

**Housing Authority of the City of Littleton**

*dba* South Metro Housing Options

**Financial Statements**

with Independent Auditor's Report

**September 30, 2023**



**HINKLE &  
COMPANY**  
*Strategic* <sup>PC</sup>  
*Business Advisors*

**Housing Authority of the City of Littleton**

*dba* South Metro Housing Options

September 30, 2023

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Kyle Henderson - Chairperson  
Aubrey Ebbs - Vice Chairperson  
Kate Peterson  
Pat Cronenberger  
Merrill Stillwell  
Elizabeth Kay Marchetti

**Executive Director**

Corey Reitz

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
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 September 30, 2023

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## Independent Auditor's Report

Board of Commissioners  
Housing Authority of the City of Littleton  
*dba* South Metro Housing Options  
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 *dba* South Metro Housing Options (the Authority) as of and for the year ended September 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of September 30, 2023, 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* (GAS), 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Office Locations:

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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 GAS 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 GAS, 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.

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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 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 June 27, 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 Housing Authority of the City of Littleton's internal control over financial reporting and compliance.

*Hick & Company, PC*

Englewood, Colorado  
June 27, 2024



**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2023**

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, 2023. 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 \$19,042,513 on September 30, 2023, and \$15,500,173 on September 30, 2022.
- Capital Assets in 2023 totaled \$48,822,409 compared to 2022 Capital Assets totaling \$37,461,890. This includes the Capital Assets of Powers Circle.
- Fiscal year 2023 ended with a current ratio of 1.19, allowing the Authority to meet its current obligations 1.19 times. This ratio was 1.52 in 2022.
- Total Unrestricted Cash and Investments was \$12,293,869 on September 30, 2023, and \$12,540,845 on September 30, 2022. Restricted Cash and Investments was \$3,270,434 on September 30, 2023, and \$3,210,342 on September 30, 2022.

### **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.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2023

**Using the Financial Statements (Continued)**

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.

Each column of this statement is a fund. A fund is a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and net position and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or restrictions.

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

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found immediately after them in the audit report.

**Programs and Services**

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

**Housing Choice Vouchers** - Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low-income families in the private market and earns an administrative fee to cover the program's operating costs. In 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 is 227. With the conversion of the Public Housing 71 homes through the Section 22 Convers, 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.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2023

**Programs and Services-Continued**

**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.

**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.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2023**

**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.

**Financial Analysis**

**Condensed Statement of Net Position**

	2023	2022
<b>Assets</b>		
Current Assets	\$ 13,120,888	\$ 13,407,351
Restricted Cash	3,270,434	3,210,342
Capital Assets	48,822,409	37,461,890
Other Noncurrent Assets	18,025,818	15,582,825
Total Assets	\$ 83,239,549	\$ 69,662,408
<b>Liabilities</b>		
Current Liabilities	11,053,190	8,814,719
Long-Term Liabilities	53,143,846	45,347,516
Total Liabilities	\$ 64,197,036	\$ 54,162,235
<b>Net Position</b>		
Net Investment in Capital Assets	4,126,030	13,517,106
Restricted Net Position	1,286,233	1,349,118
Unrestricted Net Position	13,630,250	633,949
Total Net Position	19,042,513	15,500,173
Total Liabilities & Net Position	\$ 83,239,549	\$ 69,662,408

- Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On September 30, 2023, assets exceeded liabilities by \$19,042,513. This amount is allocated to \$4,126,030 Net Investment in Capital Assets, \$1,286,233 Restricted Net Position, and \$13,630,250, that is Unrestricted.
- Capital Assets represent the largest portion of assets at \$48,822,409 (59%), although Current Assets also represent a significant portion of the Authority's assets at \$13,120,888 (16%).
- Net Investment in Capital Assets decreased \$8,916,906, mainly due to construction in progress for PE-LIHTC.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2023**

**Financial Analysis**

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

	2023	2022
Total Operating Revenues	\$ 23,715,734	\$ 19,389,258
Total Operating Expenses	20,708,079	19,163,389
Net Operating Income (Loss)	3,007,655	225,869
Net Nonoperating Revenues & Expenses	534,685	2,849,507
Contributed Capital	0	1,643,138
Change in Net Position	3,542,340	4,718,514
Net Position - Beginning	15,500,173	10,781,659
Net Position - Ending	\$ 19,042,513	\$ 15,500,173

- Operating Revenues increased \$4,326,476 from 2022 to 2023 with Operating Expenses increasing \$1,544,690 from 2022 to 2023.
- The Operating Revenue increase is consistent with normal Rental Rate increases, HAP increases in the Section 8 New Construction funds, a full year of rental revenue for the Section 22 properties at the market rental rate and Operating grants and Contributions.
- 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.
- Net Nonoperating Revenue & Expense in 2023 this was a gain of \$534,685 compared to a higher gain of \$2,849,507 in 2022. Most of this change (\$1,176,174) was due to a decrease in the Sales of Section 22 homes and disposition of fixed assets for the rehabilitation work completed for the homes sold.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2023**

**Capital Assets and Long-Term Debt**

**Capital Assets**

	<u>2023</u>	<u>2022</u>
Capital Assets	\$ 73,756,763	\$ 61,127,018
Less Accumulated Depreciation	\$ 24,934,354	\$ 23,665,128
Total Capital Assets, Net of Depreciation	<u>\$ 48,822,409</u>	<u>\$ 37,461,890</u>

Please see Note 6 to Financial Statements for further detail.

