DELTA HOUSING AUTHORITY

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2025

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Blair and Associates, P.C.
Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Delta Housing Authority
Delta, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Delta Housing Authority as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Delta Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Delta Housing Authority, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Delta Housing Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Delta Housing 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Delta Housing 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 Delta Housing 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 on pages i through ix 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 Delta Housing Authority's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying financial data schedule is also not a required part of the financial statements and is presented for additional analysis as required by the United States Department of Housing and Urban Development. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2026, on our consideration of Delta Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Delta Housing 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 Delta Housing Authority's internal control over financial reporting and compliance.

Blair and Associates, P.C.

Cedaredge, Colorado
July 31, 2026

DELTA HOUSING AUTHORITY
Delta, Colorado

MANAGEMENT DISCUSSION AND ANALYSIS
DECEMBER 31, 2025

The Delta Housing Authority's discussion and analysis provides an overview of the housing authority's financial activities for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the notes to the financial statements.

Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Authority's Executive Director.

OUR ORGANIZATION

The Housing Authority of the City of Delta, also known as Delta Housing Authority (DHA), is a corporate entity established in 1972. The Authority was formed as a Colorado Housing Authority and operates within Delta County. In 2025, our services, as detailed below, offered affordable housing and program support for low-income families and individuals, veterans, people with disabilities, and seniors.

- **Public Housing Program** – a HUD-funded program under which DHA manages and maintains 75 Public Housing rental units for eligible low-income families. The program operates under an Annual Contributions Contract (ACC) with HUD, which provides Operating Subsidy and Capital Grant funding to enable the Authority to offer housing at a rent based on 30% of household income. The Public Housing Program also includes the Capital Fund Program, which is the main source of funding for physical and management improvements to the authority's Public Housing properties.

- **Housing Choice Voucher (HCV) Program** – a HUD-funded program that offers rent assistance to families living in privately-owned rental units. The Authority manages 236 Housing Choice Vouchers and oversees contracts with independent landlords who own the properties. It subsidizes families' rent through a Housing Assistance Payment (HAP) made directly to the landlord. The program operates under an Annual Contributions Contract (ACC) with HUD, which supplies funding that allows the Authority to set participants' rent at 30% of their household income.

- **USDA – Rural Development Program** - Operations and management of Grand Manor Apartments, a 10-unit USDA-funded program for eligible very low-income elderly (age 62 and older) and persons with disabilities.

- **Business Activities** – represent non-HUD resources developed from a variety of activities. Business activities include the management of:

  - 80 **Low Income Housing Tax Credit (LIHTC) Units - Villas at the Bluff I and II,** a workforce housing development for low-income individuals and families, who must be income-qualified with 30%, 40%, 50%, or 60% of the area median income. Apartments range in size from one to three bedrooms, and
  - 50 **Low Income Housing Tax Credit (LIHTC) Units - Residences at Delta,** a 50-unit one-bedroom senior housing development for low-income seniors aged 62 and older, who must meet income qualifications at 30%, 40%, 50%, or 60% of the area median income to be eligible.
  - 50 **Low Income Housing Tax Credit (LIHTC) Units - Residences at Delta Phase II** (currently under construction), a 50-unit multi-family workforce housing development for low-income individuals and families, who must be income-qualified with 30%, 40%, 50%, or 60% of the area median income. Apartments will range in size from one to three bedrooms. Construction is scheduled for completion in April 2026, and the Delta Housing Authority will manage the property upon completion.
  - 2 **DHA-Owned** Rental Units.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

Statement of Net Position – This statement reports the Authority's assets and liabilities and provides information pertaining to the nature of the Authority's current financial resources (short-term spendable resources) with capital assets and long-term debt obligations. With this statement a reader is provided a basis for determining the overall financial health of the Authority including liquidity and financial flexibility.

Statement of Revenues, Expenses and Changes in Fund Net Position – The statement reports the Authority's operating and non-operating revenues, by major source along with operating and non-operating expenses and capital contributions.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Statement of Cash Flows – The cash flows statement reports the Authority's cash flow from operating, investing, capital and non-capital activities.

Following is our analysis of the Authority as a whole. The most important question asked about the Authority's finances - "Is the Authority as a whole better or worse off as a result of the year's activities?"

The attached analysis of entity wide net position, revenues, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. This analysis also reflects the Authority's net position and the changes in the net position during 2025. The Authority's net position is the difference between what the Authority owns (i.e., assets) and what the Authority owes (i.e., liabilities), as one measure of the Authority's financial health.

Over time, changes in the Authority's net position are an indicator of whether its financial health is improving or deteriorating. Readers need to consider other non-financial factors such as changes in family compositions, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Authority's capital assets to assess the overall health of the Authority.

ANALYSIS OF ENTITY WIDE NET POSITION (STATEMENT OF NET POSITION)

Net Position at December 31, 2024, was $11,619,161, and at December 31, 2025, the amount was $11,948,444. This represents a net increase of $329,283 mainly due to grant income, interest income and cost savings in Public Housing.

Cash, Cash Equivalents and Restricted Cash increased by $171,737 from the prior year.

Capital Assets increased by $19,959. The change in capital assets was primarily due to capital improvements for public housing and depreciation.

Change in Notes Payable
A summary of changes in notes payable is as follows:

Notes payable – January 1, 2025	$ 55,306
Increase in debt	0
Decrease in debt – principal payments and payoffs	(12,474)
Notes payable – December 31, 2025	$ 42,832

Current Assets increased by $340,182 primarily due to an increase in unrestricted cash and accrued interest receivable.

TABLE A
Condensed Statements of Net Position

	2025	**2024**	**Change**
Current Assets	$6,192,941	$5,852,759	$ 340,182
Noncurrent Assets	5,920,802	5,919,829	973
Total Assets	**$12,113,743**	**$11,772,588**	**$ 341,155**
Current Liabilities	$ 107,319	$ 80,999	$ (26,320)
Noncurrent Liabilities	57,980	72,428	14,448
Total Liabilities	**$ 165,299**	**$ 153,427**	**$ (11,872)**
Net Investment in Capital Assets	$ 1,942,819	$ 1,910,386	$ 32,433
Restricted	68,938	107,028	(38,090)
Unrestricted	9,936,687	9,601,747	$ 334,940
Total Net Position	**$11,948,444**	**$11,619,161**	**$ 329,283**

ANALYSIS OF ENTITY WIDE REVENUES (STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION)

For the years ending December 31, 2024 and 2025 total revenues were $3,253,506 and $3,490,411 respectively. Comparatively, the 2025 revenues reflected an increase of $236,905. The increase was mainly due to larger HUD operating subsidies, capital grants and Section 8 Voucher funds.

