



Financial Statements  
December 31, 2018

# Longmont Housing Authority

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## Independent Auditor's Report

The Board of Commissioners  
Longmont Housing Authority  
Longmont, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Longmont Housing Authority (the Authority) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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. The financial statements of Aspen Meadows Neighborhood, LLLP and Suites Apartments LLLP were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's 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 entity's 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 and the discretely presented component units, of Longmont Housing Authority as of December 31, 2018, 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.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of the Authority's proportionate share of the net pension and OPEB liabilities, and schedule of employer contributions, as 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 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Longmont Housing Authority's basic financial statements. The accompanying supplementary schedules on pages 54 - 58 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Financial Data Schedules (FDS) as required by the Housing and Urban Development Real Estate Assessment Center (REAC) and are not a required part of the financial statements.

The supplementary schedules on pages 54 - 58, the financial data schedules, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 2, 2019 on our consideration of Longmont Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Longmont 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 Longmont Housing Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Bismarck, North Dakota  
July 2, 2019

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2018

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As management of the Longmont Housing Authority (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 December 31, 2018. 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.

### **Using the Financial Statements**

The Basic 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 presents information on all the Authority's assets and liabilities. Under GASB 34, 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 show the reader operating revenues and expenses by funds and by the Authority as a 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 net operating income/loss. Operating income is made up of tenant rents, management fees, HUD operating subsidies, and other income. Operating expenses are Housing Assistance Payments, salaries and benefits, office expenses, insurance, utilities, maintenance, and depreciation. The next section shows non-operating revenues and expenses to arrive at the Change in Net Position (profit/loss) for the year just ended. Non-operating revenues/expenses are capital grants, interest income, gain/loss on sale of property, and mortgage interest expense.

The Statement of Cash Flows provides our third statement which converts our accrual accounting to cash. This lets the reader know if the Authority increased or decreased our cash position this year and what were the sources 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.

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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### **Programs and Services**

The following is a brief description of the programs and services that the Authority provides for the residents within Longmont and the surrounding communities.

**General Fund / Development** - The Authority oversees the management of the Longmont Housing Development Corporation day-to-day operations and their real estate portfolio which provides 282 units of low income and moderate income housing in the Longmont area. This program is also responsible for developing new units of housing in Longmont.

**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 2018, the Authority received funding for an average of 400 vouchers per month.

**Longmont Suites** – Parcel of land, 1.477 acres, located at 2000 Sunset Way. The City of Longmont purchased a 59% Tenant in Common interest of this land in August 2018. There is a shared use agreement with Suites Apartments LLLP, to obtain reimbursement for shared costs associated with the land.

**Briarwood** – The corporate office of the Authority are at this location as well as ten attached studio apartments. Seven of the ten studios are master-leased to a local community agency to provide housing to otherwise homeless and underserved populations in Longmont. The additional three units are project based vouchers administered by the Housing Choice Voucher program.

**Moderate Rehab** - The HUD Moderate Rehab Program provides eight vouchers for single room occupancy units at the Inn Between, a local nonprofit agency that provides intensive case management to the program participants.

**615 Main Street** - This commercial property is leased to a community agency and provides additional rental income to the Authority.

**Suites Apartments LLLP** - (DPCU) This property has 82 fully furnished one and two bedroom apartments providing housing and related supportive services to low and moderate income families, elderly and disabled households. 2000 Sunset Development LLC is the managing general partner and is wholly owned by Longmont Housing Authority.

**Aspen Meadows Neighborhood LLLP** - (DPCU) This property has 28 two, three, and four bedroom apartments providing housing for low and moderate income families, elderly and disabled households. LHA AMN LLC is the managing general partner and is wholly owned by Longmont Housing Authority.

**Fall River Apartments LLLP** – (DPCU) This property started construction June 2018, and will be a 60 unit elderly community consisting of one and two bedroom units. Fall River GP LLC is the managing general partner and Longmont Housing Authority is a 21% member of that partnership.

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

### Financial Highlights

- The Authority finished the year with Net Position of \$11,170,570
- The Authority earned \$4,951,148 in grant income in 2018 from a variety of sources.
- Cash and investments totaled \$2,455,270 at year end.
- The current ratio (which shows liquidity) was 14.75 and months expendable funds balance (showing ability to pay monthly expenses) was 4.71 both of which are a little lower than the prior year ratios.
- The Authority implemented GASB Statement No. 75 regarding accounting for and reporting other post-employment benefits. The impact of the implementation is discussed below.