As of September 30, 2023, the Authority had outstanding long-term debt of \$52,550,468, comprised of loans, mortgages and employee compensated absences. Scheduled payments due within the next Fiscal year are \$891,825 (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) 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 take 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 (Continued)  
SEPTEMBER 30, 2023

The Authority expects to offer additional programming and continue its development efforts 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**  
*dba* South Metro Housing Options  
 Statement of Net Position  
 Proprietary Funds  
 September 30, 2023

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	South Metro Property	PE-LIHTC	Powers Circle	Nonmajor	Totals
<b>Assets</b>									
<i>Current Assets</i>									
Cash	\$ 361,272	\$ 922,479	\$ 4,643,349	\$ 520,818	\$ 4,352,511	\$ 88,812	\$ 165,551	\$ 1,239,077	\$ 12,293,869
Accounts Receivable	133,646	147,088	91,456	20,233	78,685	-	49,902	22,328	543,338
Inventory	-	-	-	298	-	-	-	-	298
Prepaid Expenses	19,538	14,015	88,141	37,443	42,374	996	6,846	74,030	283,383
Total Current Assets	514,456	1,083,582	4,822,946	578,792	4,473,570	89,808	222,299	1,335,435	13,120,888
<i>Noncurrent Assets</i>									
Restricted Cash	-	55,922	2,494,284	380,681	-	-	339,547	-	3,270,434
Other Assets	-	5,250	-	-	200,000	2,891	13,128	-	221,269
Advances from Other Funds	-	807,669	484,147	-	2,237,418	3,038,931	-	-	6,568,165
Grants Receivable	-	2,381,193	-	-	-	-	-	-	2,381,193
Notes Receivable	9,653	7,276,606	-	-	1,568,932	-	-	-	8,855,191
Capital Assets, <i>Not Being Depreciated</i>	-	929,850	1,206,552	330,553	2,581,250	15,938,480	865,000	2,125,160	23,976,845
Capital Assets,									
<i>Net of Accumulated Depreciation</i>	-	4,196,153	3,608,454	1,982,865	7,415,018	-	5,281,243	2,361,831	24,845,564
Total Noncurrent Assets	9,653	15,652,643	7,793,437	2,694,099	14,002,618	18,980,302	6,498,918	4,486,991	70,118,661
Total Assets	\$ 524,109	\$ 16,736,225	\$ 12,616,383	\$ 3,272,891	\$ 18,476,188	\$ 19,070,110	\$ 6,721,217	\$ 5,822,426	\$ 83,239,549
<b>Liabilities and Net Position</b>									
<i>Current Liabilities</i>									
Accounts Payable	\$ 92,523	\$ 65,208	\$ 235,544	\$ 4,809	\$ 604,402	\$ 2,254,258	\$ 32,585	\$ 29,577	\$ 3,318,906
Accrued Liabilities	8,473	30,413	22,227	35,053	8,888	-	19,962	16,840	141,856
Unearned Revenues	946	1,941	5,732	5,480	16,729	-	11,433	10,446	52,707
Advances to Other Funds	484,147	4,041,181	-	17,534	419,013	970,067	-	-	5,931,942
Accrued Interest Payable	-	11,116	62,672	9,502	18,629	177,253	10,213	19,624	309,009
Tenant Security Deposits	4,385	21,632	53,959	166,520	54,030	-	56,491	49,813	406,830
Current Portion of Long-Term Liabilities									
Accrued Compensated Absences	6,323	6,409	12,803	77,982	7,213	-	-	12,335	123,065
Mortgages Payable	-	62,353	190,653	133,573	213,123	-	65,449	103,609	768,760
Total Current Liabilities	\$ 596,797	\$ 4,240,253	\$ 583,590	\$ 450,453	\$ 1,342,027	\$ 3,401,578	\$ 196,133	\$ 242,244	\$ 11,053,075

(Continued)

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Statement of Net Position  
 Proprietary Funds  
 September 30, 2023

(Continued)

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	South Metro Property	PE-LIHTC	Powers Circle	Nonmajor	Totals
<b>Liabilities and Net Position (Continued)</b>									
<i>Long-Term Liabilities</i>									
Advances to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 524,938	\$ 31,793	\$ 556,731
Accrued Interest Payable	-	-	-	-	-	-	698,935	-	698,935
Developer Fee Payable	-	-	-	-	-	-	229,537	-	229,537
Accrued Compensated Absences	7,087	7,184	14,350	-	8,084	-	-	13,825	50,530
Loans Payable	-	-	-	-	-	8,978,839	-	-	8,978,839
Notes Payable	-	2,294,081	15,642,347	2,889,570	6,982,090	5,050,000	2,663,466	-	7,713,466
Mortgages Payable	-	2,301,265	15,656,697	2,889,570	6,990,174	-	2,369,469	4,738,251	34,915,808
Total Long-Term Liabilities	<u>7,087</u>	<u>2,301,265</u>	<u>15,656,697</u>	<u>2,889,570</u>	<u>6,990,174</u>	<u>14,028,839</u>	<u>6,486,345</u>	<u>4,783,869</u>	<u>53,143,846</u>
Total Liabilities	<u>\$ 603,884</u>	<u>\$ 6,541,518</u>	<u>\$ 16,240,287</u>	<u>\$ 3,940,023</u>	<u>\$ 8,332,201</u>	<u>\$ 17,430,417</u>	<u>\$ 6,682,478</u>	<u>\$ 5,026,113</u>	<u>\$ 64,196,921</u>
<i>Net Position</i>									
Net Investment in Capital Assets	\$ -	\$ 5,063,650	\$ 4,624,353	\$ 2,179,845	\$ 4,834,630	\$ (18,007,689)	\$ 1,047,859	\$ 4,383,382	\$ 4,126,030
Restricted for:									
Scholarships	-	55,922	-	-	-	-	-	-	55,922
Repair and Replacement	-	-	178,651	241,896	-	-	94,373	-	514,920
Operating Deficits	-	-	331,432	138,785	-	-	245,174	-	715,391
Unrestricted	(79,775)	5,075,135	(8,758,340)	(2,627,658)	5,309,357	19,647,382	(1,348,667)	(3,587,069)	13,630,365
Total Net Position	<u>(79,775)</u>	<u>10,194,707</u>	<u>(3,623,904)</u>	<u>(67,132)</u>	<u>10,143,987</u>	<u>1,639,693</u>	<u>38,739</u>	<u>796,313</u>	<u>19,042,628</u>
Total Liabilities and Net Position	<u>\$ 524,109</u>	<u>\$ 16,736,225</u>	<u>\$ 12,616,383</u>	<u>\$ 3,272,891</u>	<u>\$ 18,476,188</u>	<u>\$ 19,070,110</u>	<u>\$ 6,721,217</u>	<u>\$ 5,822,426</u>	<u>\$ 83,239,549</u>