The Authority administers the following programs and the revenues generated from these programs during the year ending December 31, 2025, were as follows:

Low Income Public Housing		
Tenant Rent	$ 348,135	
Other	51,554	
HUD Operating Subsidy	189,915	
Subtotal		**$ 589,604**
Capital Grants		
HUD for Operations	44,423	
Capital Grants	228,902	
Subtotal		**273,325**
Section 8 Vouchers		
HAP and Admin. Fees Earned	2,041,438	
Other	45,346	
Subtotal		**2,086,784**
Rural Development - Grand Manor		
Tenant Rent	31,566	
Rent Income - USDA - RD	48,088	
Other	1,399	
Subtotal		**81,053**
Business Activities (General and AH)		
Tenant Rent	21,652	
Interest Income	157,744	
Management fees and other	280,249	
Subtotal		**459,645**
Total Revenues		**$ 3,490,411**

ANALYSIS OF ENTITY WIDE EXPENDITURES

Total operating expenses increased by $131,601 in FYE 2025 as compared to FYE 2024. In FYE 2024 and FYE 2025 total expenses were $2,856,443 and $2,988,044 respectively. The increase is mainly from higher housing assistance payments and an increase in administrative costs.

TABLE B

Condensed Statements of Changes in Net Position

	2025	**2024**	**Change**
Total operating revenues	$ 713,408	$ 544,151	$ 169,257
Operating expenses			
Administrative	693,991	648,131	(45,860)
Utilities	73,676	70,909	(2,767)
Ordinary maintenance & operation	279,714	250,348	(29,366)
Insurance & General expense	68,178	63,371	(4,807)
Housing assistance payments	1,730,609	1,674,281	(56,328)
Depreciation expense	141,876	149,403	7,527
Total operating expenses	2,988,044	2,856,443	(131,601)
Operating income (loss)	(2,274,636)	(2,312,292)	37,656
Non-operating revenue	2,548,101	2,545,557	2,544
Interest expense	(4,098)	(5,083)	985
Capital contributions	228,902	163,798	65,104
Transfers from Primary Government	(168,986)	(202,252)	33,266
Change in net position	$329,283	$189,728	$139,555

CAPITAL ASSETS

As of December 31, 2025, the Housing Authority had $1,985,651 invested in capital assets. This amount represents capital expenditures of $161,835 and current year's depreciation of $141,876.

	2025	2024	Increase (Decrease)
Land	$ 464,496	$ 464,496	-
Buildings and Improvements	5,369,338	5,207,503	161,835
Furniture, Equipment & Machinery	150,717	150,717	-
Subtotal	5,984,551	5,822,716	161,835
Accumulated Depreciation	(3,998,900)	(3,857,024)	(141,876)
Capital Assets	$ 1,985,651	$ 1,965,692	$ 19,959

The current year capital additions were:

Window replacements	$ 3,983
Major plumbing repairs	8,525
Maintenance Shed – Thompson Manor	4,577
Backyard gravel – PHA Units	57,689
Flooring replacements	36,850
Kitchen cabinet upgrades	45,611
Bathroom improvements	4,600
Total Additions	$ 161,835

NOTES PAYABLE

At December 31, 2025, the notes payable balances were $42,832. The loan portfolio includes only the Rural Development property known as Grand Manor and has an interest rate of 8.25%. The portion of debt due in 2026 is $13,543.

PROGRAM IMPROVEMENTS AND HIGHLIGHTS FOR THE FISCAL YEAR

The Delta Housing Authority (DHA) continued its mission of providing safe, affordable housing while maintaining strong program performance and advancing several strategic initiatives during 2025.

The **Housing Choice Voucher** (HCV) Program maintained its High Performer designation under HUD's Section Eight Management Assessment Program (SEMAP). DHA continued to expand housing opportunities for voucher holders through landlord outreach and recruitment efforts and maintained a lease-up rate exceeding 98 percent throughout the year. DHA also advanced plans to project-based eight Housing Choice Vouchers at the new Residences at Delta Phase II development, creating additional affordable housing opportunities for low-income households.

The **Public Housing Program** maintained a 100 percent occupancy rate and continued to earn a High Performer designation under HUD's Public Housing Assessment System (PHAS). DHA continued implementation of its long-term capital improvement strategy to preserve and modernize its housing inventory. Major improvements included unit modernization projects, infrastructure upgrades, site improvements, and equipment purchases that support efficient property operations and maintenance.

The Authority continued to preserve and maintain **Grand Manor Apartments**, a USDA Rural Development property serving seniors and individuals with disabilities. Ongoing capital replacements and maintenance activities helped protect the property's long-term value while providing safe, affordable housing for residents.

Villas at the Bluff (9% Low-Income Housing Tax Credit Property) continued to operate successfully during the year, maintaining strong occupancy levels and stable financial performance. The property remains an important source of quality affordable housing for families in the community.

Villas at the Bluff II (9% Low-Income Housing Tax Credit Property) maintained strong occupancy and positive financial performance throughout the year. DHA continued to support successful property operations while providing quality affordable housing opportunities for residents.

Residences at Delta, a 9% Low-Income Housing Tax Credit Property, continued to provide high-quality affordable housing for families in Delta County. As property manager, DHA focused on maintaining strong property operations, resident services, and long-term financial stability.

Construction continued on **Residences at Delta Phase II**, a new 9% Low-Income Housing Tax Credit development that will expand the community's affordable housing inventory. The development is expected to be completed in 2026 and will offer additional multi-family housing opportunities for eligible residents.

STRATEGIC PLANNING

Delta Housing Authority's Strategic Plan serves as a roadmap for organizational growth, operational excellence, and long-term sustainability. The plan is designed to ensure DHA remains a high-performing agency while responding to the community's housing needs and preserving its existing affordable housing assets.

Key strategic objectives include:

- Expanding affordable housing opportunities throughout Delta County;
- Preserving and improving existing Public Housing properties through continued capital investments;
- Developing and managing new affordable housing communities;
- Enhancing resident access to educational, employment, and supportive service opportunities;
- Expanding landlord participation in the Housing Choice Voucher Program;
- Strengthening operational efficiency through technology and process improvements; and
- Investing in staff development and organizational capacity.

