

**HOUSING AUTHORITY OF THE  
CITY OF LITTLETON**

**FINANCIAL STATEMENTS**

**September 30, 2014**

# **HOUSING AUTHORITY OF THE CITY OF LITTLETON**

## **Board of Commissioners**

Andrew Hancock - Chairperson  
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## **Executive Director**

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

## INDEPENDENT AUDITORS' REPORT

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of September 30, 2014, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters (Required Supplementary Information)***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Matters (Other Information)***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Littleton's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2015, on our consideration of the Housing Authority of the City of Littleton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority of the City of Littleton's internal control over financial reporting and compliance.



April 7, 2015

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**SEPTEMBER 30, 2014**

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, 2014. The Management Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, 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 strong financial outlook

- Total Net Position was \$10,595,598 at September 30, 2014 and \$10,766,417 at September 30, 2013.
- The Authority generated Net Operating Income before depreciation of \$1,085,262 for 2014.
- Capital Assets in 2014 totaled \$17,166,431 compared to 2013 Capital Assets totaling \$17,515,742.
- The fiscal year 2014 ended with a current ratio of 3.3, allowing the Authority to meet its current obligations 3.3 times. This ratio for 2013 was 3.8.
- Total Cash and Investments, excluding Restricted Cash & Investments was \$3,583,655 in 2014 and \$4,291,744 at September 30, 2013.

### **Using the Financial Statements**

The Financial Statements consist of Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Authority as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position – Proprietary Funds presents information on all the Authority assets and liabilities. The difference between a Public Housing Authority's assets and liabilities is Net Position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds provide the reader operating revenues and expenses by funds and by the Authority in total. This is reported on a full accrual basis where income is reported when earned and expenses are reported as incurred. This report shows the reader the net operating income/loss. Operating

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**Using the Financial Statements (Continued)**

Revenue consists of tenant rents, management fees, HUD operating subsidies, and other income. Operating expenses are salaries and benefits, office expenses, insurance, utilities, maintenance and depreciation. The next section shows nonoperating revenues and expenses to arrive at the Change in Net Position (profit/loss) for the year just ended. Nonoperating revenues/expenses consist of interest income, mortgage interest expense, and 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 provide 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 cash position this year and what were 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 2014, the Authority received funding for 288 vouchers.

**Public Housing** – The Authority owns and operates Bradley House a 72-unit elderly housing complex and 71 units of disbursed family housing for low income individuals and families in the City of Littleton.

**Section 8 New Construction** – Under multi-family contracts with HUD, the Authority receives funding for three project-based housing facilities to provide subsidized rent for 260 low income households. These three properties are Amity Plaza, Alyson Court, and John W. Newey Family Housing.

**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 and other affordable housing projects.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**Programs and Services (Continued)**

**Housing Rehab Program** – With funding received through the HOME investment partnership program and program funds, low income homeowners receive low interest loans to rehabilitate their homes that are in need of major repairs, health and safety problems or home improvements. In 2014, this program was put on hiatus in order to redesign its financial structure and scope.

**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.

**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.



**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2014**

**Financial Analysis**

**CONDENSED STATEMENT OF NET POSITION**

	<u>2013</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets	\$ 4,696,850	\$ 4,074,487
Restricted Cash & Investments	1,429,599	1,727,437
Capital Assets, Net of Accum. Depr.	17,515,742	17,166,431
Other Noncurrent Assets	<u>3,786,556</u>	<u>3,817,931</u>
Total Assets	<u>\$ 27,428,747</u>	<u>\$ 26,786,286</u>
<b>LIABILITIES</b>		
Current Liabilities	\$ 1,238,616	\$ 1,255,537
Long-Term Liabilities	<u>15,423,714</u>	<u>14,935,151</u>
Total Liabilities	<u>16,662,330</u>	<u>16,190,688</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	3,087,866	2,286,649
Restricted Net Position	1,429,599	1,288,969
Unrestricted Net Position	<u>6,248,952</u>	<u>7,019,980</u>
Total Net Position	<u>10,766,417</u>	<u>10,595,598</u>
 Total Liabilities and Net Position	 <u>\$ 27,428,747</u>	 <u>\$ 26,786,286</u>

- Changes in net position may serve as a useful indicator of changes in the financial position of an organization. On September 30, 2014 assets exceeded liabilities by \$10,595,598. This amount is broken down to \$2,286,649 net investment in capital assets, \$1,288,969 restricted net position, and \$7,019,980 that is unrestricted.
- Capital Assets represent the largest portion of assets at \$17,166,431 although Cash and Investments also represent a large portion of the Authority's assets at \$3,583,655.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2014**

**Financial Analysis (Continued)**

**CONDENSED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

	2013	2014
Total Operating Revenues	\$ 10,206,623	\$ 10,270,496
Total Operating Expenses	10,586,286	10,235,916
Net Operating Income (Loss)	(379,663)	34,580
Net Nonoperating Revenues & Expenses	1,049,141	(205,399)
Transfers	0	0
Change in Net Position	669,478	(170,819)
Net Position - Beginning	10,096,939	10,766,417
Net Position - Ending	\$ 10,766,417	\$ 10,595,598

- Operating Revenues increased \$63,873 with Operating Expenses decreasing \$350,370. The revenue increase is consistent with normal Rental Rate increases. Operating Expense decreases were attributable to reduced Capital Grant expenses in 2014 compared to 2013. In 2013, there were large expenses for the basement stairs repairs at Bradley House (\$26,500), asphalt repairs at Bradley House (\$30,000), decks at many of the family public housing homes were replaced at a cost of (\$29,000). Bradley House was also fully depreciated in 2014, and the 2014 Depreciation expense was reduced by (\$54,000) from 2013. In 2015, there will be no depreciation expense on the building.
- Net Nonoperating revenues & expenses were \$1,049,141 in 2013 compared to (\$205,399) in 2014, which was attributable to the gain on sale of the Powers Circle Apartments of \$1,427,051. In 2014, majority of Nonoperating Expenses included interest expense on the mortgages at Alyson Court (\$135,750), Amity Plaza (\$229,090), Libby Bortz Assisted Living Center (\$189,672), John Newey (\$68,395). Offsetting these Nonoperating Expenses were the Public Housing Capital Fund Grants (Revenue) of \$295,943, the Tobacco Grant revenue in Development of \$30,703, and interest income.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2014**

