | Totals |
|--|-------------------------|--------------|--------------|-------------|----------------------|--------------|---------------|--------------|--------------|
| | \$ (340,540) | \$ (454,236) | \$ 1,073,894 | \$ 124,930 | \$ 377,190 | \$ (334,660) | \$ (67,681) | \$ (487,694) | \$ (108,797) |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | | | | | |
| Net Operating Income (Loss) | - | 154,911 | 341,309 | 203,978 | 169,238 | - | 173,235 | 231,223 | 1,273,894 |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | (184,265) | 885,817 | (97,807) | 21,436 | 259,015 | - | (20,988) | 23,352 | 886,560 |
| Depreciation and Amortization | 7,357 | 4,047 | (12,460) | (17,786) | (19,666) | - | (1,814) | (6,521) | (46,843) |
| Changes in Assets and Liabilities | - | - | - | - | - | - | - | 232,494 | 232,494 |
| Accounts Receivable | 24,857 | (288,690) | 104,746 | (89,467) | 447,708 | - | 3,405 | (53,444) | 149,115 |
| Prepaid Expenses | (666) | (3,963) | (2,099) | (43,379) | 8,710 | - | 6,415 | (2,546) | (37,528) |
| Bank Overdraft Payable | (3,320) | (2,664) | (51,516) | 11,627 | 38,891 | - | (3,616) | 28,950 | 18,352 |
| Accounts Payable | 1 | (3,535) | (224) | (25,529) | 38,200 | - | 5,008 | (3,350) | 10,571 |
| Accrued Liabilities | 1,773 | 6,009 | 2,497 | 21,103 | (17,175) | - | - | 4,086 | 18,293 |
| Unearned Revenues | (154,263) | 751,932 | 284,446 | 81,983 | 924,921 | - | 161,645 | 454,244 | 2,504,908 |
| Tenant Security Deposits | | | | | | | | | |
| Accrued Compensated Absences | | | | | | | | | |
| Total Adjustments | | | | | | | | | |
| Net Cash Provided (Used) by Operating Activities | \$ (494,803) | \$ 297,696 | \$ 1,358,340 | \$ 206,913 | \$ 1,302,111 | \$ (334,660) | \$ 93,964 | \$ (33,450) | \$ 2,396,111 |

See Notes to the Financial Statements.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

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, 2022, 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, 2022

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

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

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

The *South Metro* accounts for the financial activities associated with the South Metro Housing Options, which consists of 550 units within six communities.

The *Powers and Elati* accounts for financial activities associated with the Overlook at Powers Park, a 51-unit one bedroom apartment for residents of 62 years or older.

The *Powers Circle* 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, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

Assets, Liabilities and Net Position

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

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, 2022

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 March 1, 2024, 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, 2022, the J.W. Newey Fund had a negative net position of \$1,048,866. 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, 2022, the Authority had the following cash and investments:

| | | |
|--------------|----|-------------------|
| Cash on Hand | \$ | 675 |
| Deposits | | 15,195,973 |
| Power Circle | | 554,539 |
| Total | \$ | <u>15,751,187</u> |

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

| | | |
|-----------------|----|-------------------|
| Cash | \$ | 12,540,845 |
| Restricted Cash | | 3,210,342 |
| Total | \$ | <u>15,751,187</u> |

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

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, 2022, the Authority had bank deposits of \$13,217,501 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, 2022.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2022

Note 3: Cash and Investments (Continued)