Management believes these initiatives position the Authority to continue providing high-quality housing and services while maintaining its financial and operational strength.

ECONOMIC FACTORS AND FUTURE YEAR BUDGETS

The Authority's operations are primarily funded through federal programs administered by the U.S. Department of Housing and Urban Development (HUD). As a result, Congressional appropriations and federal housing policy decisions remain the most significant economic factors affecting the Authority's operations and future financial condition.

Management continues to monitor changes in federal funding levels, inflationary pressures, construction costs, insurance premiums, and labor market conditions. These factors have increased operating and capital costs throughout the affordable housing industry and may impact future budgets and development activities.

Local housing market conditions also continue to influence DHA's operations. Demand for affordable housing remains strong throughout Delta County, resulting in high occupancy rates across DHA's housing programs. At the same time, limited housing availability and rising rental costs continue to increase the need for affordable housing assistance within the community.

The Authority's financial position remains stable, and management believes existing reserves and program resources are sufficient to meet anticipated operating needs. DHA will continue to monitor funding levels and expenditures to ensure the long-term financial sustainability of all programs.

The Authority adopts an annual operating budget that encompasses all programs. The Public Housing budget is prepared in accordance with HUD budgeting requirements, which differ in certain respects from generally accepted accounting principles (GAAP).

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

This financial report provides citizens, taxpayers, investors, creditors, and other interested parties with a general overview of the Authority's finances and demonstrates the Authority's accountability for the public resources it administers.

Questions concerning this report or requests for additional financial information should be directed to:

Ute Jantz, Executive Director
Delta Housing Authority
501 14th Street
Delta, Colorado 81416

Delta Housing Authority
Statement of Net Position
December 31, 2025

Assets	
Current assets	
Cash and investments	$ 4,469,603
Prepaid Expenses	6,394
Accrued Interest Receivables	1,394,465
Inventory	3,151
Total current assets	5,908,278
Noncurrent assets	
Restricted cash and investments	
Tenant security deposits	38,577
Other	30,361
Total restricted assets	68,938
Investments in Joint Ventures	643,654
Notes receivable	3,507,222
Capital assets, Net of Accumulated Depreciation	1,985,651
Total noncurrent assets	6,136,527
Total assets	12,113,743
Liabilities	
Current liabilities	
Accounts payable	29,017
Accrued Payroll	21,192
Security deposits held	38,577
Other Current Liabilities	1,802
Current maturity of long-term debt	13,543
Total current liabilities	104,131
Noncurrent liabilities	
Compensated Absences	31,879
Long-Term Debt	29,289
Total noncurrent liabilities	61,168
Total liabilities	165,299
Net position	
Net investment in capital assets	1,942,819
Restricted for debt services and replacements	30,361
Restricted for Vouchers	38,577
Unrestricted	9,936,687
Total net position	$ 11,948,444

The accompanying notes are an integral part of these financial statements

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

Operating revenues	
Tenant rent income	$ 397,461
Rent income- HUD	2,504,678
Other administrative income	31,761
Other operating income	284,186
Total operating revenues	3,255,724
Operating expenses	
Administrative	698,987
Utilities	73,980
Housing assistance payments	1,725,488
Maintenance and operations	280,602
General expenses	67,110
Depreciation	141,876
Total operating expenses	2,988,043
Net operating income (loss)	267,681
Nonoperating revenues (expenses)	
Interest income	224,237
Interest Subsidy	10,450
Interest expense	(4,098)
Reduction in Investment Equity	(168,986)
Total non-operating revenue (expense)	61,603
Change in net position	329,284
Net position at beginning of year	11,619,160
Net position at end of year	$ 11,948,444

The accompanying notes are an integral part of these financial statements.

Delta Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities		
Cash received from housing assistance and rent payments	$	2,825,214
Other operating receipts		315,947
Tenant security deposits received/refunded		201
Cash paid to suppliers		(2,096,998)
Cash paid to employees		(725,533)
Net cash provided (used) in operating activities		318,831
Cash flows from capital and related financing activities		
Purchase of capital Asset Improvements		(161,835)
Principal Payments of Debt		(12,474)
Interest Paid		(4,098)
Net cash provide by noncapital financing activities		(178,407)
Cash flows from investing activities		
Interest received		234,687
Notes receivable and Investments		(203,374)
Net cash provided (used) in investing activities		31,313
Increase (decrease) in cash and cash equivalents		171,737
Cash and cash equivalents at beginning of year		4,366,804
Cash and cash equivalents at end of year	$	4,538,541
Reconciliation of net operating income to net cash Provided (used) in operating activities:		
Net operating income (loss)	$	267,681
Adjustments to reconcile operating income (loss to net cash) Provided (used) by operating activities		
Depreciation		141,876
(Increase) decrease in accounts receivable and accrued interest		(114,563)
(Increase) decrease in prepaid expenses		(867)
(Increase) decrease in inventory		356
Increase (decrease) in accounts payable		24,997
Increase (decrease) in compensated absences		(1,006)
Increase (decrease) in security deposits		201
Increase (decrease) in accrued liabilities		156
Total adjustments		51,150
Net cash provided (used) in operating activities	$	318,831

The accompanying notes are an integral part of these financial statements

NOTE A - Summary of Significant Accounting Policies

The financial statements of the Delta Housing Authority ("the Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Delta Housing Authority is a political subdivision both corporate and politic which was established under the provision of Colorado Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of a Low-Income Public Housing program under Annual Contributions Contract DEN-527 and Section 8 Housing Assistance Payments Program under Annual Contributions Contracts CO-040, and 05-15. The financial statements also include the Rural Economic and Community Development (RECD), and the Affordable Housing Program.

Reporting Entity

The entity is a public corporation, legally separate, fiscally independent, and governed by the Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the Delta Housing Authority, a primary government. Although it is legally separate from the Delta Housing Authority, the Housing Delta County, LLC is reported as if it were part of the primary government because its sole purpose is to work in conjunction with the Housing Authority to assist with providing housing for low- and moderate-income individuals. The criteria for inclusion as a component unit include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Accordingly, Housing Delta County, LLC has been blended with the Delta Housing Authority. There are no other component units to be included herewith, but this report does include all programs which are controlled by the entity's governing body.

The financial statements of the Delta House Authority include the following:

At December 31, 2025, the Housing Authority has 323 units in management.