**Capital Assets and Long Term Debt**

**CAPITAL ASSETS**

	<u>2013</u>	<u>2014</u>
Capital Assets, Not Being Depreciated		
Land, Sites and Construction in Progress	\$ <u>4,516,724</u>	\$ <u>4,584,350</u>
Capital Assets, Being Depreciated		
Land Improvements	1,043,247	1,055,779
Buildings and Improvements	28,736,007	29,338,032
Equipment and Furniture	<u>1,526,086</u>	<u>1,253,496</u>
Total Depreciable Assets	<u>31,305,340</u>	<u>31,647,307</u>
Less Accumulated Depreciation		
Land Improvements	(584,989)	(659,698)
Buildings and Improvements	(16,332,505)	(17,251,184)
Equipment and Furniture	<u>(1,388,828)</u>	<u>(1,154,344)</u>
Total Depreciation	<u>(18,306,322)</u>	<u>(19,065,226)</u>
Total Capital Assets, Being Depreciated Net	<u>12,999,018</u>	<u>12,582,081</u>
Total Capital Assets, Net	\$ <u><u>17,515,742</u></u>	\$ <u><u>17,166,431</u></u>

As of September 30, 2014, the Authority had \$17,166,431 invested in a broad range of capital assets, including sites, buildings, and equipment. At September 30, 2013, this amount was \$17,515,742. Accumulated Depreciation on Land Improvements, Buildings and Improvements & Equipment & Furniture increased \$758,904. The Authority's Net Capital Assets decreased due to current year depreciation.

**CONDENSED STATEMENT OF CHANGES IN LONG TERM DEBT**

	<u>2013</u>	<u>2014</u>
Notes, Mortgages and Bonds Payable Current	\$ 465,687	\$ 485,125
Notes, Mortgages and Bonds Payable	<u>15,318,251</u>	<u>14,833,125</u>
Total	\$ <u>15,783,938</u>	\$ <u>15,318,250</u>

As of September 30, 2014 and 2013 the Authority had \$15,318,250 and \$15,783,938 respectively, of outstanding long-term debt for a net decrease of \$465,688. Note 7 to the financial statements provides further information on long term debt.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**The Authority Fund Analysis and Highlights**

**Public Housing**

The Public Housing fund had a Change in Net Position of \$247,966 before depreciation and a loss after depreciation of (\$59,609) and Net Position of \$3,058,024. This includes non-operating revenue of \$295,943 from HUD Operating subsidies.

**Bradley House**                      *Elderly Housing 72 units*

**Public Housing**                      *Disbursed Family 71 units*

Roof repairs were completed on all family units.

**Housing Choice Vouchers**

In 2014, the Housing Choice Voucher program administered an average of 283 rental vouchers per month to low income clients in the City of Littleton. The Authority receives administrative fees as part of this program and the fund had a net loss of (\$139,753) and Net Position of \$156,965. The Authority was required to use \$90,181 in cash restricted for Section 8 Landlord payments held in reserves. This resulted in less HAP received from HUD in 2014.

The Authority administers vouchers for the Division of Housing and for Arapahoe County. Currently, we administer approximately 250 vouchers for the two agencies.

**Section 8 New Construction**

**Amity Plaza**                      *Elderly housing 180 units*

Amity Plaza had a Change in Net Position before depreciation of \$335,378, with a Change in Net Position for the year of \$22,526 and Net Position of \$93,483.

The expansion of the community room was completed.

The lobby area and front desk office was remodeled.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**The Authority Fund Analysis and Highlights (Continued)**

**Alyson Court**                      *Elderly Housing*        *60 units*

Alyson Court had a Change in Net Position of \$33,336, and a Change in Net Position before depreciation expense of \$116,422 and Net Position of \$609,374.

The Computer Lab and renovation to the Arts & Crafts room were completed.

Entry card reader was installed to enhance security.

An upgrade of the fire panel was initiated.

**John W. Newey**                      *Family Housing*        *20 units (scattered sites)*

John W. Newey had a Change in Net Position before depreciation expense of \$87,457 with a Change in Net Position of \$31,441 and a negative Net Position of (\$528,126). A portion of the J.W. Newey Fund's debt proceeds were used for rehabilitation of other Authority projects in previous years.

**Development**

Development had a Change in Net Position of \$144,295 and Net Position of \$6,023,862. Development recorded \$130,355 in Deferred Developer Fees from the sale and development of the Powers Circle Apartments Tax Credit Project during 2014.

**Libby Bortz Assisted Living Center**

Libby Bortz Assisted Living Center had a Change in Net Position before depreciation of \$106,531 and Net Position of \$544,091.

**Housing Rehab Fund**

The Housing Rehab fund had Change in Net Position of (\$65,410) and Net Position of \$637,925

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**Planned improvements for FY2015**

**Agency Wide**

Begin transition to electronic administrative and housing systems.

**Public Housing**

**Bradley House**

Installation of new roof.

Elevator upgrade.

Resurface Parking lot.

Complete Green Physical Needs Assessment (GPNA).

Smoke Free Housing-Creation of new exterior smoking area.

Install interior cameras

Install entry card readers

**Family Public Housing**

Install mailbox kiosks

Install new garage doors

Replace storage sheds

Replacement and/or repair of roofs at various family sites.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**Planned improvements for FY2015 (Continued)**

**Section 8 New Construction**

**Amity Plaza**

Installation of new energy efficient windows and sliding doors

Install entry card readers

Resurface Parking lot.

Installation of interior cameras.

Smoke Free Housing-Creation of new exterior smoking area.

**Alyson Court**

Renovation of existing management office and creation of new office space.

Smoke Free Housing-Creation of new exterior smoking area.

Fire panel upgrade.

Install interior cameras.

**John W. Newey**

Replace roofs on several homes.

Replace flooring in several homes.

**Libby Bortz**

Upgrade of smoke detectors and fire alarm system.

Upgrade of Life Alert system.