See Notes to the Financial Statements.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended September 30, 2023

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	South Metro Property	PE-LIHTC	Powers Circle	Nonmajor	Totals
<b>Operating Revenues</b>									
Rental	\$ 25	\$ 446,956	\$ 693,470	\$ 960,954	\$ 1,152,189	\$ -	\$ 712,816	\$ 562,035	\$ 4,528,445
Operating Grants and Contributions	9,215,783	3,154,750	2,668,613	-	-	-	-	906,278	15,945,424
Assisted Living Fees	-	-	-	1,961,384	-	-	-	-	1,961,384
Other	241,076	774,933	39,543	184,539	11,099	5	8,226	21,060	1,280,481
Total Operating Revenues	<u>9,456,884</u>	<u>4,376,639</u>	<u>3,401,626</u>	<u>3,106,877</u>	<u>1,163,288</u>	<u>5</u>	<u>721,042</u>	<u>1,489,373</u>	<u>23,715,734</u>
<b>Operating Expenses</b>									
Housing Assistance Payments	8,458,511	-	-	-	-	-	-	-	8,458,511
General and Administrative	657,186	553,746	841,780	766,540	1,032,616	3,456	255,322	686,539	4,797,185
Tenant Services	-	8,795	76,663	1,472,473	116,842	-	-	70,055	1,744,828
Utilities	69	53,987	223,317	156,503	216,010	-	105,887	246,013	1,001,786
Maintenance and Operation	6,663	243,836	417,932	192,764	399,012	-	161,464	403,535	1,825,206
Insurance and Benefits	128,005	130,316	390,094	321,831	189,045	-	53,239	337,472	1,550,002
Extraordinary Maintenance	-	-	-	-	-	-	-	-	-
Depreciation	-	170,053	354,501	203,544	194,367	-	179,251	228,730	1,330,446
Total Operating Expenses	<u>9,250,434</u>	<u>1,160,733</u>	<u>2,304,287</u>	<u>3,113,655</u>	<u>2,147,892</u>	<u>3,456</u>	<u>755,163</u>	<u>1,972,344</u>	<u>20,707,964</u>
<b>Net Operating Income (Loss)</b>	<u>206,450</u>	<u>3,215,906</u>	<u>1,097,339</u>	<u>(6,778)</u>	<u>(984,604)</u>	<u>(3,451)</u>	<u>(34,121)</u>	<u>(482,971)</u>	<u>3,007,770</u>
<b>Nonoperating Revenues (Expenses)</b>									
Interest Revenue	-	188,557	118,881	7,676	109,503	-	-	28,054	452,671
Interest (Expense)	-	(136,646)	(756,060)	(102,176)	(248,805)	-	(233,015)	(219,231)	(1,695,933)
Debt Issuance Costs	-	-	(644)	-	-	-	-	-	(644)
Gain/Loss Sale of Assets	-	-	-	-	1,700,526	-	-	78,065	1,778,591
Net Nonoperating Revenues (Expenses)	-	51,911	(637,823)	(94,500)	1,561,224	-	(233,015)	(113,112)	534,685
<b>Net Income (Loss) Before Contributed Capital and Transfers</b>	<u>206,450</u>	<u>3,267,817</u>	<u>459,516</u>	<u>(101,278)</u>	<u>576,620</u>	<u>(3,451)</u>	<u>(267,136)</u>	<u>(596,083)</u>	<u>3,542,455</u>
Transfers In (Out)	-	(500,817)	-	-	-	-	-	500,817	-
Total Capital Contributions and Transfers	-	(500,817)	-	-	-	-	-	500,817	-
<b>Change in Net Position</b>	<u>206,450</u>	<u>2,767,000</u>	<u>459,516</u>	<u>(101,278)</u>	<u>576,620</u>	<u>(3,451)</u>	<u>(267,136)</u>	<u>(95,266)</u>	<u>3,542,455</u>
<b>Net Position, Beginning of Year (as restated)</b>	<u>(286,225)</u>	<u>7,427,707</u>	<u>(4,083,420)</u>	<u>34,146</u>	<u>9,567,367</u>	<u>1,643,144</u>	<u>305,875</u>	<u>891,579</u>	<u>15,500,173</u>
<b>Net Position, End of Year</b>	<u>\$ (79,775)</u>	<u>\$ 10,194,707</u>	<u>\$ (3,623,904)</u>	<u>\$ (67,132)</u>	<u>\$ 10,143,987</u>	<u>\$ 1,639,693</u>	<u>\$ 38,739</u>	<u>\$ 796,313</u>	<u>\$ 19,042,628</u>