Project	Units
Low Income Public Housing	75
Housing Choice Vouchers	236
Rural Economic & Community Development	10
Affordable Housing Program	2
Total	323

NOTE A - **Summary of Significant Accounting Policies -** (Continued)

Measurement Focus. Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of a proprietary fund. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The Authority has implemented GASB No. 34 and related statements. Since the operations of the Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented. A description of the funds used by the Authority as follows:

Proprietary Fund - is used to account for those operations that are financed and operated in a manner similar to private business. Activities of the Authority are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Basis of accounting refers to when revenues or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are presented on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of a fund are included on the statement of net position. Net position is categorized as net investment in capital assets, restricted for debt service and Voucher expenses, and unrestricted. Fund operating statements present increases (e.g., revenues and contributions) and decreases (e.g., expenses) in net position. Proprietary funds are presented on an accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The Authority uses the accrual basis of accounting. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services within the scope of the enterprise operation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Revenues from grants are recognized in the year in which all eligibility requirements have been satisfied.

Budgetary Control and Authority

The Board of Commissioners of the Authority adopts, by vote, an annual budget for each fund or project of the Authority. The budget adoption process is not authorized by constitution, charter, statute or ordinance. Fund budgets are adopted to provide internal financial management and oversight control.

Assets, Liabilities and Equity

Cash and Cash Equivalents
The Authority's cash and cash equivalents are considered to be unrestricted and restricted cash on hand and demand deposits.

NOTE A - Summary of Significant Accounting Policies - (Continued)

***Assets, Liabilities and Equity* -** (Continued)

Fair Value of Financial Instruments
The Authority's financial instruments include cash and cash equivalents, investments, prepaid expenses, accounts and notes receivable, accounts payable, and debt. The Authority estimates that the fair value of all financial instruments at December 31, 2025, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the nature of the debt.

Restricted Assets - Cash and Cash Equivalents
Certain cash accounts of the Authority are classified as restricted since their use requires the permission of the Rural Development Administration (RDA) or the U.S. Department of Housing and Urban Development (HUD) or represents escrows.

Tenant Security Deposits
Tenant security deposits held by HUD and Rural Development Rental Housing projects are segregated in separate bank accounts.

Accounts Receivable
Management of the Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Prepaid
Prepaids represent payments made to vendors for services that will benefit beyond December 31, 2025.

Inventories

Inventories are valued at cost, which approximates market value, using the first-in/first out (FIFO) method. The consumption method is applied, and expense is charged when inventory items are used for the units.

***Interprogram Due from and Due to* -** During the course of its operations, the Authority has interprogram transactions to finance operations and provide services. Interprogram accounts receivable and payable have been recorded to recognize transactions between programs for which the applicable cash transfer had not been made as of the balance sheet date. Interprogram accounts have been eliminated for financial statement reporting purposes.

Capital Assets – Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. The capitalization practice of the Authority requires assets to be capitalized when their cost is $2,500. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash advances from HUD, there are no capitalized interest costs in current programs. The Authority does not have any infrastructure assets.

NOTE A – **Summary of Significant Accounting Policies –** (Continued)

Assets, Liabilities and Equity- continued

Capital Assets

Depreciation of property and equipment is computed by the straight-line method based upon the estimated useful lives of the assets as follows:

Class	Life
Building & Improvements	10-40 years
Furniture, Equipment & Machinery	3-7 years

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and paid time off. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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; and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

Leasing Activities (as Lessor) - The Authority is the lessor of dwelling units primarily to low-income residents. The rents under the leases are determined generally by the resident's income as adjusted for eligible deductions regu1ated by HUD, although the resident may opt for a flat rent. Leases may be cancelled by the lessee at any time. The Authority may cancel the lease only for cause.

Income associated with these leases are recorded in the financial statements and schedules as “Rental income”. Rental income per resident generally remains consistent from year to year but is affected by general economic conditions which impact personal income, such as local job availability.

NOTE B - Deposits, Cash and Cash Equivalents

HUD Deposit Restrictions

HUD requires Authorities to invest excess HUD program funds in obligations of the United States, certificates of deposit or any other federally insured instruments.

HUD also requires that deposits of HUD program funds be fully insured or collateralized at all times. Acceptable security includes FDIC/ FSLIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Authority or with an unaffiliated bank or trust company for the account of the Authority.

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

Risk Disclosures

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits the Authority's investment portfolio to maturities not to exceed two years at time of purchase. At December 31, 2025, the Authority's deposits and investments were not limited and all of which are either available on demand or have maturities of less than two years.

Credit Risk: This is a risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority's investment policy is that none of its total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities.

Custodial Credit Risk: This is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the Authority’s investments in securities are held in the name of the Authority. The Authority’s custodial agreement policy prohibits counterparts holding securities not in the Authority’s name.

At December 31, 2025, the carrying amount of the Authority's deposits was $4,538,541. The deposits are either covered by federal depository insurance, by collateral held by the Authority's agent in the Authority's name or by the Federal Reserve Banks acting as third-party agents or by a collateralization agreement. Restricted cash consists of tenant security deposits, escrow accounts and bond reserve funds.

NOTE B - Deposits, Cash and Cash Equivalents – (Continued)

Deposits consist of the following:

Checking and Savings accounts	$4,538,541

NOTE C- Accrued Interest Receivable

Accrued Interest Receivable at December 31, 2025, consist of the following:

Accrued Interest	$57,941
Accrued Interest CMF Gra	6,037
Accrued Interest Development Fee VAB I and II	57,168
Accrued Interest FHLB	32,724
Accrued Interest VAB I and II	1,240,595
Total	$1,394,465

NOTE D- Prepaid Expenses

Prepaid expenses at December 31, 2025, consist of the following:

Prepaid Insurance	$6,394

NOTE E- Inventory

Inventory at December 31, 2025, consists of the following:

Materials and supplies	$3,151

Materials inventories are recorded at cost. The first-in first-out (FIFO) inventory flow assumption is used to determine expenditures. Expenditures are recorded when inventory is consumed.