Conduct feasibility study for new Memory Care Unit.

**HOUSING AUTHORITY OF THE CITY OF LITTLETON**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2014

**Requests for Information**

The 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  
5745 South Bannock Street  
Littleton, Colorado 80120



## **BASIC FINANCIAL STATEMENTS**

HOUSING AUTHORITY OF THE CITY OF LITTLETON

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2014

	<u>PUBLIC HOUSING</u>	<u>HOUSING CHOICE VOUCHERS</u>	<u>DEVELOPMENT</u>	<u>AMITY PLAZA</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 687,050	\$ 132,221	\$ 1,164,559	\$ 926,849
Accounts Receivable	43,681	41,275	255,848	3,720
Inventory	-	-	-	-
Prepaid Expenses	27,518	6,818	2,375	29,524
<b>TOTAL CURRENT ASSETS</b>	<u>758,249</u>	<u>180,314</u>	<u>1,422,782</u>	<u>960,093</u>
<b>NONCURRENT ASSETS</b>				
Restricted Cash	-	-	60,749	840,513
Advances to Other Funds	-	-	81,793	-
Notes Receivable	-	-	3,158,201	-
Capital Assets, Not Being Depreciated	1,237,985	-	269,279	1,206,552
Capital Assets, Net of Accumulated Depreciation	1,160,450	6,484	1,136,387	4,557,128
<b>TOTAL NONCURRENT ASSETS</b>	<u>2,398,435</u>	<u>6,484</u>	<u>4,706,409</u>	<u>6,604,193</u>
<b>TOTAL ASSETS</b>	<u>\$ 3,156,684</u>	<u>\$ 186,798</u>	<u>\$ 6,129,191</u>	<u>\$ 7,564,286</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 27,232	\$ 24,438	\$ 101,105	\$ 26,710
Accrued Liabilities	-	-	-	-
Unearned Revenues	5,463	-	-	3,429
Accrued Interest Payable	-	-	-	9,246
Tenant Security Deposits	50,236	-	-	56,078
Accrued Compensated Absences - Current Portion	9,975	3,345	2,749	12,757
Notes Payable - Current Portion	-	-	-	-
Mortgages Payable - Current Portion	-	-	-	260,822
Bonds Payable - Current Portion	-	-	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>92,906</u>	<u>27,783</u>	<u>103,854</u>	<u>369,042</u>
<b>LONG-TERM LIABILITIES</b>				
Advances from Other Funds	-	-	-	-
Accrued Compensated Absences	5,754	2,050	1,475	7,102
Notes Payable	-	-	-	-
Mortgages Payable	-	-	-	7,094,659
Bonds Payable	-	-	-	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>5,754</u>	<u>2,050</u>	<u>1,475</u>	<u>7,101,761</u>
<b>TOTAL LIABILITIES</b>	<u>98,660</u>	<u>29,833</u>	<u>105,329</u>	<u>7,470,803</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,398,435	6,484	1,405,666	(1,153,333)
Restricted for Scholarships	-	-	60,749	-
Restricted for Repair and Replacement	-	-	-	402,045
Restricted for Operating Deficits	-	-	-	-
Restricted for Debt Service	-	-	-	-
Unrestricted	659,589	150,481	4,557,447	844,771
<b>TOTAL NET POSITION</b>	<u>3,058,024</u>	<u>156,965</u>	<u>6,023,862</u>	<u>93,483</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,156,684</u>	<u>\$ 186,798</u>	<u>\$ 6,129,191</u>	<u>\$ 7,564,286</u>

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

ALYSON COURT	LIBBY BORTZ	NONMAJOR ENTERPRISE FUNDS	TOTALS
\$ 29,437	\$ 361,318	\$ 282,221	\$ 3,583,655
3,324	31,331	4,745	383,924
-	430	-	430
8,027	28,557	3,659	106,478
<u>40,788</u>	<u>421,636</u>	<u>290,625</u>	<u>4,074,487</u>
354,420	386,868	84,887	1,727,437
-	-	-	81,793
-	-	577,937	3,736,138
1,288,000	330,553	251,981	4,584,350
1,762,878	3,586,313	372,441	12,582,081
<u>3,405,298</u>	<u>4,303,734</u>	<u>1,287,246</u>	<u>22,711,799</u>
\$ <u>3,446,086</u>	\$ <u>4,725,370</u>	\$ <u>1,577,871</u>	\$ <u>26,786,286</u>
\$ 6,516	\$ 51,118	\$ 81,772	\$ 318,891
-	31,731	-	31,731
4,428	1,054	1,218	15,592
32,721	7,571	2,765	52,303
17,255	163,695	7,170	294,434
3,740	21,945	2,950	57,461
11,904	-	-	11,904
-	78,640	48,759	388,221
85,000	-	-	85,000
<u>161,564</u>	<u>355,754</u>	<u>144,634</u>	<u>1,255,537</u>
81,793	-	-	81,793
2,182	-	1,670	20,233
231,173	-	-	231,173
-	3,825,525	1,321,768	12,241,952
2,360,000	-	-	2,360,000
<u>2,675,148</u>	<u>3,825,525</u>	<u>1,323,438</u>	<u>14,935,151</u>
<u>2,836,712</u>	<u>4,181,279</u>	<u>1,468,072</u>	<u>16,190,688</u>
362,801	12,701	(746,105)	2,286,649
-	-	-	60,749
153,349	331,120	55,993	942,507
-	55,748	28,894	84,642
201,071	-	-	201,071
<u>(107,847)</u>	<u>144,522</u>	<u>771,017</u>	<u>7,019,980</u>
<u>609,374</u>	<u>544,091</u>	<u>109,799</u>	<u>10,595,598</u>
\$ <u>3,446,086</u>	\$ <u>4,725,370</u>	\$ <u>1,577,871</u>	\$ <u>26,786,286</u>