See Notes to the Financial Statements.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended September 30, 2023

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	South Metro Property	PE-LIHTC	Powers Circle	Nonmajor	Totals
<b>Cash Flows from Operating Activities</b>									
Grants and Contributions Received	\$ 9,214,289	\$ 3,156,691	\$ 2,668,613	\$ -	\$ -	\$ -	\$ -	\$ 895,879	\$ 15,935,472
Cash Received from Tenants	25	454,737	693,051	2,915,210	1,171,737	-	729,240	599,073	6,563,073
Cash Received from Others	311,997	644,169	39,543	184,539	11,099	5	8,226	21,060	1,220,638
Cash Payments to Employees	(369,336)	(329,738)	(734,418)	(1,464,116)	(283,010)	-	(117,933)	(711,838)	(4,010,389)
Cash Payments to Suppliers	(349,428)	(691,661)	(1,204,045)	(1,343,687)	(1,564,481)	2,249,806	(439,152)	(1,077,433)	(4,420,081)
Housing Assistance Payments	(8,458,511)	-	63,110	-	-	-	-	-	(8,395,401)
Net Cash Provided (Used) by Operating Activities	349,036	3,234,198	1,525,854	291,946	(664,655)	2,249,811	180,381	(273,259)	6,893,312
<b>Cash Flows from Capital and Related Financing Activities</b>									
Payments from (to) Other Funds	-	(5,126,012)	-	(32,174)	(1,441,111)	3,830,291	52,103	495,817	(2,221,086)
Capital Grants and Contributions Received	-	(2,381,193)	-	-	-	-	-	-	(2,381,193)
Contributed Capital	-	-	-	-	-	-	-	-	-
Purchases of Property and Equipment	-	(691,508)	(631,817)	(62,209)	59,653	(11,375,574)	(96,228)	(180,215)	(12,977,898)
Escrow Deposits Paid	-	(1,550)	-	-	-	-	-	-	(1,550)
Debt Principal Paid	-	(59,174)	(10,289,207)	(141,195)	(206,706)	2,936,453	(37,039)	(113,957)	(7,910,825)
Debt Interest Paid	-	(136,903)	(712,128)	(102,299)	(230,176)	152,039	(148,658)	(219,606)	(1,397,731)
Debt Issuance Costs Paid	-	-	(644)	-	-	-	-	-	(644)
Proceeds from Insurance	-	-	-	-	-	-	-	78,065	78,065
Proceeds from Issuance of Long-term Debt	-	-	10,122,207	-	-	1,806,193	-	-	11,928,400
Proceeds from Sale of Assets	-	425,686	-	-	1,700,526	-	-	-	2,126,212
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(7,970,654)	(1,511,589)	(337,877)	(117,814)	(2,650,598)	(229,822)	60,104	(12,758,250)
<b>Cash Flows from Investing Activities</b>									
Payment of notes receivable principal	12,236	3,557,110	-	-	1,310,665	(2,891)	-	-	4,877,120
Interest Received	-	115,298	118,881	7,676	60,555	-	-	28,054	330,464
Net Cash Provided by Investing Activities	12,236	3,672,408	118,881	7,676	1,371,220	(2,891)	-	28,054	5,207,584
<b>Net Change in Cash</b>	361,272	(1,064,048)	133,146	(38,255)	588,751	(403,678)	(49,441)	(185,101)	(657,354)
<b>Cash, Beginning of Year</b>	-	2,042,449	7,004,487	939,754	3,763,760	18,320	554,539	1,424,178	15,747,487
<b>Cash, End of Year</b>	\$ 361,272	\$ 978,401	\$ 7,137,633	\$ 901,499	\$ 4,352,511	\$ (385,358)	\$ 505,098	\$ 1,239,077	\$ 15,090,133

(Continued)

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended September 30, 2023  
 (Continued)

	Housing Choice Vouchers	Development	Amity Plaza	Libby Bortz	South Metro Property	PE- LIHTC	Powers Circle	Nonmajor	Totals
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>									
Net Operating Income (Loss)	\$ 206,450	\$ 3,215,906	\$ 1,097,339	\$ (6,778)	\$ (984,604)	\$ (3,451)	\$ (34,121)	\$ (482,971)	\$ 3,007,770
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities									
Depreciation and Amortization	-	170,053	354,501	265,753	190,134	-	179,251	228,730	1,388,422
Changes in Assets and Liabilities									
Accounts Receivable	70,921	(130,764)	63,110	(10,183)	50,151	-	3,405	48,378	95,018
Inventory	-	-	-	(117)	-	-	-	-	(117)
Prepaid Expenses	12,853	(4,683)	(30,667)	(3,095)	(4,371)	(996)	85	(24,540)	(55,414)
Accounts Payable	62,696	(22,645)	47,829	6,392	102,518	2,254,258	19,781	(4,654)	2,466,175
Accrued Liabilities	418	3,409	2,211	9,339	178	-	(1,039)	(2,088)	12,428
Unearned Revenues	(1,494)	1,941	1,635	(8,729)	(22,162)	-	7,777	(25,391)	(46,423)
Tenant Security Deposits	-	7,781	(419)	11,784	(8,441)	-	5,242	3,652	19,599
Accrued Compensated Absences	(2,808)	(6,800)	(9,685)	27,580	11,942	-	-	(14,375)	5,854
Total Adjustments	142,586	18,292	428,515	298,724	319,949	2,253,262	214,502	209,712	3,885,542
Net Cash Provided (Used) by Operating Activities	\$ 349,036	\$ 3,234,198	\$ 1,525,854	\$ 291,946	\$ (664,655)	\$ 2,249,811	\$ 180,381	\$ (273,259)	\$ 6,893,312

See Notes to the Financial Statements.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**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. SMPC was formed to develop low-income housing. As of September 30, 2023, the governing board of SMPC included the Authority's executive director and the Authority's board chairperson. Therefore, SMPC 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**  
dba South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**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 Property* 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**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**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**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**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.