Restricted Cash

At September 30, 2022, restricted cash was held for the following purposes:

| | | |
|---------------------------------|----|-------------------------|
| <u>Development</u> | | |
| Scholarships | \$ | <u>55,528</u> |
| <u>Amity Plaza</u> | | |
| Repair and Replacement Reserves | | 637,947 |
| Escrow | | 1,399,474 |
| Operating Reserve | | <u>326,880</u> |
| Total | | <u>2,364,301</u> |
| <u>Libby Bortz</u> | | |
| Replacement Reserves | | 253,882 |
| Escrow | | 91,515 |
| Operating Reserve | | <u>128,841</u> |
| Total | | <u>474,238</u> |
| <u>Power Circle</u> | | |
| Replacement Reserves | | 72,074 |
| Operating Reserve | | <u>244,201</u> |
| Total | | <u>316,275</u> |
| Total Restricted Cash | \$ | <u><u>3,210,342</u></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, 2022, interfund balances were as follows:

| | Due To | | | | |
|-----------------------|---------------------|---------------------|------------------|-------------------|---------------------|
| | SMPC | PE-LIHTC | Development | Amity | Total |
| Due From | | | | | |
| House Choice Vouchers | \$ - | \$ - | \$ - | \$ 484,147 | \$ 484,147 |
| Libby | - | - | 8,778 | - | 8,778 |
| SMPC | - | 200,100 | 47,047 | - | 247,147 |
| PE-LIHTC | 909,791 | - | 255 | - | 910,046 |
| Development | 1,224,649 | 3,540,000 | - | - | 4,764,649 |
| Nonmajor Governmental | - | - | 36,793 | - | 36,793 |
| Total | <u>\$ 2,134,440</u> | <u>\$ 3,740,100</u> | <u>\$ 92,873</u> | <u>\$ 484,147</u> | <u>\$ 6,451,560</u> |

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2022

Note 4: Interfund Balances and Transactions (Continued)

During the year ended September 30, 2022, transfers between the Funds were as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Total</u> |
|-------------------------|---------------------|-----------------------|--------------|
| Housing Choice Vouchers | \$ - | \$ (236,082) | \$ (236,082) |
| Development | - | (213,566) | (213,566) |
| Amity Plaza | - | (4,985,275) | (4,985,275) |
| South Metro Property | 5,077,162 | - | 5,077,162 |
| Nonmajor | 357,761 | - | 357,761 |
| | <u>\$ 5,434,923</u> | <u>\$ (5,434,923)</u> | <u>\$ -</u> |

Note 5: Notes Receivable

At September 30, 2022, notes receivable consisted of the following:

| | |
|--|---------------------|
| Powers Circle Apartments LLLP | \$ 2,663,466 |
| Powers Circle Apartments LLLP Accrued Interest | 689,615 |
| Powers and Elati LLLP - Development | 3,540,000 |
| Powers and Elati LLLP Accrued Interest - Development | 17,110 |
| Powers and Elati LLLP - SMPC | 1,510,000 |
| Powers and Elati LLLP Accrued Interest - SMPC | 8,104 |
| Development Deferred Loans | 190,000 |
| Other | 24,434 |
| Total | <u>\$ 8,642,729</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, 2022, the Authority received \$403,484 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.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

Note 5: Notes Receivable (Continued)

Powers Circle Apartments LLLP (Continued)

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.

Powers and Elati Apartments LLLP

In March 2022, the Authority formed Elati Senior Apartments LLLP (the Partnership) with its wholly owned subsidiary Elati Senior Apartments GP LLC as general partner. The Partnership was formed to construct and develop a senior residential rental housing development in Littleton, Colorado.

In July 2022, the Authority became a Class B Limited Partner and RBC-Powers, LLC was added as a limited investor member as well as RBC Community Investments Manager II, Inc. as a Special Limited Partner. As a Class B Limited Partner, the Authority has a 0.0001% partnership interest and a 0.01% partnership interest through its wholly owned subsidiary Elati Senior Apartments GP LLC as general partner.

In July 2022, the Authority entered into a development agreement with the Partnership through its wholly owned subsidiary, South Metro Development LLC, where the Authority would oversee the development of the senior residential rental housing development of the Partnership. In accordance with the agreement, the Authority will receive a development fee of \$838,624 to provide certain development services related to the development of the Partnership's senior residential rental housing development. Any unpaid portion of the development fee not repaid with the Partnership's final capital contribution to the Partnership is payable from the Partnership's net cash flow as defined in the Partnership agreement and bears interest at a rate of 3.22%.