## HOUSING AUTHORITY OF THE CITY OF LITTLETON

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS

Year Ended September 30, 2014

	PUBLIC HOUSING	HOUSING CHOICE VOUCHERS	DEVELOPMENT	AMITY PLAZA
OPERATING REVENUES				
Rental	\$ 485,356	\$ -	\$ -	\$ 664,910
Operating Grants and Contributions	300,009	3,843,640	-	955,555
Assisted Living Fees	-	-	-	-
Other	60,737	125,113	322,854	62,513
	<u>846,102</u>	<u>3,968,753</u>	<u>322,854</u>	<u>1,682,978</u>
TOTAL OPERATING REVENUES				
OPERATING EXPENSES				
Housing Assistance Payments	-	3,776,482	-	-
General and Administrative	288,550	269,341	92,279	424,973
Tenant Services	40,006	8,339	1,937	29,548
Utilities	142,066	-	8,816	166,923
Maintenance and Operation	208,811	1,153	25,337	283,738
Insurance and Benefits	170,246	49,936	28,582	215,989
Extraordinary Maintenance	45,155	-	28,308	-
Depreciation	307,575	3,255	43,722	312,852
	<u>1,202,409</u>	<u>4,108,506</u>	<u>228,981</u>	<u>1,434,023</u>
TOTAL OPERATING EXPENSES				
NET OPERATING INCOME (LOSS)	<u>(356,307)</u>	<u>(139,753)</u>	<u>93,873</u>	<u>248,955</u>
NONOPERATING REVENUES (EXPENSES)				
Grants and Contributions	295,943	-	30,703	-
Interest Revenue	755	-	19,719	2,661
Program Income Returned	-	-	-	-
Loss on Disposal of Capital Assets	-	-	-	-
Interest Expense	-	-	-	(229,090)
	<u>296,698</u>	<u>-</u>	<u>50,422</u>	<u>(226,429)</u>
NET NONOPERATING REVENUES (EXPENSES)				
CHANGE IN NET POSITION	(59,609)	(139,753)	144,295	22,526
NET POSITION, Beginning	<u>3,117,633</u>	<u>296,718</u>	<u>5,879,567</u>	<u>70,957</u>
NET POSITION, Ending	<u>\$ 3,058,024</u>	<u>\$ 156,965</u>	<u>\$ 6,023,862</u>	<u>\$ 93,483</u>

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

	ALYSON COURT	LIBBY BORTZ	NONMAJOR ENTERPRISE FUNDS	TOTALS
\$	195,669	\$ 993,775	\$ 57,423	\$ 2,397,133
	425,013	-	282,256	5,806,473
	-	1,283,256	-	1,283,256
	10,553	193,210	8,654	783,634
	<u>631,235</u>	<u>2,470,241</u>	<u>348,333</u>	<u>10,270,496</u>
	-	-	-	3,776,482
	133,097	578,092	152,444	1,938,776
	12,943	991,213	8,811	1,092,797
	61,958	115,755	17,815	513,333
	106,973	162,904	66,430	855,346
	64,192	366,051	40,041	935,037
	-	-	-	73,463
	83,086	244,176	56,016	1,050,682
	<u>462,249</u>	<u>2,458,191</u>	<u>341,557</u>	<u>10,235,916</u>
	<u>168,986</u>	<u>12,050</u>	<u>6,776</u>	<u>34,580</u>
	-	39,426	136,242	502,314
	100	814	13,573	37,622
	-	-	(122,165)	(122,165)
	-	(263)	-	(263)
	<u>(135,750)</u>	<u>(189,672)</u>	<u>(68,395)</u>	<u>(622,907)</u>
	<u>(135,650)</u>	<u>(149,695)</u>	<u>(40,745)</u>	<u>(205,399)</u>
	33,336	(137,645)	(33,969)	(170,819)
	<u>576,038</u>	<u>681,736</u>	<u>143,768</u>	<u>10,766,417</u>
\$	<u><u>609,374</u></u>	<u><u>544,091</u></u>	<u><u>109,799</u></u>	<u><u>10,595,598</u></u>

## HOUSING AUTHORITY OF THE CITY OF LITTLETON

STATEMENT OF CASH FLOWSPROPRIETARY FUNDS

Year Ended September 30, 2014

Increase (Decrease) in Cash

	PUBLIC HOUSING	HOUSING CHOICE VOUCHERS	DEVELOPMENT	AMITY PLAZA
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Grants and Contributions Received	\$ 300,009	\$ 3,843,640	\$ -	\$ 955,555
Cash Received from Tenants	488,695	-	-	663,680
Cash Received from Others	59,575	177,247	193,107	60,843
Cash Payments to Employees	(471,427)	(165,848)	(94,563)	(623,465)
Cash Payments to Suppliers	(457,555)	(183,679)	(71,161)	(537,555)
Housing Assistance Payments	-	(3,776,482)	-	-
Net Cash Provided (Used) by Operating Activities	<u>(80,703)</u>	<u>(105,122)</u>	<u>27,383</u>	<u>519,058</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants and Contributions Received	-	-	30,703	-
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>30,703</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Grants and Contributions Received	379,785	-	-	-
Purchases of Property and Equipment	(191,259)	-	-	(453,381)
Debt Principal Paid	-	-	-	(252,524)
Debt Interest Paid	-	-	-	(229,426)
Loans Made	-	-	(352,082)	-
Payments on Notes Receivable	-	-	207,455	-
Program Income Returned	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>188,526</u>	<u>-</u>	<u>(144,627)</u>	<u>(935,331)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	755	-	10,199	2,661
NET CHANGE IN CASH	108,578	(105,122)	(76,342)	(413,612)
CASH, Beginning	<u>578,472</u>	<u>237,343</u>	<u>1,301,650</u>	<u>2,180,974</u>
CASH, Ending	<u>\$ 687,050</u>	<u>\$ 132,221</u>	<u>\$ 1,225,308</u>	<u>\$ 1,767,362</u>

(Continued)