**Restatement of Prior Year Balances**

The Authority has restated the following to capitalize additional costs incurred related to the construction of the Overlook at Powers Park property:

	2022 Balances as Reported	Asset Restatement	2022 Balances as Restated
<b>Business Type Activities</b>			
Statement of Net Position			
Assets	\$ 7,650,427	\$ 474,170	\$ 8,124,597
Net Position	\$ 1,168,974	\$ 474,170	\$ 1,643,144

**Subsequent Events**

We have evaluated subsequent events through June 27, 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, 2023, the J.W. Newey Fund had a negative net position of \$1,224,288. Revenues of the J.W. Newey Fund have not been sufficient to cover operating expenses, including depreciation.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**Note 3: Cash and Investments**

At September 30, 2023, the Authority had the following cash and investments:

Cash on Hand	\$ 775
Deposits	15,058,430
Power Circle	505,098
Total	\$ 15,564,303

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

Cash	\$ 12,293,869
Restricted Cash	3,270,434
Total	\$ 15,564,303

**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, 2023, the Authority had bank deposits of \$12,930,596 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, 2023.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**Note 3: Cash and Investments (Continued)**

**Restricted Cash**

At September 30, 2023, restricted cash was held for the following purposes:

<u>Development</u>		
Scholarships	\$	55,922
<u>Amity Plaza</u>		
Repair and Replacement Reserves		713,785
Escrow		1,449,067
Operating Reserve		331,432
Total		2,494,284
<u>Libby Bortz</u>		
Replacement Reserves		241,896
Operating Reserve		138,785
Total		380,681
<u>Powers Circle</u>		
Replacement Reserves		94,373
Operating Reserve		245,174
Total		339,547
Total Restricted Cash	\$	3,270,434

**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, 2023, interfund balances were as follows:

Due From	Due To				
	SMPC	PE-LIHTC	Development	Amity	Totals
House Choice Vouchers	\$ -	\$ -	\$ -	\$ 484,147	\$ 484,147
Libby Bortz	-	-	17,534	-	17,534
SMPC	-	272,488	149,615	-	422,103
PE-LIHTC	962,681	-	4,297	-	966,978
Development	1,274,737	2,766,443	-	-	4,041,180
Nonmajor Governmental	-	-	31,793	-	31,793
<b>Total</b>	<b>\$ 2,237,418</b>	<b>\$ 3,038,931</b>	<b>\$ 203,239</b>	<b>\$ 484,147</b>	<b>\$ 5,963,735</b>

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**Note 4: Interfund Balances and Transactions (Continued)**

During the year ended September 30, 2023, transfers between the Funds were as follows:

	Transfers In	Transfers (Out)	Total
Development	\$ -	\$ (500,817)	\$ (500,817)
Nonmajor	500,817	-	500,817
	\$ 500,817	\$ (500,817)	\$ -

**Note 5: Notes Receivable**

At September 30, 2023, notes receivable consisted of the following:

**Powers Circle Apartments LLLP**

Powers Circle Apartments LLLP	\$ 2,663,466
Powers Circle Apartments LLLP Accrued Interest	762,874
Powers and Elati LLLP - Development	3,540,000
Powers and Elati LLLP Accrued Interest - Development	120,266
Powers and Elati LLLP - SMPC	1,510,000
Powers and Elati LLLP Accrued Interest - SMPC	56,987
Development Deferred Loans	190,000
Other	11,598
Total	\$ 8,855,191

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 \$633,021 to provide certain development services related to the rehabilitation of the Powers Circle Apartments. Through September 30, 2023, 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**  
*dba South Metro Housing Options*  
Notes to Financial Statements  
September 30, 2023

**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**  
*dba South Metro Housing Options*  
Notes to Financial Statements  
September 30, 2023

**Note 5: Notes Receivable** (Continued)

**Powers and Elati Apartments LLLP** (Continued)

During July 2022, the Authority agreed to loan \$500,000 (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**  
*dba* South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**Note 6: Capital Assets**

Capital asset activity for the year ended September 30, 2023, is summarized below.

Business-Type Activities	Balance				Balance
	9/30/22	Additions	Transfers	Deletions	9/30/23
<i>Capital Assets, Not Being Depreciated</i>					
Land and Sites	\$ 9,348,365	\$ -	\$ -	\$ -	\$ 9,348,365
Construction in Progress	3,056,177	11,572,303	-	-	14,628,480
Total Capital Assets, <i>Not Being Depreciated</i>	<u>12,404,542</u>	<u>11,572,303</u>	<u>-</u>	<u>-</u>	<u>23,976,845</u>
<i>Capital Assets, Being Depreciated</i>					
Land Improvements	1,739,225	35,390	-	-	1,774,615
Buildings and Improvements	45,404,735	1,132,751	-	(63,497)	46,473,989
Equipment	1,578,516	9,785	-	(56,987)	1,531,314
Total Capital Assets, <i>Being Depreciated</i>	<u>48,722,476</u>	<u>1,177,926</u>	<u>-</u>	<u>(120,484)</u>	<u>49,779,918</u>
Less Accumulated Depreciation					
Land Improvements	(970,936)	(94,809)	70,318	-	(995,427)
Buildings and Improvements	(21,333,516)	(1,207,728)	-	4,233	(22,537,011)
Equipment	(1,360,676)	(27,909)	(70,318)	56,987	(1,401,916)
Total Accumulated Depreciation	<u>(23,665,128)</u>	<u>(1,330,446)</u>	<u>-</u>	<u>61,220</u>	<u>(24,934,354)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>25,057,348</u>	<u>(152,520)</u>	<u>-</u>	<u>(59,264)</u>	<u>24,845,564</u>
Governmental Activities Capital Assets, <i>net</i>	\$ <u>37,461,890</u>	\$ <u>11,419,783</u>	\$ <u>-</u>	\$ <u>(59,264)</u>	\$ <u>48,822,409</u>