During July 2022, the Authority agreed to loan \$675,000 (Arapahoe CDBG Loan) to the Partnership, for construction. The loan accrues interest at 2.9% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052. This loan will be funded with a grant from Arapahoe County upon completion of certain construction milestones.

During July 2022, the Authority agreed to loan \$325,000 (Centennial Loan) to the Partnership, for construction. The loan accrues interest at 2.9% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052. This loan will be funded with a grant from the City of Centennial upon completion of certain construction milestones.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

Note 5: Notes Receivable (Continued)

Powers and Elati Apartments LLLP (Continued)

During July 2022, the Authority agreed to loan \$675,000 (Arapahoe HOME Loan) to the Partnership, for construction. The loan accrues interest at 2.9% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052. This loan will be funded with a grant from Arapahoe County upon completion of certain construction milestones.

During July 2022, the Authority agreed to loan \$2,040,000 (DOH Loan) to the Partnership, for construction. The loan accrues interest at 2.9% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052. This loan will be funded with a grant from the Colorado Division of Housing upon completion of certain construction milestones.

During July 2022, the Authority's wholly owned subsidiary, South Metro Development LLC, agreed to loan \$200,000 (Sponsor Loan) to the Partnership, for construction. The loan accrues interest at 3.22% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052.

During July 2022, the Authority's wholly owned subsidiary, South Metro Development LLC, agreed to loan \$1,310,000 (Seller Loan) to the Partnership, for the purchase of land for the senior residential rental housing development of the Partnership. The loan accrues interest at 3.22% per annum. Payments of principal and interest are made from net cash flows as set forth in the partnership agreement. If not paid sooner, all principal and accrued interest is due in full on July 19, 2052.

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.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2022

Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2022, is summarized below.

| Business-Type Activities | Balance | | | | Balance |
|---|----------------------|----------------------|------------------|---------------------|----------------------|
| | 9/30/21 | Additions | Transfers | Deletions | 9/30/22 |
| <i>Capital Assets, Not Being Depreciated</i> | | | | | |
| Land and Sites | \$ 5,457,186 | \$ 3,891,250 | \$ (71) | \$ - | \$ 9,348,365 |
| Construction in Progress | - | 2,582,007 | - | - | 2,582,007 |
| Total Capital Assets, Not Being Depreciated | 5,457,186 | 6,473,257 | (71) | - | 11,930,372 |
| <i>Capital Assets, Being Depreciated</i> | | | | | |
| Land Improvements | 1,731,743 | 208,558 | (201,076) | - | 1,739,225 |
| Buildings and Improvements | 37,329,980 | 8,567,306 | 201,147 | (693,698) | 45,404,735 |
| Equipment | 1,578,516 | - | - | - | 1,578,516 |
| Total Capital Assets, Being Depreciated | 40,640,239 | 8,775,864 | 71 | (693,698) | 48,722,476 |
| <i>Less Accumulated Depreciation</i> | | | | | |
| Land Improvements | (887,183) | (83,753) | - | - | (970,936) |
| Buildings and Improvements | (20,183,235) | (1,169,318) | - | 19,037 | (21,333,516) |
| Equipment | (1,339,853) | (20,823) | - | - | (1,360,676) |
| Total Accumulated Depreciation | (22,410,271) | (1,273,894) | - | 19,037 | (23,665,128) |
| Total Capital Assets, Being Depreciated, net | 18,229,968 | 7,501,970 | 71 | (674,661) | 25,057,348 |
| Governmental Activities Capital Assets, net | \$ 23,687,154 | \$ 13,975,227 | \$ - | \$ (674,661) | \$ 36,987,720 |