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

ALYSON COURT	LIBBY BORTZ	NONMAJOR ENTERPRISE FUNDS	TOTALS
\$ 425,013	\$ -	\$ 282,256	\$ 5,806,473
194,859	2,271,061	54,304	3,672,599
13,432	212,951	8,654	725,809
(189,218)	(1,463,415)	(190,084)	(3,198,020)
(205,006)	(738,109)	(79,613)	(2,272,678)
-	-	-	(3,776,482)
<u>239,080</u>	<u>282,488</u>	<u>75,517</u>	<u>957,701</u>
-	-	-	30,703
-	-	-	30,703
-	39,426	194,721	613,932
-	(56,994)	-	(701,634)
(91,787)	(74,950)	(46,427)	(465,688)
(136,824)	(189,976)	(68,487)	(624,713)
-	-	(163,020)	(515,102)
-	-	100,263	307,718
-	-	(41,270)	(41,270)
<u>(228,611)</u>	<u>(282,494)</u>	<u>(24,220)</u>	<u>(1,426,757)</u>
<u>100</u>	<u>814</u>	<u>13,573</u>	<u>28,102</u>
10,569	808	64,870	(410,251)
<u>373,288</u>	<u>747,378</u>	<u>302,238</u>	<u>5,721,343</u>
<u>\$ 383,857</u>	<u>\$ 748,186</u>	<u>\$ 367,108</u>	<u>\$ 5,311,092</u>

HOUSING AUTHORITY OF THE CITY OF LITTLETON

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
 Year Ended September 30, 2014  
 Increase (Decrease) in Cash and Cash Equivalents

	<u>PUBLIC HOUSING</u>	<u>HOUSING CHOICE VOUCHERS</u>	<u>DEVELOPMENT</u>	<u>AMITY PLAZA</u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Net Operating Income (Loss)	\$ (356,307)	\$ (139,753)	\$ 93,873	\$ 248,955
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Depreciation	307,575	3,255	43,722	312,852
Bad Debts	-	17,780	-	-
Changes in Assets and Liabilities				
Accounts Receivable	(1,162)	52,134	(129,747)	(1,670)
Inventory	-	-	-	-
Prepaid Expenses	(24,377)	(491)	(2,375)	(25,570)
Accounts Payable	(10,687)	(39,587)	(9,571)	(8,068)
Accrued Liabilities	-	-	32,068	-
Unearned Revenues	2,241	-	-	(2,765)
Tenant Security Deposits	1,098	-	-	(1,230)
Accrued Compensated Absences	916	1,540	(587)	(3,446)
Total Adjustments	<u>275,604</u>	<u>34,631</u>	<u>(66,490)</u>	<u>270,103</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (80,703)</u>	<u>\$ (105,122)</u>	<u>\$ 27,383</u>	<u>\$ 519,058</u>

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



<u>ALYSON COURT</u>	<u>LIBBY BORTZ</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTALS</u>
\$ <u>168,986</u>	\$ <u>12,050</u>	\$ <u>6,776</u>	\$ <u>34,580</u>
83,086	244,176	56,016	1,050,682
-	-	21,576	39,356
2,879	19,741	(3,496)	(61,321)
-	(94)	-	(94)
(6,709)	57	(3,220)	(62,685)
(7,558)	14,251	(502)	(61,722)
-	4,909	-	36,977
(953)	(6,558)	267	(7,768)
(810)	588	110	(244)
<u>159</u>	<u>(6,632)</u>	<u>(2,010)</u>	<u>(10,060)</u>
<u>70,094</u>	<u>270,438</u>	<u>68,741</u>	<u>923,121</u>
\$ <u><u>239,080</u></u>	\$ <u><u>282,488</u></u>	\$ <u><u>75,517</u></u>	\$ <u><u>957,701</u></u>

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**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 organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on, the Authority.

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

**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 government 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 the intent of the governing body is that costs of providing goods or services be financed or recovered primarily through user charges.

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.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In the fund financial statements, the Authority reports the following major proprietary funds:

The *Public Housing Fund* accounts for the financial activities associated with the Authority's public housing projects, including the Bradley House, a 72-unit elderly apartment complex, and 71 disbursed family units.

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

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

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

The *Alyson Court Fund* accounts for the financial activities associated with the Alyson Court Apartments, a 60-unit complex that receives subsidies under the Section 8 Housing Assistance Payments program.

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

**Assets, Liabilities and Net Position**

*Cash and Investments* - Investments are reported at fair value.

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

*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 long-term advances to other funds and advances from other funds.

*Inventory* - Materials and supplies inventories 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.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position** (Continued)

*Capital Assets* - Property and equipment are recorded at cost or at estimated cost where no historical records exist. Contributed assets are valued at estimated fair market 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 estimated useful lives of the assets. The following estimated useful lives are used to compute depreciation.

Land Improvements	5 - 40 years
Buildings and Improvements	5 - 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, such as 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 applicable fund.

*Net Position* - Net position is restricted when constraints placed on the net position are externally imposed.

**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.

**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.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**Compliance**

The loan agreement with First Bank requires the Authority to maintain a debt service coverage ratio for the Libby Bortz Assisted Living Center of 1.4, calculated by dividing annual net operating income before depreciation and interest expense by the annual required loan payments. At September 30, 2014, the Authority's debt service coverage ratio of 1.12 did not meet this requirement.

**Accountability**

At September 30, 2014, the J.W. Newey Fund had a negative net position of \$528,126. Revenues of the J.W. Newey Fund have not been sufficient to cover operating expenses, including depreciation. In addition, a portion of the J.W. Newey Fund's debt proceeds were used for rehabilitation of other Authority properties.

**NOTE 3: CASH AND INVESTMENTS**

At September 30, 2014, the Authority had the following cash and investments:

Cash on Hand	\$ 325
Deposits	<u>5,310,767</u>
Total	<u><b>\$ 5,311,092</b></u>

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

Cash	\$ 3,583,655
Restricted Cash	<u>1,727,437</u>
Total	<u><b>\$ 5,311,092</b></u>

**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, 2014, the Authority had bank deposits of \$4,371,513 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**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, 2014.

**Restricted Cash**

At September 30, 2014, restricted cash was held for the following purposes.