NOTE F - Notes Receivable

Notes receivable at December 31, 2025, consist of the following:

Villas at the Bluff I and II	$1,425,000
DOH-Home Rad	1,100,000
FHLB	192,000
CMF Grant	150,000
Developer fees	424,497
MM Asset Management Fee	215,725
Total notes receivable	$ 3,507,222

NOTE G - Investments in Partnerships

Investments at December 31, 2025, consist of the following:

Villas at the Bluff limited partnership Phase I	$ 49,700
Villas at the Bluff limited partnership Phase II	292,638
Villas at the Bluff DHA Villas LLC	301,316
Total	$ 643,654

NOTE G - Investments in Partnerships – (Continued)

The Authority entered into a limited partnership (Villas at the Bluff Limited Partnership) agreement for the purpose of constructing and managing a 48-unit complex of eight one-bedroom units, twenty-four two-bedroom units and sixteen three-bedroom units. The partnership has received tax credits from the State of Colorado. The Authority holds a 0.01% general partnership interest, with the remaining 99.99% limited partnership interests held by unrelated investors.

The Authority entered into a limited partnership (Villas at the Bluff II Limited Partnership) agreement for the purpose of constructing and managing a 32-unit complex of twelve one-bedroom units, sixteen two-bedroom units and four three-bedroom units. The partnership has received tax credits from the State of Colorado. The Authority holds a 0.01% general partnership interest, with the remaining 99.99% limited partnership interests held by unrelated investors.

NOTE H - Capital Assets

At December 31, 2025, capital asset transactions and balances include the following:

	Balance 12/31/2024	Additions	Dispositions	Balance 12/31/2025
Capital assets not being depreciated:				
Land	$ 464,496	$ -	$ -	$ 464,496
Capital assets being depreciated:				
Building and improvements	5,210,043	161,834	(2,540)	5,369,337
Vehicles	122,941	-	-	122,941
Furniture and equipment	25,235	-	2,540	27,775
Total capital assets being depreciated	5,358,219	161,834	-	5,520,053
Less accumulated depreciation	(3,857,023)	(141,876)	-	(3,998,899)
Total capital assets being depreciated	1,501,196	19,958	-	1,521,154
Total capital assets, net	$ 1,965,692	$ 19,958	$ -	$ 1,985,650

Depreciation expense of $141,876 was incurred during the year.

NOTE I- Long -Term Debt and other Long-Term Liabilities

At December 31, 2025, a long-term debt consisted of the following:

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Due within one year
Compensated absences	$ 32,885	$ (1,006)	$ -	$ 31,879	$ 3,187
FMHA Mortgage	55,306	-	12,474	42,832	13,543
Total	$ 88,191	$ (1,006)	$ 12,474	$ 74,711	$ 16,730

FMHA Mortgage Payable
Mortgage payable to United State Department of Agriculture (FMHA), with a monthly payment of $1,381, including subsidized interest at an annual rate of 8 ¼%. This mortgage is collateralized by a lien on the apartments, on the land and a security interest in rents, profits and reserve accounts of the Authority.

The following is a breakdown of the mortgage notes as follows:

	Principal	Interest	Total
2026	$ 13,543	$ 3,029	$ 16,572
2027	14,703	1,869	16,572
2028	14,586	608	15,194
	$ 42,832	$ 5,506	$ 48,338

NOTE J - Federal and State Operating Grants

HUD contributed the following operating subsidies approved in the operating budgets under the Annual Contributions Contracts:

Public Housing Operating Subsidy	$ 189,444
Capital Fund Program	273,801
Housing Choice Vouchers	2,041,438
Total	$ 2,504,683
Rental Income	$ 2,504,683
Capital Grants	-
Total	$ 2,504,683

NOTE K – Pension Plan

The Authority provides pension benefits for all its employees through a Simple Individual Retirement Account (IRA), which is a defined contribution plan. The plan is administered by American Funds. The Housing Authority Board is authorized to establish or amend the IRA benefits. Benefits depend solely on amounts contributed to the IRA plus investment earnings. To be eligible, employees must have received at least $5,000 in compensation during any one prior year, and it is reasonably expected that employees will earn at least $5,000 in compensation during the current year. The Authority contributes an amount equal to 3% of the employee's base salary each month. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately.

The Authority’s total payroll in fiscal year 2025 was $725,533. The Authority made contributions, amounting to $18,559 from the Authority and $42,559 from the employees.

NOTE L- Tax, Spending and Debt Limitations

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. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE M - Subsequent Events

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management has evaluated the activity of the Authority through July 31, 2026, the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

Delta Housing Authority
Schedule of Net Position-All Programs
December 31, 2025

Assets	Low Income Public Housing	Rural Rental Assistance Payments	Housing Choice Vouchers	Business Activities	Total
Current assets					
Cash and Investments	$ 1,637,271	$ 45,178	$ 982,968	$ 1,804,186	$ 4,469,603
Prepaid Expenses	3,660	1,752	788	194	6,394
Accounts receivable	12,017	-	18,114	4,534	34,665
Accrued Interest Receivables	-	-	-	1,394,465	1,394,465
Inventory	-	-	-	3,151	3,151
Total current assets	1,652,948	46,930	1,001,870	3,206,530	5,908,278
Restricted assets					
Tenant security deposits	33,350	4,177	-	1,050	38,577
Other	-	30,361	-	-	30,361
Total restricted assets	33,350	34,538	-	1,050	68,938
Investments in Joint Ventures	-	-	-	643,654	643,654
Notes Receivable	-	-	-	3,507,222	3,507,222
Capital assets	1,559,465	125,592	78,650	221,944	1,985,651
Total assets	$ 3,245,763	$ 207,060	$ 1,080,520	$ 7,580,400	$ 12,113,743
Liabilities					
Current liabilities					
Accounts payable	$ 21,461	$ 920	$ 2,255	$ 4,381	$ 29,017
Accrued Payroll	10,242	589	6,444	3,917	21,192
Security deposits held	33,350	4,177	-	1,050	38,577
Other Current Liabilities	450	1,352	-	-	1,802
Current portion of long-term debt	-	13,543	-	-	13,543
Total current liabilities	65,503	20,581	8,699	9,348	104,131
Compensated absences	7,307	44	13,220	11,308	31,879
Long-term debt, net of current portion	-	29,289	-	-	29,289
Total Liabilities	72,810	49,914	21,919	20,656	165,299
Net position					
Net investment in capital assets	1,559,465	82,760	78,650	221,944	1,942,819
Restricted for debt service, housing expenses, vouchers, and revolving loans	33,350	34,538	-	1,050	68,938
Unrestricted	1,580,138	39,848	979,951	7,336,750	9,936,687
Total net position	$ 3,172,953	$ 157,146	$ 1,058,601	$ 7,559,744	$ 11,948,444

Delta Housing Authority
Schedule of Revenues, Expenses and Changes in Net Position-All Programs
Year Ended December 31, 2025