Note 7: Long-Term Debt

A summary of changes in long-term debt for the year ended September 30, 2022, is presented below.

| Authority | Balance | Additions | Deletions | Balance | Due Within |
|---------------------------------|----------------------|----------------------|------------------------|----------------------|-------------------|
| | 9/30/21 | | | 9/30/22 | One Year |
| Loans Payable | \$ - | \$ 496,193 | \$ - | \$ 496,193 | \$ - |
| Notes Payable | - | 5,050,000 | - | 5,050,000 | - |
| Mortgages Payable | 16,688,048 | 33,953,727 | (16,704,093) | 33,937,682 | 660,750 |
| Compensated Absences | 149,448 | 167,741 | (149,448) | 167,741 | 80,365 |
| Total | \$ 16,837,496 | \$ 39,667,661 | \$ (16,853,541) | \$ 39,651,616 | \$ 741,115 |
| Powers Circle Apartments | | | | | |
| Notes Payable | 2,663,466 | - | - | 2,663,466 | - |
| Mortgages Payable | 2,528,434 | - | (56,477) | 2,471,957 | 62,270 |
| Total | \$ 5,191,900 | \$ - | \$ (56,477) | \$ 5,135,423 | \$ 62,270 |
| Total | \$ 22,029,396 | \$ 39,667,661 | \$ (16,910,018) | \$ 44,787,039 | \$ 803,385 |

Loans Payable

On July 19, 2022, Elati Senior Apartments LLLP entered into a construction loan agreement with ANB Bank in the amount of \$13,346,940 with the Authority acting as a guarantor. During the draw period, the loan is due in monthly installments of interest accruing at 3.99% per annum. The loan is expected to convert to permanent financing on July 19, 2024.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

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 was due in monthly installments of \$31,156 including interest accruing at 3% per annum. The remaining mortgage required a final balloon payment of \$4,529,304 due on February 15, 2028.

On December 14, 2021, the Authority entered into a \$10,401,151 bridge loan agreement and executed a promissory note with Bank of the San Juans to refinance the First Bank mortgages on the Amity Plaza Apartments and provide cash for the purchase of the Broadway Office Center property. The loan was due in monthly installments of \$36,408 including interest accruing at 3.25% per annum. Any unpaid loan balance required a final balloon payment of \$10,432,069 due on June 14, 2023.

On September 1, 2022, the Authority entered into a \$16,00,000 loan agreement and executed a promissory note with Gershman Investment Corp to pay the Bank of the San Juans bridge loan. The loan is due in monthly installments of \$78,217 including interest accruing at 4.75% per annum with a final payment due on October 1, 2057.

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.

On July 1, 2019, the Authority obtained financing in the amount of \$2,900,000 from FirstBank for the rehabilitation of certain properties. The mortgage is due in monthly installments of \$15,347, including interest accruing at 4.8% per annum, with a final balloon payment of \$2,374,939 due on July 1, 2029. The mortgage is secured by the J.W. Newey Family Housing Development.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2022

Note 7: Long-Term Debt (Continued)

Mortgages Payable (Continued)

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.

On December 15, 2021, the Authority entered into a \$7,357,000 loan agreement and executed a promissory note with Bank of the San Juans for the purchase of the Authority's Broadway Office Center property. The loan is due in monthly installments of \$36,408 including interest accruing at 3.25% per annum. Any unpaid loan balance requires a final balloon payment of \$6,512,976 due on December 15, 2026.