<u>Development</u>	
Scholarships	\$ <u>60,749</u>
<u>Amity Plaza</u>	
Replacement Reserves	402,045
Capital Projects	<u>438,468</u>
Total	<u>840,513</u>
<u>Alyson Court</u>	
Replacement Reserves	153,349
Bond Reserves	<u>201,071</u>
Total	<u>354,420</u>
<u>Libby Bortz</u>	
Replacement Reserves	331,120
Operating Reserve	<u>55,748</u>
Total	<u>386,868</u>

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 3: CASH AND INVESTMENTS (Continued)**

**Restricted Cash (Continued)**

J.W. Newey

Replacement Reserves	\$ 55,993
Operating Reserve	<u>28,894</u>
Total	<u>84,887</u>

Total Restricted Cash and Investments	<u><u>\$ 1,727,437</u></u>
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**NOTE 4: INTERFUND BALANCES AND TRANSACTIONS**

The Development Fund has advanced \$81,793 to the Alyson Court Fund for renovation costs and to cover negative operating cash balances. This advance is expected to be paid with future operating revenues or debt financing.

**NOTE 5: NOTES RECEIVABLE**

At September 30, 2014, notes receivable consisted of the following.

Powers Circle Apartments LLLP	\$ 2,793,821
Development Deferred Loans	364,380
Housing Rehab Programs	<u>577,937</u>

Total	<u><u>\$ 3,736,138</u></u>
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**Powers Circle Apartments LLLP**

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

In July, 2013, the Authority entered into a Development Services Agreement with Powers Circle Apartments LLLP (the "Partnership"). In accordance with the agreement, the Authority will receive a development fee of \$633,020 to provide certain development services related to the rehabilitation of the Powers Circle Apartments. During the year ended September 30, 2013, the Authority received \$41,000 under this agreement. At September 30, 2014, notes receivable of \$130,355, representing the earned development fee, was reported in the financial statements. Any unpaid portion of the development fee is evidenced by a note, and is payable from available cash of the Partnership. The note bears no interest.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 5: NOTES RECEIVABLE (Continued)**

**Powers Circle Apartments LLLP (Continued)**

If the development fee has not been repaid by the twelfth anniversary of the rehabilitation completion, the General Partner must make a capital contribution to pay any amount outstanding at that time. The General Partner is the Littleton Area Neighborhood Development LLC, a wholly-owned subsidiary of the Authority.

**Development and Housing Rehab Loans**

Loans through the Development and Housing Rehab Funds are made to purchase or rehabilitate homes. Some loans require monthly payments while other loans are deferred. The deferred loans are collected upon the sale of the property. The agreements underlying certain loans allow a portion of the loans to be forgiven annually.

**NOTE 6: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014, is summarized below.

	Balance <u>9/30/13</u>	Additions	Deletions	Balance <u>9/30/14</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated				
Land and Sites	\$ 4,516,724	\$ -	\$ -	\$ 4,516,724
Construction in Progress	<u>-</u>	<u>67,626</u>	<u>-</u>	<u>67,626</u>
Total Capital Assets, Not Being Depreciated	<u>4,516,724</u>	<u>67,626</u>	<u>-</u>	<u>4,584,350</u>
Capital Assets, Being Depreciated				
Land Improvements	1,043,247	12,532	-	1,055,779
Buildings and Improvements	28,736,007	602,025	-	29,338,032
Equipment	<u>1,526,086</u>	<u>19,451</u>	<u>292,041</u>	<u>1,253,496</u>
Total Capital Assets, Being Depreciated	<u>31,305,340</u>	<u>634,008</u>	<u>292,041</u>	<u>31,647,307</u>
Less Accumulated Depreciation				
Land Improvements	(584,989)	(74,709)	-	(659,698)
Buildings and Improvements	(16,332,505)	(918,679)	-	(17,251,184)
Equipment	<u>(1,388,828)</u>	<u>(57,294)</u>	<u>(291,778)</u>	<u>(1,154,344)</u>
Total Accumulated Depreciation	<u>(18,306,322)</u>	<u>(1,050,682)</u>	<u>(291,778)</u>	<u>(19,065,226)</u>
Capital Assets, Being Depreciated, Net	<u>12,999,018</u>	<u>(416,674)</u>	<u>263</u>	<u>12,582,081</u>
Total Capital Assets, Net	<u><b>\$17,515,742</b></u>	<u><b>\$ (349,048)</b></u>	<u><b>\$ 263</b></u>	<u><b>\$17,166,431</b></u>



HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 7: LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended September 30, 2014, is presented below.

	Balance 9/30/13	Additions	Payments	Balance 9/30/14	Due Within One Year
Notes Payable	\$ 254,864	\$ -	\$ 11,787	\$ 243,077	\$ 11,904
Mortgages Payable	13,004,074	-	373,901	12,630,173	388,221
Bonds Payable	2,525,000	-	80,000	2,445,000	85,000
Compensated Absences	<u>87,754</u>	<u>116,201</u>	<u>126,261</u>	<u>77,694</u>	<u>57,461</u>
Total	<u><b>\$ 15,871,692</b></u>	<u><b>\$ 116,201</b></u>	<u><b>\$ 591,949</b></u>	<u><b>\$ 15,395,944</b></u>	<u><b>\$ 542,586</b></u>

**Notes Payable**

In June 2003, the Authority obtained a loan from the Colorado Housing and Finance Authority (CHFA) in the amount of \$370,000. Proceeds of the loan were used to purchase and rehabilitate the Alyson Court Apartments. Annual principal and interest payments are due on the loan through May 1, 2033. Interest accrues at the rate of 1% per annum.

Following is a summary of debt service requirements for the CHFA loan, to maturity:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 11,904	\$ 2,377	\$ 14,281
2016	12,024	2,257	14,281
2017	12,145	2,136	14,281
2018	12,267	2,014	14,281
2019	12,390	1,891	14,281
2020 - 2024	63,843	7,562	71,405
2025 - 2029	67,114	4,291	71,405
2030 - 2033	<u>51,390</u>	<u>5,733</u>	<u>57,123</u>
Total	<u><b>\$ 243,077</b></u>	<u><b>\$ 28,261</b></u>	<u><b>\$ 271,338</b></u>

**Mortgages Payable**

On February 27, 2013, the Authority approved two mortgages from First Bank to refinance existing debt for \$6,351,266 and to provide financing of \$1,408,634 to rehabilitate the Amity Plaza Apartments. The mortgages, in the amounts of \$7,357,000 and \$403,000, are due in monthly installments of \$31,156 and \$9,007, respectively, including interest accruing at 3% and 3.5% per annum, respectively. The first agreement requires a final balloon payment of \$4,529,304 due on February 15, 2028. The second agreement matures on February 15, 2017. The mortgages are secured by the Amity Plaza Apartments.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 7: LONG-TERM DEBT (Continued)**

**Mortgages Payable (Continued)**

On June 16, 2010, the Authority refinanced the 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 is 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 March 26, 2003, the Authority obtained financing in the amount of \$1,802,000 from U.S. Bank for the rehabilitation of certain properties. The mortgage is due in monthly installments of \$9,576, including interest accruing at 4.84% per annum, with a final balloon payment of \$1,180,324 due on March 15, 2018. The mortgage is secured by the J.W. Newey Family Housing Development.