Operating revenues	Low Income Public Housing	Rural Rental Assistance Payments	Housing Choice Vouchers	Business Activities	Total
Tenant rent income	$ 344,243	$ 31,566	$ -	$ 21,652	$ 397,461
Rent income - HUD	463,240	-	2,041,438	-	2,504,678
Other grants	-	37,638	-	-	37,638
Other administrative income	10,993	-	20,768	-	31,761
Other operating income	3,892	45	-	280,249	284,186
Total operating revenues	822,368	69,249	2,062,206	301,901	3,255,724
Operating expenses					
Administrative	281,246	22,245	298,207	97,289	698,987
Utilities	63,403	8,164	2,371	42	73,980
Housing assistance payments	-	-	1,725,488	-	1,725,488
Maintenance and operations	253,720	13,313	8,778	4,791	280,602
General expense	42,655	4,860	17,169	2,426	67,110
Depreciation	115,876	11,866	3,437	10,697	141,876
Total operating expense	756,900	60,448	2,055,450	115,245	2,988,043
Net operating income (loss)	65,468	8,801	6,756	186,656	267,681
Nonoperating revenues (expenses)					
Interest income	40,561	1,354	24,578	157,744	224,237
Interest expense	-	(4,098)	-	-	(4,098)
Interest Subsidy	-	10,450	-	-	10,450
Reduction in Investment Equity	-	-	-	(168,986)	(168,986)
Total non-operating revenue (expenses)	40,561	7,706	24,578	(11,242)	61,603
Change in net position	106,029	16,507	31,334	175,414	329,284
Net position at beginning of year	3,066,924	140,639	1,027,267	7,384,330	11,619,160
Net position at end of year	$ 3,172,953	$ 157,146	$ 1,058,601	$ 7,559,744	$ 11,948,444

Delta Housing Authority
Schedule of Expenditures of Federal Awards
For the Years Ended December 31, 2025

	Federal Assistance Listing Number	Amount of Expenditures
U.S. Department of Housing and Urban Development		
Low Income Public Housing	14.850	$ 234,338
Housing Voucher Cluster		
Section 8 Housing Choice Vouchers	14.871	2,041,438
Public Housing Capital Fund	14.872	228,902
Total U.S. Department of Housing and Urban Development		2,504,678
U.S. Department of Agriculture		
Rural Rental Housing Loans	10.415	10,450
Rural Rental Assistance Payments	10.427	37,638
Total U.S. Department of Agriculture		48,088
Total Expenditures of Federal Awards		$ 2,552,766

The accompanying notes are an integral part of this statement.

DELTA HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2025

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the Housing Authority of the Delta Housing Authority. The schedule 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* ("Uniform Guidance"). Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

NOTE C – FEDERAL LOAN AND INSURANCE PROGRAMS

The Authority also participates in the following Rural Housing Service loan program, a direct program, through the U.S. Department of Agriculture-Rural Development Division:

Program Title	Federal CFDA Number	Ending Balance of Direct Loans
Rural Rental Housing Loans	10.415	$55,306

NOTE D – INDIRECT COST RATE

The Authority has elected to not use the 15% de minimus indirect cost rate, as allowed under the Uniform Guidance.

Blair and Associates, P.C.
Cedaredge, Colorado

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*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delta Housing Authority
Delta, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Delta Housing Authority, as of and for the year ended December 31, 2025, and the related notes to the financial statements, and have issued our report thereon dated July 31, 2026.

Internal Control over Financial Reporting

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

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

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

Certified Public Accountants
105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blair and Associates, P.C.

Cedaredge, Colorado
July 31, 2026

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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Delta Housing Authority
Delta, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Delta Housing Authority's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Delta Housing Authority's major federal programs for the year ended December 31, 2025. Delta Housing 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, Delta Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Certified Public Accountants
105 S.E. Frontier Ave, Suite A Cedaredge, CO 81413 | 970-856-7550 | 970-856-2122 | www.bandacpas.com

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 Delta Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Delta Housing Authority's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Delta Housing 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 Delta Housing 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 Delta Housing Authority's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Blair and Associates, P.C.

Cedaredge, Colorado
July 31, 2026

Delta Housing Authority
Schedule of Findings and Questioned Costs
Year ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	None Noted
Significant deficiency identified	None Noted
Noncompliance material to financial statements noted	None Noted

Federal Awards

Internal Control over major programs:	
Material weakness identified	None Noted
Significant deficiency identified	None Noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None Noted

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,000,000
Auditee qualified as low risk auditee?	Yes

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings related to the financial statements as required by Government Auditing Standards.

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs under the Uniform Guidance.

Delta Housing Authority
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2025

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

None

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

None

Delta Housing Authority (CO040)

Delta, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 12/31/2025

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
111 Cash - Unrestricted	$1,637,271	$1,804,186		$982,968	$45,178	$4,469,603		$4,469,603
112 Cash - Restricted - Modernization and Development								
113 Cash - Other Restricted					$30,361	$30,361		$30,361
114 Cash - Tenant Security Deposits	$33,350	$1,050			$4,177	$38,577		$38,577
115 Cash - Restricted for Payment of Current Liabilities								
100 Total Cash	$1,670,621	$1,805,236	$0	$982,968	$79,716	$4,538,541		$4,538,541
121 Accounts Receivable - PHA Projects	$8,664			$6,605		$15,269		$15,269
122 Accounts Receivable - HUD Other Projects								
124 Accounts Receivable - Other Government								
125 Accounts Receivable - Miscellaneous		$219,986				$219,986		$219,986
126 Accounts Receivable - Tenants	$3,353	$273				$3,626		$3,626
126.1 Allowance for Doubtful Accounts -Tenants	$0	$0				$0		$0
126.2 Allowance for Doubtful Accounts - Other	$0	$0		$0		$0		$0
127 Notes, Loans, & Mortgages Receivable - Current								
128 Fraud Recovery				$11,509		$11,509		$11,509
128.1 Allowance for Doubtful Accounts - Fraud				$0		$0		$0
129 Accrued Interest Receivable		$1,394,465				$1,394,465		$1,394,465
120 Total Receivables, Net of Allowances for Doubtful Accounts	$12,017	$1,614,724	$0	$18,114	$0	$1,644,855		$1,644,855
131 Investments - Unrestricted								
132 Investments - Restricted								
135 Investments - Restricted for Payment of Current Liability								
142 Prepaid Expenses and Other Assets	$3,660	$194		$788	$1,752	$6,394		$6,394
143 Inventories		$3,151				$3,151		$3,151
143.1 Allowance for Obsolete Inventories		$0				$0		$0
144 Inter Program Due From								
145 Assets Held for Sale								
150 Total Current Assets	$1,686,298	$3,423,305	$0	$1,001,870	$81,468	$6,192,941		$6,192,941
161 Land	$444,196	$10,150			$10,150	$464,496		$464,496
162 Buildings	$4,525,559	$355,819		$127,323	$360,637	$5,369,338		$5,369,338
163 Furniture, Equipment & Machinery - Dwellings								
164 Furniture, Equipment & Machinery - Administration	$99,104	$6,066		$44,158	$1,389	$150,717		$150,717
165 Leasehold Improvements								