**Note 7: Long-Term Debt**

A summary of changes in long-term debt for the year ended September 30, 2023, is presented below.

Authority	Balance	Additions	Deletions	Balance	Due Within
	9/30/22			9/30/23	One Year
Loans Payable	\$ 496,193	\$ 8,482,646	\$ -	\$ 8,978,839	\$ -
Notes Payable	5,050,000	-	-	5,050,000	-
Mortgages Payable	33,937,682	-	(688,032)	33,249,650	703,311
Compensated Absences	167,741	173,595	(167,741)	173,595	123,065
Total	\$ 39,651,616	\$ 8,656,241	\$ (855,773)	\$ 47,452,084	\$ 826,376
<b>Powers Circle Apartments</b>					
Notes Payable	2,663,466	-	-	2,663,466	-
Mortgages Payable	2,471,957	-	(37,039)	2,434,918	65,449
Total	\$ 5,135,423	\$ -	\$ (37,039)	\$ 5,098,384	\$ 65,449
Total	\$ <u>44,787,039</u>	\$ <u>8,656,241</u>	\$ <u>(892,812)</u>	\$ <u>52,550,468</u>	\$ <u>891,825</u>

**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**  
*dba* South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**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 September 1, 2022, the Authority entered into a \$16,000,000 loan agreement and executed a promissory note with Gershman Investment Corp to pay the Bank of the San Juans bridge loan. The Bank of the San Juans bridge loan was to refinance the First Bank mortgages on the Amity Plaza Apartments and provide cash for the purchase of the Broadway Office Center property. The Gershman Investment Corp 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.

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 approved a promissory note with Bank of the San Juans for \$7,552,576. The loan is payable in monthly installments of \$36,407, including interest accruing at 3.15% per annum for 59 months with a single balloon payment of \$6,512,976 due on December 15, 2026. The loan was used by SMPC to purchase the Broadway Office Center.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Notes to Financial Statements  
 September 30, 2023

**Note 7: Long-Term Debt** (Continued)

**Mortgages Payable** (Continued)

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 703,311	\$ 1,447,993	\$ 2,151,304
2025	3,484,262	1,385,308	4,869,570
2026	620,029	1,289,256	1,909,285
2027	6,947,149	1,111,045	8,058,194
2028	432,555	1,039,849	1,472,404
2029-2033	7,612,806	3,844,433	11,457,239
2034-2038	1,687,515	3,005,510	4,693,025
2039-2043	2,138,892	2,554,133	4,693,025
2044-2048	3,334,666	2,296,963	5,631,629
2049-2053	2,812,483	941,936	3,754,419
2054-2058	<u>3,475,982</u>	<u>355,010</u>	<u>3,830,992</u>
Total	<u>\$ 33,249,650</u>	<u>\$ 19,271,436</u>	<u>\$ 52,521,086</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, 2023, the Authority contributed \$149,590 to the plans.

**Note 9: Commitments and Contingencies**

**TABOR Amendment**

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

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**Note 9: Commitments and Contingencies** (Continued)

**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, 2023, 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, 2023, no loans were outstanding under this agreement.

**Note 10: Subsequent Events**

On August 24, 2023, the Authority entered into a promissory note of \$500,000 with Arapahoe County to fund construction of the Authority's Powers and Elati senior residential rental housing development. The note is due twenty years from the date the Powers and Elati development is completed in the federal Integrated Disbursement & Information System (IDIS). No payments owed on this loan, except in the case of an event of default and no interest accrues. If the Authority meets the affordability requirements described in its subrecipient agreement with Arapahoe County, the note will be considered paid in full.

The Overlook at Powers Park tax credit property began operations during January 2024. The construction loan associated with this property will be converted to permanent financing. Due to construction extension, the debt services payments for this property begins during January 2025.

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**  
*dba* South Metro Housing Options  
Notes to Financial Statements  
September 30, 2023

**Note 10: Subsequent Events** (Continued)

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**  
*dba* South Metro Housing Options  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
September 30, 2023