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

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 388,221	\$ 473,571	\$ 861,792
2016	401,823	459,969	861,792
2017	354,929	443,817	798,746
2018	1,483,013	387,885	1,870,898
2019	275,909	362,888	638,797
2020 - 2024	1,539,781	1,654,204	3,193,985
2025 - 2028	<u>8,186,497</u>	<u>612,998</u>	<u>8,799,495</u>
Total	<b><u>\$ 12,630,173</u></b>	<b><u>\$ 4,395,332</u></b>	<b><u>\$ 17,025,505</u></b>

**Bonds Payable**

On July 25, 2002, the Authority issued Multifamily Housing Revenue Bonds, Series 2002A, in the amount of \$3,145,000 to acquire and rehabilitate the Alyson Court Apartments. Principal and interest payments are due semi-annually on July 1 and January 1. Interest accrues at a rate of 5.32% per annum. A final balloon payment of \$2,330,382 is due on July 1, 2017.

Following is a summary of debt service requirements for the bonds, to maturity:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 85,000	\$ 130,074	\$ 215,074
2016	90,000	125,552	215,552
2017	<u>2,270,000</u>	<u>120,764</u>	<u>2,390,764</u>
Total	<b><u>\$ 2,445,000</u></b>	<b><u>\$ 376,390</u></b>	<b><u>\$ 2,821,390</u></b>

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

**NOTE 8: PENSION PLAN**

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 4% of their compensation to the plan, and the Authority matches the contributions. For the year ended September 30, 2014, the Authority contributed \$51,143 to the plan.

**NOTE 9: COMMITMENTS AND CONTINGENCIES**

**Claims and Judgements**

The Authority participates in a number of federal, state, and local 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 program regulations, the Authority may be required to reimburse the grantor government. At September 30, 2014, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

**Tabor Amendment**

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.

**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. Since there is a remote possibility that the Authority would fail to meet this requirement, no liability has been reported in the financial statements.

**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, 2014, no loans were made under this agreement.

**SUPPLEMENTARY INFORMATION**

## HOUSING AUTHORITY OF THE CITY OF LITTLETON

COMBINING STATEMENT OF NET POSITIONNONMAJOR PROPRIETARY FUNDS

September 30, 2014

	J.W. NEWHEY	HOUSING REHAB	TOTALS
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 140,244	\$ 141,977	\$ 282,221
Accounts Receivable	4,745	-	4,745
Prepaid Expenses	3,659	-	3,659
<b>TOTAL CURRENT ASSETS</b>	<u>148,648</u>	<u>141,977</u>	<u>290,625</u>
<b>NONCURRENT ASSETS</b>			
Restricted Cash	84,887	-	84,887
Notes Receivable	-	577,937	577,937
Capital Assets, Not Being Depreciated	251,981	-	251,981
Capital Assets, Net of Accumulated Depreciation	372,441	-	372,441
<b>TOTAL NONCURRENT ASSETS</b>	<u>709,309</u>	<u>577,937</u>	<u>1,287,246</u>
<b>TOTAL ASSETS</b>	<u>\$ 857,957</u>	<u>\$ 719,914</u>	<u>\$ 1,577,871</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 877	\$ 80,895	\$ 81,772
Unearned Revenues	1,218	-	1,218
Accrued Interest Payable	2,765	-	2,765
Tenant Security Deposits	7,170	-	7,170
Accrued Compensated Absences - Current Portion	2,248	702	2,950
Mortgages Payable - Current Portion	48,759	-	48,759
<b>TOTAL CURRENT LIABILITIES</b>	<u>63,037</u>	<u>81,597</u>	<u>144,634</u>
<b>LONG-TERM LIABILITIES</b>			
Accrued Compensated Absences	1,278	392	1,670
Mortgages Payable	1,321,768	-	1,321,768
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>1,323,046</u>	<u>392</u>	<u>1,323,438</u>
<b>TOTAL LIABILITIES</b>	<u>1,386,083</u>	<u>81,989</u>	<u>1,468,072</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	(746,105)	-	(746,105)
Restricted for Repair and Replacement	55,993	-	55,993
Restricted for Operating Deficits	28,894	-	28,894
Unrestricted	133,092	637,925	771,017
<b>TOTAL NET POSITION</b>	<u>(528,126)</u>	<u>637,925</u>	<u>109,799</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 857,957</u>	<u>\$ 719,914</u>	<u>\$ 1,577,871</u>

See the accompanying Independent Auditors' Report.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
 Year Ended September 30, 2014

	<u>J.W. NEWWEY</u>	<u>HOUSING REHAB</u>	<u>TOTALS</u>
OPERATING REVENUES			
Rental	\$ 57,423	\$ -	\$ 57,423
Operating Grants and Contributions	282,256	-	282,256
Other	8,474	180	8,654
	<u>348,153</u>	<u>180</u>	<u>348,333</u>
TOTAL OPERATING REVENUES			
OPERATING EXPENSES			
General and Administrative	59,222	93,222	152,444
Tenant Services	8,811	-	8,811
Utilities	17,815	-	17,815
Maintenance and Operations	66,430	-	66,430
Insurance and Benefits	40,041	-	40,041
Depreciation	56,016	-	56,016
	<u>248,335</u>	<u>93,222</u>	<u>341,557</u>
TOTAL OPERATING EXPENSES			
NET OPERATING INCOME (LOSS)	<u>99,818</u>	<u>(93,042)</u>	<u>6,776</u>
NONOPERATING REVENUES (EXPENSES)			
Grants and Contributions	-	136,242	136,242
Interest Revenue	18	13,555	13,573
Program Income Returned	-	(122,165)	(122,165)
Interest Expense	(68,395)	-	(68,395)
	<u>(68,377)</u>	<u>27,632</u>	<u>(40,745)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)			
CHANGE IN NET POSITION	31,441	(65,410)	(33,969)
NET POSITION, Beginning	<u>(559,567)</u>	<u>703,335</u>	<u>143,768</u>
NET POSITION, Ending	<u>\$ (528,126)</u>	<u>\$ 637,925</u>	<u>\$ 109,799</u>

See the accompanying Independent Auditors' Report.