166 Accumulated Depreciation	-$3,509,394	-$150,091		-$92,831	-$246,584	-$3,998,900		-$3,998,900
167 Construction in Progress								
168 Infrastructure								
160 Total Capital Assets, Net of Accumulated Depreciation	$1,559,465	$221,944	$0	$78,650	$125,592	$1,985,651		$1,985,651
171 Notes, Loans and Mortgages Receivable - Non-Current		$3,291,497				$3,291,497		$3,291,497
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due								
173 Grants Receivable - Non Current								
174 Other Assets								
176 Investments in Joint Ventures		$643,654				$643,654		$643,654
180 Total Non-Current Assets	$1,559,465	$4,157,095	$0	$78,650	$125,592	$5,920,802		$5,920,802
200 Deferred Outflow of Resources								
290 Total Assets and Deferred Outflow of Resources	$3,245,763	$7,580,400	$0	$1,080,520	$207,060	$12,113,743		$12,113,743
311 Bank Overdraft								
312 Accounts Payable <= 90 Days	$8,766	$4,381		$68	$920	$14,135		$14,135
313 Accounts Payable >90 Days Past Due								
321 Accrued Wage/Payroll Taxes Payable	$10,242	$3,917		$6,444	$589	$21,192		$21,192
322 Accrued Compensated Absences - Current Portion	$731	$1,131		$1,322	$4	$3,188		$3,188
324 Accrued Contingency Liability								
325 Accrued Interest Payable								
331 Accounts Payable - HUD PHA Programs	$12,695			$1,208		$13,903		$13,903
332 Account Payable - PHA Projects				$979		$979		$979
333 Accounts Payable - Other Government								
341 Tenant Security Deposits	$33,350	$1,050			$4,177	$38,577		$38,577
342 Unearned Revenue								
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue					$13,543	$13,543		$13,543
344 Current Portion of Long-term Debt - Operating Borrowings								
345 Other Current Liabilities	$450				$1,352	$1,802		$1,802
346 Accrued Liabilities - Other								
347 Inter Program - Due To								
348 Loan Liability - Current								
310 Total Current Liabilities	$66,234	$10,479	$0	$10,021	$20,585	$107,319		$107,319
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue					$29,289	$29,289		$29,289
352 Long-term Debt, Net of Current - Operating Borrowings								
353 Non-current Liabilities - Other								
354 Accrued Compensated Absences - Non Current	$6,576	$10,177		$11,898	$40	$28,691		$28,691
355 Loan Liability - Non Current								
356 FASB 5 Liabilities								
357 Accrued Pension and OPEB Liabilities								
350 Total Non-Current Liabilities	$6,576	$10,177	$0	$11,898	$29,329	$57,980		$57,980

300 Total Liabilities	$72,810	$20,656	$0	$21,919	$49,914	$165,299		$165,299
400 Deferred Inflow of Resources								
508.4 Net Investment in Capital Assets	$1,559,465	$221,944		$78,650	$82,760	$1,942,819		$1,942,819
511.4 Restricted Net Position	$33,350	$1,050			$34,538	$68,938		$68,938
512.4 Unrestricted Net Position	$1,580,138	$7,336,750	$0	$979,951	$39,848	$9,936,687		$9,936,687
513 Total Equity - Net Assets / Position	$3,172,953	$7,559,744	$0	$1,058,601	$157,146	$11,948,444		$11,948,444
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	$3,245,763	$7,580,400	$0	$1,080,520	$207,060	$12,113,743		$12,113,743

Delta Housing Authority (CO040)

Delta, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit   Fiscal Year End: 12/31/2025

	Project Total	1 Business Activities	10.415 Rural Rental Housing Loans	14.871 Housing Choice Vouchers	10.427 Rural Rental Assistance Payments	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	$344,243	$21,652			$31,566	$397,461		$397,461
70400 Tenant Revenue - Other	$3,892					$3,892		$3,892
70500 Total Tenant Revenue	$348,135	$21,652	$0	$0	$31,566	$401,353		$401,353
70600 HUD PHA Operating Grants	$234,338			$2,041,438		$2,275,776		$2,275,776
70610 Capital Grants	$228,902					$228,902		$228,902
70710 Management Fee								
70720 Asset Management Fee								
70730 Book Keeping Fee								
70740 Front Line Service Fee								
70750 Other Fees								
70700 Total Fee Revenue								
70800 Other Government Grants			$10,450		$37,638	$48,088		$48,088
71100 Investment Income - Unrestricted	$40,561	$157,744		$24,578	$1,354	$224,237		$224,237
71200 Mortgage Interest Income								
71300 Proceeds from Disposition of Assets Held for Sale								
71310 Cost of Sale of Assets								
71400 Fraud Recovery				$13,169		$13,169		$13,169
71500 Other Revenue	$10,993	$280,249		$7,599	$45	$298,886		$298,886
71600 Gain or Loss on Sale of Capital Assets								
72000 Investment Income - Restricted								
70000 Total Revenue	$862,929	$459,645	$10,450	$2,086,784	$70,603	$3,490,411		$3,490,411
91100 Administrative Salaries	$179,988	$77,531		$188,321	$7,451	$453,291		$453,291
91200 Auditing Fees	$4,950	$297		$4,059	$594	$9,900		$9,900
91300 Management Fee					$11,040	$11,040		$11,040
91310 Book-keeping Fee								
91400 Advertising and Marketing	$22			$199		$221		$221
91500 Employee Benefit contributions - Administrative	$74,045	$14,268		$38,878	$2,229	$129,420		$129,420
91600 Office Expenses	$21,148	$3,593		$57,008	$808	$82,557		$82,557
91700 Legal Expense	$1,093	$1,600		$4,746	$123	$7,562		$7,562
91800 Travel								
91810 Allocated Overhead								
91900 Other								