	<u>J.W. Newey</u>	<u>Alyson Court</u>	<u>Bradley House</u>	<u>Totals</u>
<b>Assets</b>				
<i>Current Assets</i>				
Cash	\$ 1,122,146	\$ 76,633	\$ 40,298	\$ 1,239,077
Accounts Receivable	10,360	10,485	1,483	22,328
Prepays	10,266	27,721	36,043	74,030
Total Current Assets	<u>1,142,772</u>	<u>114,839</u>	<u>77,824</u>	<u>1,335,435</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>	107,466	1,480,450	773,915	2,361,831
Total Noncurrent Assets	<u>359,447</u>	<u>2,768,450</u>	<u>1,359,094</u>	<u>4,486,991</u>
Total Assets	<u>\$ 1,502,219</u>	<u>\$ 2,883,289</u>	<u>\$ 1,436,918</u>	<u>\$ 5,822,426</u>
<b>Liabilities</b>				
<i>Current Liabilities</i>				
Accounts Payable	\$ 2,844	\$ 8,777	\$ 17,956	\$ 29,577
Accrued Liabilities	4,036	8,406	4,398	16,840
Unearned Revenues	6,006	1,481	2,959	10,446
Accrued Interest Payable	11,116	8,508	-	19,624
Tenant Security Deposits	7,094	18,075	24,644	49,813
Current Portion of Long-Term Liabilities				
Accrued Compensated Absences	2,864	5,493	3,978	12,335
Mortgages Payable	54,125	49,484	-	103,609
Total Current Liabilities	<u>88,085</u>	<u>100,224</u>	<u>53,935</u>	<u>242,244</u>
<i>Long-Term Liabilities</i>				
Advances to Other Funds	-	31,793	-	31,793
Accrued Compensated Absences	3,210	6,157	4,458	13,825
Mortgages Payable	2,635,212	2,103,039	-	4,738,251
Total Long-Term Liabilities	<u>2,638,422</u>	<u>2,140,989</u>	<u>4,458</u>	<u>4,783,869</u>
Total Liabilities	<u>2,726,507</u>	<u>2,241,213</u>	<u>58,393</u>	<u>5,026,113</u>
<b>Net Position</b>				
Net Investment in Capital Assets	305,322	2,718,966	1,359,094	4,383,382
Unrestricted	(1,529,610)	(2,076,890)	19,431	(3,587,069)
Total Net Position	<u>(1,224,288)</u>	<u>642,076</u>	<u>1,378,525</u>	<u>796,313</u>
Total Liabilities and Net Position	<u>\$ 1,502,219</u>	<u>\$ 2,883,289</u>	<u>\$ 1,436,918</u>	<u>\$ 5,822,426</u>

See Accompanying Independent Auditor's Report.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended September 30, 2023

	<b>J.W. Newey</b>	<b>Alyson Court</b>	<b>Bradley House</b>	<b>Totals</b>
<b>Operating Revenues</b>				
Rental	\$ 97,936	\$ 189,869	\$ 274,230	\$ 562,035
Operating Grants and Contributions	275,987	431,864	198,427	906,278
Other	1,865	3,260	15,935	21,060
<b>Total Operating Revenues</b>	<u>375,788</u>	<u>624,993</u>	<u>488,592</u>	<u>1,489,373</u>
<b>Operating Expenses</b>				
General and Administrative	146,725	302,523	237,291	686,539
Tenant Services	4,834	26,199	39,022	70,055
Utilities	24,619	108,314	113,080	246,013
Maintenance and Operation	32,973	157,964	212,598	403,535
Insurance and Benefits	58,942	133,565	144,965	337,472
Extraordinary Maintenance	-	-	-	-
Depreciation	33,173	94,234	101,323	228,730
<b>Total Operating Expenses</b>	<u>301,266</u>	<u>822,799</u>	<u>848,279</u>	<u>1,972,344</u>
<b>Net Operating Income (Loss)</b>	<u>74,522</u>	<u>(197,806)</u>	<u>(359,687)</u>	<u>(482,971)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Revenue	28,054	-	-	28,054
Interest Expense	(118,306)	(100,925)	-	(219,231)
Gain/Loss Sale of Assets	78,065	-	-	78,065
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(12,187)</u>	<u>(100,925)</u>	<u>-</u>	<u>(113,112)</u>
<b>Net Income (Loss) Before Contributed Capital and Transfers</b>	<u>62,335</u>	<u>(298,731)</u>	<u>(359,687)</u>	<u>(596,083)</u>
Transfers In (Out)	<u>(237,757)</u>	<u>373,372</u>	<u>365,202</u>	<u>500,817</u>
<b>Change in Net Position</b>	<u>(175,422)</u>	<u>74,641</u>	<u>5,515</u>	<u>(95,266)</u>
<b>Net Position, Beginning of Year</b>	<u>(1,048,866)</u>	<u>567,435</u>	<u>1,373,010</u>	<u>891,579</u>
<b>Net Position, End of Year</b>	<u>\$ (1,224,288)</u>	<u>\$ 642,076</u>	<u>\$ 1,378,525</u>	<u>\$ 796,313</u>