### Financial Analysis

#### *Condensed Statement of Net Position*

	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
Current Assets	\$ 2,675,906	\$ 2,442,334
Non-Current Assets	11,010,030	10,298,813
Net Capital Assets	<u>1,329,410</u>	<u>1,627,051</u>
Total Assets	15,015,346	14,368,198
Deferred Outflow of Resources	<u>296,281</u>	<u>667,927</u>
Total Assets and Deferred Outflows	<u>\$ 15,311,627</u>	<u>\$ 15,036,125</u>
<b>LIABILITIES AND DEFERRED INFLOWS</b>		
Current Liabilities	\$ 181,394	\$ 163,468
Long-Term Liabilities	<u>3,614,058</u>	<u>3,881,789</u>
Total Liabilities	<u>3,795,452</u>	<u>4,045,257</u>
Deferred Inflow of Resources	<u>345,605</u>	<u>6,059</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	811,459	1,088,469
Restricted	135,694	28,931
Unrestricted	<u>10,223,417</u>	<u>9,867,409</u>
Total Net Position	<u>11,170,570</u>	<u>10,984,809</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 15,311,627</u>	<u>\$ 15,036,125</u>

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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### Financial Analysis (Continued)

- Current assets increased as compared to the prior year by \$233,572. During 2018 the Housing Choice Voucher received additional funds totalling \$141,366 thus increasing the restricted cash. The Longmont Housing Authority received fees of \$112,500 for issuing private activity bonds to Fall River Apartments, LLLP.
- Non-current assets increased as compared to the prior year by \$711,217 mainly due to an increase to the notes receivable for the managed LIHTC properties at year end.
- Net capital assets decreased by \$297,641 as compared to the prior year due to current year depreciation and the sale of a portion of the land at 2000 Sunset Way to the City of Longmont.
- Long-term notes and current liabilities decreased by \$249,805 mostly due to the decrease in the net pension liability
- GASB Statement No. 75 requires the Authority to account for and report their proportionate share of the other post-employment health care benefits. For the year ended December 31, 2018, the Authority reported a liability of \$160,014 for its proportionate share of the net OPEB liability. \$8,959 were reported as deferred outflows of resources related to OPEB. See Note 12 of the financial statements for more information regarding this requirement.

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

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	<u>2018</u>	<u>2017</u>
Operating Revenues	\$ 5,739,626	\$ 6,999,278
Operating Expenses	<u>(6,359,840)</u>	<u>(5,485,927)</u>
Net Operating Income (Loss)	(620,214)	1,513,351
Net Nonoperating Revenues (Expenses)	<u>805,975</u>	<u>317,091</u>
Change in Net Position	<u>\$ 185,761</u>	<u>\$ 1,830,442</u>

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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### Financial Analysis (Continued)

- Operating revenues decreased by \$1,259,652. This is due to developer fees that were earned in 2017, and not in 2018.
- Operating expenses increased by \$873,913 as compared to 2017. The increase was due to an increase in administrative salaries and other administrative expenses as compared to the prior year.
- Net nonoperating revenue (expense) increased by \$488,884 as compared to the prior year due to gain on sale of property from the sale of the the partial lot at 2000 Sunset Way.

### Capital Assets

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As of December 31, 2018, the Authority had \$1,329,410 in capital assets, including land, buildings and improvements and equipment, net of accumulated depreciation expense. A summary of capital assets is as follows:

	<u>2018</u>	<u>2017</u>
Non Depreciable Assets:		
Land	\$ 420,522	\$ 673,909
	<u>420,522</u>	<u>673,909</u>
Depreciable Assets:		
Buildings	1,404,360	1,404,360
Equipment	85,268	73,586
	<u>1,489,628</u>	<u>1,477,946</u>
Less: Accumulated Depreciation:		
Buildings	(512,955)	(463,893)
Equipment	(67,785)	(60,911)
	<u>(580,740)</u>	<u>(524,804)</u>
Total Capital Assets (Net)	<u>\$ 1,329,410</u>	<u>\$ 1,627,051</u>

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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### Financial Analysis (Continued)

The net balance of capital assets experienced a small change from 2017 of \$297,641 due to annual depreciation and the sale of the partial lot at 2000 Sunset Way with a cost basis of \$253,387.

See Note 4 of the financial statements for additional information related to capital assets.

### *Long Term Debt*

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As of December 31, 2018, the Authority had \$1,742,321 of outstanding notes and mortgages payable. A summary of long term debt is below:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Notes and Mortgages Payable - Current Portion	\$ 52,527	\$ 47,063	\$ 5,464
Notes and Mortgages Payable	<u>1,689,794</u>	<u>1,743,641</u>	<u>(53,847)</u>
Total Long Term Debt	<u>\$ 1,742,321</u>	<u>\$ 1,790,704</u>	<u>\$ (48,383)</u>

The total balance of long term debt experienced a small change from 2018. This change was due to the following:

- Regular principal payments made on the Briarwood mortgage of \$20,631
- Regular principal payments made to City of Longmont for the benefit of Village Place in the amount of \$27,752

See Note 6 of the financial statements for additional information related to long term debt.