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> |
|---------------------------------|----------------------|----------------------|----------------------|
| 2023 | \$ 660,750 | \$ 1,409,654 | \$ 2,070,404 |
| 2024 | 701,669 | 1,447,993 | 2,149,662 |
| 2025 | 3,496,888 | 1,385,308 | 4,882,196 |
| 2026 | 620,029 | 1,289,256 | 1,909,285 |
| 2027 | 6,947,159 | 1,111,035 | 8,058,194 |
| 2028-2032 | 7,767,914 | 4,223,123 | 11,991,037 |
| 2033-2037 | 1,609,382 | 3,083,642 | 4,693,024 |
| 2038-2042 | 2,039,861 | 2,653,164 | 4,693,025 |
| 2043-2047 | 2,585,484 | 2,107,540 | 4,693,024 |
| 2048-2052 | 3,277,051 | 1,415,973 | 4,693,024 |
| 2053-2057 | 4,153,599 | 539,735 | 4,693,334 |
| 2058 | 77,896 | 309 | 78,205 |
| Total | <u>\$ 33,937,682</u> | <u>\$ 20,666,732</u> | <u>\$ 54,604,414</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, 2022, the Authority contributed \$157,414 to the plans.

Housing Authority of the City of Littleton
Notes to Financial Statements
September 30, 2022

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, 2022, 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.

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, 2022, no loans were outstanding under this agreement.

Note 10: Subsequent Events

On January 1, 2024, the Authority closed on its Montview property and submitted a low-income housing tax credit application during February 2024.

Housing Authority of the City of Littleton

Notes to Financial Statements

September 30, 2022

Note 10: Subsequent Events (Continued)

The Overlook at Powers Park tax credit property began operations during January 2024. The construction loan associated with this property was converted to permanent financing. Debt services payments for this property begin during July 2024.

During February 2024, the John Newey property was no longer subsidized as a Project-Based Rental Assistance (PBRA) property. Tenants for this property have been issued enhanced vouchers. These vouchers will convert to regular Tenant Protection vouchers when and if tenants move out of the John Newey property.

Supplementary Information

Housing Authority of the City of Littleton
Combining Statement of Net Position
Nonmajor Proprietary Funds
September 30, 2022

| | <u>Public Housing</u> | <u>J.W. Newey</u> | <u>Alyson Court</u> | <u>Bradley House</u> | <u>Totals</u> |
|---|---------------------------|-----------------------|-------------------------|--------------------------|---------------------|
| Assets | | | | | |
| <i>Current Assets</i> | | | | | |
| Cash | \$ - | \$ 1,325,549 | \$ 74,693 | \$ 23,936 | \$ 1,424,178 |
| Accounts Receivable | - | 19,014 | 18,126 | 33,566 | 70,706 |
| Prepays | - | 7,723 | 16,333 | 25,434 | 49,490 |
| Total Current Assets | <u>-</u> | <u>1,352,286</u> | <u>109,152</u> | <u>82,936</u> | <u>1,544,374</u> |
| <i>Noncurrent Assets</i> | | | | | |
| Capital Assets, <i>Not Being Depreciated</i> | - | 251,981 | 1,288,000 | 585,179 | 2,125,160 |
| Capital Assets, <i>Net of Accumulated Depreciation</i> | - | 140,639 | 1,479,679 | 790,028 | 2,410,346 |
| Total Noncurrent Assets | <u>-</u> | <u>392,620</u> | <u>2,767,679</u> | <u>1,375,207</u> | <u>4,535,506</u> |
| Total Assets | <u>\$ -</u> | <u>\$ 1,744,906</u> | <u>\$ 2,876,831</u> | <u>\$ 1,458,143</u> | <u>\$ 6,079,880</u> |
| Liabilities | | | | | |
| <i>Current Liabilities</i> | | | | | |
| Accounts Payable | \$ - | \$ 2,243 | \$ 11,118 | \$ 20,870 | \$ 34,231 |
| Accrued Liabilities | - | 3,317 | 8,903 | 6,708 | 18,928 |
| Unearned Revenues | - | 8,440 | 11,880 | 15,517 | 35,837 |
| Accrued Interest Payable | - | 11,021 | 8,978 | - | 19,999 |
| Tenant Security Deposits | - | 7,094 | 16,429 | 22,638 | 46,161 |
| Current Portion of Long-Term Liabilities | | | | | |
| Accrued Compensated Absences | - | 1,628 | 3,770 | 4,954 | 10,352 |
| Mortgages Payable | - | 51,211 | 48,010 | - | 99,221 |
| Total Current Liabilities | <u>-</u> | <u>84,954</u> | <u>109,088</u> | <u>70,687</u> | <u>264,729</u> |
| <i>Long-Term Liabilities</i> | | | | | |
| Advances to Other Funds | - | - | 36,793 | - | 36,793 |
| Accrued Compensated Absences | - | 4,746 | 10,991 | 14,446 | 30,183 |
| Mortgages Payable | - | 2,704,072 | 2,152,524 | - | 4,856,596 |
| Total Long-Term Liabilities | <u>-</u> | <u>2,708,818</u> | <u>2,200,308</u> | <u>14,446</u> | <u>4,923,572</u> |
| Total Liabilities | <u>-</u> | <u>2,793,772</u> | <u>2,309,396</u> | <u>85,133</u> | <u>5,188,301</u> |
| Net Position | | | | | |
| Net Investment in Capital Assets | - | 341,409 | 2,719,669 | 1,375,207 | 4,436,285 |
| Unrestricted | - | (1,390,275) | (2,152,234) | (2,197) | (3,544,706) |
| Total Net Position | <u>-</u> | <u>(1,048,866)</u> | <u>567,435</u> | <u>1,373,010</u> | <u>891,579</u> |
| Total Liabilities and Net Position | <u>\$ -</u> | <u>\$ 1,744,906</u> | <u>\$ 2,876,831</u> | <u>\$ 1,458,143</u> | <u>\$ 6,079,880</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, 2022