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended September 30, 2023

	<u>J.W. Newey</u>	<u>Alyson Court</u>	<u>Bradley House</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>				
Grants and Contributions Received	\$ 275,987	\$ 421,465	\$ 198,427	\$ 895,879
Cash Received from Tenants	104,156	199,156	295,761	599,073
Cash Received from Others	1,865	3,260	15,935	21,060
Cash Payments to Employees	(142,428)	(302,448)	(266,962)	(711,838)
Cash Payments to Suppliers	(127,188)	(443,454)	(506,791)	(1,077,433)
Net Cash Provided (Used) by Operating Activities	<u>112,392</u>	<u>(122,021)</u>	<u>(263,630)</u>	<u>(273,259)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Payments from (to) Other Funds	(237,757)	368,372	365,202	495,817
Purchases of Property and Equipment	-	(95,005)	(85,210)	(180,215)
Proceeds from Insurance	78,065	-	-	78,065
Debt Principal Paid	(65,946)	(48,011)	-	(113,957)
Debt Interest Paid	(118,211)	(101,395)	-	(219,606)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(343,849)</u>	<u>123,961</u>	<u>279,992</u>	<u>60,104</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	28,054	-	-	28,054
<b>Net Change in Cash Flows</b>	(203,403)	1,940	16,362	(185,101)
<b>Cash, Beginning of Year</b>	<u>1,325,549</u>	<u>74,693</u>	<u>23,936</u>	<u>1,424,178</u>
<b>Cash, End of Year</b>	<u>\$ 1,122,146</u>	<u>\$ 76,633</u>	<u>\$ 40,298</u>	<u>\$ 1,239,077</u>
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Net Operating Income (Loss)	\$ 74,522	\$ (197,806)	\$ (359,687)	\$ (482,971)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	33,173	94,234	101,323	228,730
Changes in Assets and Liabilities				
Accounts Receivable	8,654	7,641	32,083	48,378
Prepaid Expenses	(2,543)	(11,388)	(10,609)	(24,540)
Accounts Payable	601	(2,341)	(2,914)	(4,654)
Accrued Liabilities	719	(497)	(2,310)	(2,088)
Unearned Revenues	(2,434)	(10,399)	(12,558)	(25,391)
Tenant Security Deposits	-	1,646	2,006	3,652
Accrued Compensated Absences	(300)	(3,111)	(10,964)	(14,375)
Total Adjustments	<u>37,870</u>	<u>75,785</u>	<u>96,057</u>	<u>209,712</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 112,392</u>	<u>\$ (122,021)</u>	<u>\$ (263,630)</u>	<u>\$ (273,259)</u>

## **Federal Financial Assistance**



**HINKLE &  
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**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  
*dba* South Metro Housing Options  
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 (*Government Auditing Standards*), 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 *dba* South Metro Housing Options (the Authority) as of and for the year ended September 30, 2023, 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 June 27, 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. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of Powers Circle Apartments LLLP were not audited in accordance with *Government Auditing Standards*.

***Report on Internal Control Over Financial Reporting***

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

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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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as Item 2023-001.

### **The Authority's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Englewood, Colorado  
June 27, 2024

*Hick & Company, PC*





**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  
*dba* South Metro Housing Options  
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 *dba* South Metro Housing Options (the Authority's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2023. 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, 2023.

***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.



**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on the Authority's *Section 8 Housing Choice Vouchers* is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

*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 2023-001 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  
June 27, 2024



**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2023

**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:

<b>Assistance Listing Number</b>	<b>Name of Federal Cluster/Program</b>
*	Section 8 Project-Based Cluster

\* - Refer to the Schedule of Expenditures of Federal Awards for the 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**  
*dba* South Metro Housing Options  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2023  
(Continued)

**Section II: Financial Statement Findings**

No current year findings or questioned costs were reported.

**Section III: Federal Award Findings and Questioned Costs**

**Finding 2023-001: Reasonable Rent**

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

*Criteria:* In accordance with 24 CFR sections 982.4, 982.54(d)(15), 982.158(f)(7), and 982.507, the public housing agency (PHA) must determine that the rent to the owner is reasonable at the time of initial leasing. Also, the PHA must determine reasonable rent during the term of the contract (a) before any increase in the rent to owner, and (b) at the HAP contract anniversary if there is a 5 percent decrease in the published Fair Market Rent in effect 60 days before the HAP contract anniversary. The PHA must maintain records to document the basis for the determination that rent to owner is a reasonable rent (initially and during the term of the HAP contract)

*Condition:* The Authority was unable to provide records to document the basis for the determination that rent to owner is reasonable for two out of forty participant households tested.

*Questioned Costs:* None.

*Cause and Effect:* The cause is the lack of file reviews for new staff hires. The effect is inappropriate rent subsidy could be applied.

*Recommendation:* We recommended the Authority have a reviewer perform a tenant file review once a staff member completes a tenant's file.

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

- All staff recently attended voucher training to understand the importance of and the process for file review and the documentation required, including rent reasonableness at move-in and as required. Staff will attend various HCV training throughout the year to ensure practical application.
- Internal and third-party file reviews are and will continue to be conducted quarterly, to ensure file completeness, including rent reasonableness is completed properly and present in every move-in file and as required. If no rent reasonableness is in the file, SMHO will ensure one is completed, along with a clarification explaining any discrepancy.
- SMHO will require managerial file review/approval for all new staff for the first six months of hire and will sign the check sheet for each file to indicate the review/approval has been completed.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Summary Schedule of Prior Audit Findings  
Year Ended September 30, 2023

**Section I: Financial Statement Findings**

None reported for the year ended September 30, 2022.

**Section II: 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 2023 the reporting package was not submitted within the nine months after December 31, 2023 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 2023 audit and non-compliance with federal regulations.

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Entity/Program Title</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>		
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	\$ <u>9,237,282</u>
Total Housing Voucher Cluster		<u>9,237,282</u>
Section 8 Project-Based Cluster		
Section 8 New Construction and Substantial Rehabilitation	14.182	2,944,440
Section 8 Housing Assistance Program RAD	14.850	198,427
Section 8 Housing Assistance Payments Program	14.195	<u>431,864</u>
Total Section 8 Project-Based Cluster		<u>3,574,731</u>
Total Federal Financial Assistance		\$ <u><u>12,812,013</u></u>

**Housing Authority of the City of Littleton**  
*dba* South Metro Housing Options  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2023

**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.



**HINKLE &  
COMPANY**  
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Business Advisors

Board of Commissioners  
Housing Authority of the City of Littleton  
*dba* South Metro Housing Options  
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 *dba* South Metro Housing Options (the Authority) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority. We issued our report thereon dated June 27, 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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