## HOUSING AUTHORITY OF THE CITY OF LITTLETON

COMBINING STATEMENT OF CASH FLOWSNONMAJOR PROPRIETARY FUNDS

Year Ended September 30, 2014

Increase (Decrease) in Cash

	<u>J.W. NEWEY</u>	<u>HOUSING REHAB</u>	<u>TOTALS</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Grants and Contributions Received	\$ 282,256	\$ -	\$ 282,256
Cash Received from Tenants	54,304	-	54,304
Cash Received from Others	8,474	180	8,654
Cash Payments to Employees	(127,054)	(63,030)	(190,084)
Cash Payments to Suppliers	<u>(70,201)</u>	<u>(9,412)</u>	<u>(79,613)</u>
Net Cash Provided (Used) by Operating Activities	<u>147,779</u>	<u>(72,262)</u>	<u>75,517</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Grants and Contributions Received	-	194,721	194,721
Debt Principal Paid	(46,427)	-	(46,427)
Debt Interest Paid	(68,487)	-	(68,487)
Loans Made	-	(163,020)	(163,020)
Payments on Notes Receivable	-	100,263	100,263
Program Income Returned	<u>-</u>	<u>(41,270)</u>	<u>(41,270)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(114,914)</u>	<u>90,694</u>	<u>(24,220)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>18</u>	<u>13,555</u>	<u>13,573</u>
NET CHANGE IN CASH	32,883	31,987	64,870
CASH, Beginning	<u>192,248</u>	<u>109,990</u>	<u>302,238</u>
CASH, Ending	<u>\$ 225,131</u>	<u>\$ 141,977</u>	<u>\$ 367,108</u>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Net Operating Income (Loss)	\$ 99,818	\$ (93,042)	\$ 6,776
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	56,016	-	56,016
Bad Debts	-	21,576	21,576
Changes in Assets and Liabilities			
Accounts Receivable	(3,496)	-	(3,496)
Prepaid Expenses	(3,220)	-	(3,220)
Accounts Payable	(502)	-	(502)
Unearned Revenues	267	-	267
Tenant Security Deposits	110	-	110
Accrued Compensated Absences	<u>(1,214)</u>	<u>(796)</u>	<u>(2,010)</u>
Total Adjustments	<u>47,961</u>	<u>20,780</u>	<u>68,741</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 147,779</u>	<u>\$ (72,262)</u>	<u>\$ 75,517</u>

See the accompanying Independent Auditors' Report.

**FEDERAL FINANCIAL ASSISTANCE**





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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton, and have issued our report thereon dated April 7, 2015.

**Internal Control Over Financial Reporting**

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

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

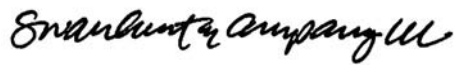
Our consideration of the Housing Authority of the City of Littleton's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



April 7, 2015



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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

**Report on Compliance for Each Major Federal Program**

We have audited the Housing Authority of the City of Littleton's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Littleton's major federal programs for the year ended September 30, 2014. The Housing Authority of the City of Littleton's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Housing Authority of the City of Littleton's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Littleton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Housing Authority of the City of Littleton complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

## **Report on Internal Control Over Compliance**

Management of the Housing Authority of the City of Littleton is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Littleton's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Littleton's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Housing Authority of the City of Littleton as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Housing Authority of the City of Littleton. We issued our report thereon dated April 7, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Littleton's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



April 7, 2015

HOUSING AUTHORITY OF THE CITY OF LITTLETON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2014

**Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes      x   no

*Federal Awards*

Internal control over major federal programs:

- Material weaknesses identified? \_\_\_\_\_ yes      x   no
  
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Type of auditors' report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?

\_\_\_\_\_ yes      x   no

Identification of major federal programs:

- 14.871 Section 8 Housing Choice Vouchers
- 14.850 Public Housing

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?                      x   yes    \_\_\_\_\_ no

**Financial Statement Findings**

The audit of the financial statements did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose fraud, violations of provisions of contracts and grant agreements, or abuse that were material to those financial statements.

**Federal Awards Findings and Questioned Costs**

The audit of federal awards did not disclose significant deficiencies in internal control that would be considered material weaknesses, and did not disclose instances of noncompliance or abuse that were material to those federal awards.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended September 30, 2014

**2013-1** Special Tests and Provisions - Reasonable Rent

Corrective action was taken regarding this prior audit finding.

HOUSING AUTHORITY OF THE CITY OF LITTLETON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended September 30, 2014

Federal Grantor/Pass-Through Entity/Program Title	CFDA Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>		
Direct Programs		
Section 8 Housing Choice Vouchers	14.871	\$ 2,009,924
Public Housing	14.850	300,009
Public Housing Capital Fund	14.872	295,943
Section 8 New Construction and Substantial Rehabilitation	14.182	1,237,811
Section 8 Housing Assistance Payments	14.195	425,013
Passed through various Housing Authorities		
Section 8 Housing Choice Vouchers	14.871	2,098,582
Passed through Arapahoe County		
Home Investment Partnerships Program	14.239	136,242
Community Development Block Grant	14.218	<u>39,426</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>		<b>\$ <u>6,542,950</u></b>

See the accompanying Independent Auditors' Report.

HOUSING AUTHORITY OF THE CITY OF LITTLETON

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2014

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.