| | <u>Public Housing</u> | <u>J.W. Newey</u> | <u>Alyson Court</u> | <u>Bradley House</u> | <u>Totals</u> |
|---|---------------------------|-----------------------|-------------------------|--------------------------|-------------------|
| Operating Revenues | | | | | |
| Rental | \$ - | \$ 92,930 | \$ 173,952 | \$ 270,399 | \$ 537,281 |
| Operating Grants and Contributions | - | 300,145 | 440,972 | 177,856 | 918,973 |
| Other | - | 4,062 | 1,115 | 11,026 | 16,203 |
| Total Operating Revenues | <u>-</u> | <u>397,137</u> | <u>616,039</u> | <u>459,281</u> | <u>1,472,457</u> |
| Operating Expenses | | | | | |
| General and Administrative | - | 119,420 | 278,835 | 282,597 | 680,852 |
| Tenant Services | - | 7,714 | 46,177 | 54,488 | 108,379 |
| Utilities | - | 26,300 | 104,850 | 107,655 | 238,805 |
| Maintenance and Operation | - | 24,537 | 123,081 | 206,686 | 354,304 |
| Insurance and Benefits | - | 52,025 | 123,580 | 155,914 | 331,519 |
| Extraordinary Maintenance | - | 13,190 | 1,879 | - | 15,069 |
| Depreciation | - | 48,530 | 90,184 | 92,509 | 231,223 |
| Total Operating Expenses | <u>-</u> | <u>291,716</u> | <u>768,586</u> | <u>899,849</u> | <u>1,960,151</u> |
| Net Operating Income (Loss) | <u>-</u> | <u>105,421</u> | <u>(152,547)</u> | <u>(440,568)</u> | <u>(487,694)</u> |
| Nonoperating Revenues (Expenses) | | | | | |
| Grants and Contributions | - | - | - | - | - |
| Interest Revenue | - | 969 | - | - | 969 |
| Interest Expense | - | (135,180) | (103,952) | - | (239,132) |
| Debt Issuance Costs | - | - | - | - | - |
| Transfers In (Out) | (262,477) | - | 242,046 | 378,192 | 357,761 |
| Total Nonoperating Revenues (Expenses) | <u>(262,477)</u> | <u>(134,211)</u> | <u>138,094</u> | <u>378,192</u> | <u>119,598</u> |
| Net Income (Loss) Before Contributed Capital and Transfers | <u>(262,477)</u> | <u>(28,790)</u> | <u>(14,453)</u> | <u>(62,376)</u> | <u>(368,096)</u> |
| Transfers In (Out) | <u>(262,477)</u> | <u>-</u> | <u>242,046</u> | <u>378,192</u> | <u>357,761</u> |
| Total Capital Contributions and Transfers | <u>(262,477)</u> | <u>-</u> | <u>242,046</u> | <u>378,192</u> | <u>357,761</u> |
| Change in Net Position | <u>(262,477)</u> | <u>(28,790)</u> | <u>(14,453)</u> | <u>(62,376)</u> | <u>(368,096)</u> |
| Net Position, Beginning of Year | <u>262,477</u> | <u>(1,020,076)</u> | <u>581,888</u> | <u>1,435,386</u> | <u>1,259,675</u> |
| Net Position, End of Year | <u>\$ -</u> | <u>\$ (1,048,866)</u> | <u>\$ 567,435</u> | <u>\$ 1,373,010</u> | <u>\$ 891,579</u> |