91000 Total Operating - Administrative	$281,246	$97,289	$0	$293,211	$22,245	$693,991		$693,991
92000 Asset Management Fee								
92100 Tenant Services - Salaries								
92200 Relocation Costs								
92300 Employee Benefit Contributions - Tenant Services								
92400 Tenant Services - Other								
92500 Total Tenant Services	$0	$0	$0	$0	$0	$0		$0
93100 Water	$11,610	$2		$265	$2,622	$14,499		$14,499
93200 Electricity	$16,992	$12		$1,534	$391	$18,929		$18,929
93300 Gas	$16,928	$26				$16,954		$16,954
93400 Fuel								
93500 Labor								
93600 Sewer	$17,873	$2		$268	$5,151	$23,294		$23,294
93700 Employee Benefit Contributions - Utilities								
93800 Other Utilities Expense								
93000 Total Utilities	$63,403	$42	$0	$2,067	$8,164	$73,676		$73,676
94100 Ordinary Maintenance and Operations - Labor	$110,048	$1,179			$3,271	$114,498		$114,498
94200 Ordinary Maintenance and Operations - Materials and Other	$103,367	$417		$1,757	$4,643	$110,184		$110,184
94300 Ordinary Maintenance and Operations Contracts	$40,305	$3,195		$2,203	$5,399	$51,102		$51,102
94500 Employee Benefit Contributions - Ordinary Maintenance								
94000 Total Maintenance	$253,720	$4,791	$0	$3,960	$13,313	$275,784		$275,784
95100 Protective Services - Labor								
95200 Protective Services - Other Contract Costs								
95300 Protective Services - Other								
95500 Employee Benefit Contributions - Protective Services								
95000 Total Protective Services	$0	$0	$0	$0	$0	$0		$0
96110 Property Insurance	$19,477	$1,070		$642	$3,985	$25,174		$25,174
96120 Liability Insurance	$2,700	$65		$8,475	$568	$11,808		$11,808
96130 Workmen's Compensation	$4,783	$831		$2,967	$297	$8,878		$8,878
96140 All Other Insurance	$995	$156		$3,124		$4,275		$4,275
96100 Total insurance Premiums	$27,955	$2,122	$0	$15,208	$4,850	$50,135		$50,135
96200 Other General Expenses	$10,051	$304		$6,959	$10	$17,324		$17,324
96210 Compensated Absences								
96300 Payments in Lieu of Taxes								
96400 Bad debt - Tenant Rents	$719					$719		$719
96500 Bad debt - Mortgages								
96600 Bad debt - Other								
96800 Severance Expense								

96000 Total Other General Expenses	$10,770	$304	$0	$6,959	$10	$18,043		$18,043
96710 Interest of Mortgage (or Bonds) Payable					$4,098	$4,098		$4,098
96720 Interest on Notes Payable (Short and Long Term)								
96730 Amortization of Bond Issue Costs								
96700 Total Interest Expense and Amortization Cost	$0	$0	$0	$0	$4,098	$4,098		$4,098
96900 Total Operating Expenses	$637,094	$104,548	$0	$321,405	$52,680	$1,115,727		$1,115,727
97000 Excess of Operating Revenue over Operating Expenses	$225,835	$355,097	$10,450	$1,765,379	$17,923	$2,374,684		$2,374,684
97100 Extraordinary Maintenance	$3,930					$3,930		$3,930
97200 Casualty Losses - Non-capitalized								
97300 Housing Assistance Payments				$1,725,488		$1,725,488		$1,725,488
97350 HAP Portability-In				$5,121		$5,121		$5,121
97400 Depreciation Expense	$115,876	$10,697		$3,437	$11,866	$141,876		$141,876
97500 Fraud Losses								
97600 Capital Outlays - Governmental Funds								
97700 Debt Principal Payment - Governmental Funds								
97800 Dwelling Units Rent Expense								
90000 Total Expenses	$756,900	$115,245	$0	$2,055,451	$64,546	$2,992,142		$2,992,142
10010 Operating Transfer In	$44,423				$10,450	$54,873		$54,873
10020 Operating transfer Out	-$44,423		-$10,450			-$54,873		-$54,873
10030 Operating Transfers from/to Primary Government		-$168,986				-$168,986		-$168,986
10040 Operating Transfers from/to Component Unit								
10050 Proceeds from Notes, Loans and Bonds								
10060 Proceeds from Property Sales								
10070 Extraordinary Items, Net Gain/Loss								
10080 Special Items (Net Gain/Loss)								
10091 Inter Project Excess Cash Transfer In								
10092 Inter Project Excess Cash Transfer Out								
10093 Transfers between Program and Project - In								
10094 Transfers between Project and Program - Out								
10100 Total Other financing Sources (Uses)	$0	-$168,986	-$10,450	$0	$10,450	-$168,986		-$168,986
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	$106,029	$175,414	$0	$31,333	$16,507	$329,283		$329,283
11020 Required Annual Debt Principal Payments	$0	$0	$0	$0	$0	$0		$0
11030 Beginning Equity	$3,066,924	$7,384,330	$0	$1,027,268	$140,639	$11,619,161		$11,619,161
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors								
11050 Changes in Compensated Absence Balance								
11060 Changes in Contingent Liability Balance								
11070 Changes in Unrecognized Pension Transition Liability								

11080 Changes in Special Term/Severance Benefits Liability								
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents								
11100 Changes in Allowance for Doubtful Accounts - Other								
11170 Administrative Fee Equity				$1,081,643		$1,081,643		$1,081,643
11180 Housing Assistance Payments Equity				-$23,042		-$23,042		-$23,042
11190 Unit Months Available	900	24		2832	120	3876		3876
11210 Number of Unit Months Leased	900	24		2807	119	3850		3850
11270 Excess Cash	$1,563,313					$1,563,313		$1,563,313
11610 Land Purchases	$0					$0		$0
11620 Building Purchases	$228,902					$228,902		$228,902
11630 Furniture & Equipment - Dwelling Purchases	$0					$0		$0
11640 Furniture & Equipment - Administrative Purchases	$0					$0		$0
11650 Leasehold Improvements Purchases	$0					$0		$0
11660 Infrastructure Purchases	$0					$0		$0
13510 CFFP Debt Service Payments	$0					$0		$0
13901 Replacement Housing Factor Funds	$0					$0		$0