# LONGMONT HOUSING AUTHORITY

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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### **Authority Fund Analysis and Highlights**

#### **General Fund Development**

The General Fund Development had an decrease in net position of \$245,303 for the current year. The fund had a net position of \$9,350,784 at year end with the majority of the balance unrestricted. The balance net position decreased during the year due to the increase of the accounts receivable of administrative and management fees from the applicable properties which increased the account due from other agencies.

#### **Housing Choice Vouchers**

The Housing Choice Vouchers program administered an average of 400 rental vouchers per month to low-income residents in Longmont and surrounding communities. The Longmont Housing Authority receives administrative funding in addition to the Housing Assistance Payment funding from HUD as part of this program. During the year ended December 31, 2018, the program had a decrease in net position of \$5,027

For 2018, the cost of administering the program increased by \$13,522; however, the funding received was sufficient to cover the increase in costs.

#### **Moderate Rehab**

The HUD Moderate Rehab program had an increase in net position of \$10,688 for the year and ended the year with a net position of \$31,836 The program is expected to be fully funded for 2019.

#### **Briarwood**

For the year ended December 31, 2018, the Briarwood Apartments and Office Building had a decrease in net position of \$19,765 and ended the year with a net position of \$327,332. The decrease in net position was due to improvements that were made during 2018 to all units.

#### **615 Main Street**

This commercial office building is managed by the Longmont Housing Authority. The building had a increased in net position of \$478 and ended the year with a net position of \$364,663 the majority of which is invested in the building.

#### **Longmont Suites**

This is a parcel of land, 1.477 acres, located at 2000 Sunset Way. Longmont Suites had an increase in net position of \$444,690 and ended the year with a net position of \$1,273,024. The increase was due to the sale of an undivided 59% interest in LOT 2 Longs Peak business Park - Sunset Diagonal Business Park Minor C to The City of Longmont for \$700,000, which resulted in a gain of sale of \$446,613.

# LONGMONT HOUSING AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2018

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## **Currently Known Facts and Expectations**

The Authority is currently pursuing the resyndication of Aspen Meadows Associates, LLLP, in order to complete upgrades and modifications to the existing property. A new entity will be formed which comprises the new general partner for deal execution.

The master lease of seven units located at Briarwood Apartments at 1228 Main St expired on June 30, 2019. The units are currently being marketed for leasing. The Authority has been contacting several other non-profit entities to explore future master leasing opportunities.

A Fair Housing and Equal Opportunity review of all Authority managed properties was conducted by the Department of Housing and Urban Development regarding the accessibility of all units. The Authority is awaiting the final response from this review.

In an effort to continue to sustain and further the mission of affordable housing in Longmont, Co, the Authority is pursuing a partnership with Thistle, a private non-profit organization, to modernize their Longmont assets. The Authority will act as the SLP in the deal and receive an annual administrative fee.

## **Requests for Information**

This financial report is designed to provide a general overview of the Longmont Housing Authority'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:

Longmont Housing Authority  
1228 Main Street  
Longmont, Colorado 80501

Longmont Housing Authority  
Statement of Net Position  
December 31, 2018

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets</b>		
Cash	\$ 2,290,908	\$ 54,736
Restricted cash	164,362	514,871
Accounts receivable		
Tenants	16,623	24,006
Due from other agencies	183,712	17,936
Other	-	64,142
Prepaid expenses	20,301	15,587
<b>Total Current Assets</b>	<b>2,675,906</b>	<b>691,278</b>
<b>Capital Assets</b>		
Non-depreciable	420,522	1,117,000
Depreciable, net	908,888	16,379,737
<b>Total Capital Assets</b>	<b>1,329,410</b>	<b>17,496,737</b>
<b>Other Assets</b>		
Accounts receivable - developer fees	955,097	-
Related notes receivable and accrued interest	10,054,933	-
Other assets	-	332,638
<b>Total Other Assets</b>	<b>11,010,030</b>	<b>332,638</b>
<b>Deferred Outflows</b>		
OPEB	15,814	-
Pension	280,467	-
<b>Total Deferred Outflows</b>	<b>296,281</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 15,311,627</b>	<b>\$ 18,520,653</b>