Housing Authority of the City of Littleton
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended September 30, 2022

| | Public Housing | J.W. Newey | Alyson Court | Bradley House | Totals |
|--|-------------------|---------------------|--------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | | | |
| Grants and Contributions Received | \$ - | \$ 300,145 | \$ 451,504 | \$ 177,856 | \$ 929,505 |
| Cash Received from Tenants | - | 90,972 | 164,818 | 264,327 | 520,117 |
| Cash Received from Others | 55,584 | 4,062 | 1,115 | 11,026 | 71,787 |
| Cash Payments to Employees | - | (123,979) | (297,120) | (325,174) | (746,273) |
| Cash Payments to Suppliers | 206,893 | (133,515) | (405,108) | (476,856) | (808,586) |
| Net Cash Provided (Used) by Operating Activities | <u>262,477</u> | <u>137,685</u> | <u>(84,791)</u> | <u>(348,821)</u> | <u>(33,450)</u> |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Payments from (to) Other Funds | (262,477) | - | 237,046 | 378,192 | 352,761 |
| Purchases of Property and Equipment | (1,008,666) | - | - | (29,375) | (1,038,041) |
| Debt Principal Paid | - | (48,784) | (45,839) | - | (94,623) |
| Debt Interest Paid | - | (135,375) | (103,566) | - | (238,941) |
| Proceeds from Sale of Assets | 1,008,666 | - | - | - | 1,008,666 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(262,477)</u> | <u>(184,159)</u> | <u>87,641</u> | <u>348,817</u> | <u>(10,178)</u> |
| Cash Flows from Investing Activities | | | | | |
| Interest Received | - | 969 | - | - | 969 |
| Net Change in Cash Flows | | | | | |
| | - | (45,505) | 2,850 | (4) | (42,659) |
| Cash, Beginning of Year | | | | | |
| | - | 1,371,054 | 71,843 | 23,940 | 1,466,837 |
| Cash, End of Year | | | | | |
| | <u>\$ -</u> | <u>\$ 1,325,549</u> | <u>\$ 74,693</u> | <u>\$ 23,936</u> | <u>\$ 1,424,178</u> |
| Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Net Operating Income (Loss) | \$ - | \$ 105,421 | \$ (152,547) | \$ (440,568) | \$ (487,694) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | | |
| Depreciation | - | 48,530 | 90,184 | 92,509 | 231,223 |
| Changes in Assets and Liabilities | | | | | |
| Accounts Receivable | 55,584 | (7,107) | (7,478) | (17,647) | 23,352 |
| Prepaid Expenses | - | (531) | (5,323) | (667) | (6,521) |
| Bank Overdraft Payable | 232,494 | - | - | - | 232,494 |
| Accounts Payable | (25,601) | (13,343) | (17,857) | 3,357 | (53,444) |
| Accrued Liabilities | - | (391) | (1,474) | (681) | (2,546) |
| Unearned Revenues | - | 5,119 | 10,532 | 13,299 | 28,950 |
| Tenant Security Deposits | - | 30 | (1,656) | (1,724) | (3,350) |
| Accrued Compensated Absences | - | (43) | 828 | 3,301 | 4,086 |
| Total Adjustments | <u>262,477</u> | <u>32,264</u> | <u>67,756</u> | <u>91,747</u> | <u>454,244</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 262,477</u> | <u>\$ 137,685</u> | <u>\$ (84,791)</u> | <u>\$ (348,821)</u> | <u>\$ (33,450)</u> |

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 *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 (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, and have issued our report thereon dated March 1, 2024. 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 Authority'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 Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 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 Authority'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 Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
March 1, 2024





**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

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Littleton's (the Authority) 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 Authority's major federal programs for the year ended September 30, 2022. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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 GAAS, *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 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 GAAS, *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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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 in internal control over compliance 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 purpose.

Hick & Company, PC

Englewood, Colorado
March 1, 2024



Housing Authority of the City of Littleton
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2022
 (Continued)

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:

| Assistance Listing Number | Name of Federal Cluster/Program |
|----------------------------------|--|
| * | Section 8 Project-Based Cluster |

* - Refer to the Schedule of Expenditures of Federal Awards for the for Assistance Listing 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

(Continued)

Housing Authority of the City of Littleton
Schedule of Findings and Questioned Costs
Year Ended September 30, 2022
(Continued)

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Award Findings and Questioned Costs

Finding 2022-001:

Timely Submission of Reporting Package and Data Collection Form - Significant Deficiency

Criteria: Federal regulations 2 CFR 200.512 states that the audit must be completed, and the data collection form and reporting package be submitted within the earlier of 30 calendar days after receipt of the auditor's reports, or nine months after the end of the audit period.

Condition: The 2022 the reporting package was not submitted within the nine months after December 31, 2022 required by Federal regulations 2 CFR 200.512.

Cause: The Authority did not have sufficient financial reporting policies, procedures and personnel in place to prepare Authority financial statements in a timely manner.

Effect: Failure to submit the reporting package and data collection form results in noncompliance with federal regulations and deadlines.

Questioned Costs: None reported.

Recommendation: We recommend the Authority take appropriate measures to ensure timely submission of the reporting package and data collection form within the required deadlines.

Views of Responsible Officials and Planned Corrective Actions: The Authority knew that delaying the audit would result in the late release of the 2022 audit and non-compliance with federal regulations.

Housing Authority of the City of Littleton
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022
(Continued)

Section I: Financial Statement Findings

None reported for the year ended September 30, 2021.

Section II: 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
Summary Schedule of Prior Audit Findings
Year Ended September 30, 2022

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
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2022

| <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 | \$ 8,457,418 |
| Total Housing Voucher Cluster | | <u>8,457,418</u> |
| | | |
| Section 8 Project-Based Cluster | | |
| Section 8 New Construction and Substantial Rehabilitation | 14.182 | 2,732,798 |
| Section 8 Housing Assistance Program RAD | 14.195 | 177,856 |
| Section 8 Housing Assistance Payments Program | 14.195 | 440,972 |
| Section 8 Housing Assistance (SMPC) | 14.195 | 379,596 |
| Total Section 8 Project-Based Cluster | | <u>3,731,222</u> |
| | | |
| Total Federal Financial Assistance | | <u>\$ 12,188,640</u> |

Housing Authority of the City of Littleton
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

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.



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

Independent Auditor's Report on Financial Data Schedules

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 (the Authority) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority. We issued our report thereon dated March 1, 2024, 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 Authority'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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March 1, 2024

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