Longmont Housing Authority  
Statement of Net Position  
December 31, 2018

	Primary Government	Discretely Presented Component Units
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 18,182	\$ 60,620
Accounts payable - HUD	22,572	-
Accrued payroll	16,789	-
Accrued compensated absences	17,430	-
Accrued partnership fees	-	12,775
Accrued interest, current portion	47,706	15,632
Unearned revenue	92	21,988
Tenant security deposits payable	6,096	91,125
Notes and mortgages payable, current portion	52,527	49,528
	<u>181,394</u>	<u>251,668</u>
<b>Long-Term Liabilities</b>		
Developer fee payable	-	955,097
Net pension liability	1,764,250	-
Net OPEB liability	160,014	-
Notes and mortgages payable, net of current portion	1,689,794	9,193,691
Accrued interest, net of current portion	-	529,996
	<u>3,614,058</u>	<u>10,678,784</u>
<b>Total Liabilities</b>	<u>3,795,452</u>	<u>10,930,452</u>
<b>Deferred Inflows</b>		
OPEB	2,677	-
Pension	342,928	-
<b>Total Deferred Inflows</b>	<u>345,605</u>	<u>-</u>
<b>Net Position</b>		
Net investment in capital assets	811,459	7,723,522
Restricted	135,694	-
Unrestricted	10,223,417	(133,321)
	<u>11,170,570</u>	<u>7,590,201</u>
<b>Total Net Position</b>	<u>11,170,570</u>	<u>7,590,201</u>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<u>\$ 15,311,627</u>	<u>\$ 18,520,653</u>

Longmont Housing Authority  
Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2018

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 4,951,148	\$ -
Other grants	-	-
Rental income	182,231	1,230,946
Administrative	406,445	-
Developer fee income	-	-
Other revenue	199,802	91,922
Total Operating Revenues	<u>5,739,626</u>	<u>1,322,868</u>
Operating Expenses		
Housing assistance payments	4,527,229	-
Tenant services	26,874	153,795
Administrative salaries and benefits	1,332,931	55,687
Other administrative	300,770	251,854
Maintenance salaries	12,075	136,178
Regular and extraordinary maintenance	67,781	356,678
Depreciation and amortization	55,936	597,488
Utilities	15,532	160,432
Insurance	20,712	54,952
Total Operating Expenses	<u>6,359,840</u>	<u>1,767,064</u>
Operating Loss	<u>(620,214)</u>	<u>(444,196)</u>
Non-Operating Revenues (Expenses)		
Interest income	386,212	3,321
Gain on sale of property and equipment	446,613	-
Interest expense	(26,850)	(435,411)
Total Non-Operating Revenues (Expenses)	<u>805,975</u>	<u>(432,090)</u>
Capital Contributions	<u>-</u>	<u>3,461,570</u>
Change in Net Position	185,761	2,585,284
Net Position, Beginning of Year	<u>10,984,809</u>	<u>5,004,917</u>
Net Position, End of Year	<u>\$ 11,170,570</u>	<u>\$ 7,590,201</u>

Longmont Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2018

	Primary Government
Operating Activities	
HUD PHA grants	\$ 4,893,105
Receipts from tenants	166,441
Management fee receipts	406,445
Developer fees received	561,623
Other income	199,802
Housing assistance payments	(4,545,247)
Cash paid to vendors	(413,989)
Cash paid to employees	(817,697)
Net Cash from Operating Activities	450,483
Capital and Related Financing Activities	
Purchase of capital assets	(11,682)
Proceeds from sale of property and equipment	700,000
Principal payments on notes and mortgages	(48,383)
Interest payments on notes and mortgages	(29,053)
Net Cash from Capital and Related Financing Activities	610,882
Investing Activities	
Interest on notes and fees receivable	4,988
Issuance of notes receivable	(699,987)
Net Cash used for Investing Activities	(694,999)
Net Change in Cash	366,366
Cash, Beginning of Year	2,088,904
Cash, End of Year	\$ 2,455,270
Reconciliation of Cash	
Cash	\$ 2,290,908
Restricted cash	164,362
	\$ 2,455,270

Longmont Housing Authority  
Statement of Cash Flows  
Year Ended December 31, 2018

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	<u>Primary Government</u>
Reconciliation of Change in Net Position to Net	
Cash from Operating Activities	
Operating loss	\$ (620,214)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation	55,936
Pension and OPEB expense	540,649
Changes in operating assets and liabilities	
Accounts receivable	518,208
Prepaid expenses	(15,420)
Accounts payable	6,226
Accounts payable - HUD	8,856
Accrued payroll	(8,052)
Accrued compensated absences	(5,288)
Tenant security deposits payable	(304)
Unearned revenue	(30,114)
	<u>1,070,697</u>
Total adjustments	<u>1,070,697</u>
Net Cash from Operating Activities	<u><u>\$ 450,483</u></u>

Longmont Housing Authority  
Statement of Net Position – Discretely Presented Component Units  
December 31, 2018

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 2,175	\$ 52,561	\$ 54,736
Restricted cash	123,327	391,544	514,871
Accounts receivable			
Tenants, net	6,754	17,252	24,006
Due from other agencies	17,936	-	17,936
Other	64,142	-	64,142
Prepaid expenses	8,920	6,667	15,587
<b>Total Current Assets</b>	<b>223,254</b>	<b>468,024</b>	<b>691,278</b>
<b>Capital Assets</b>			
Non-depreciable	317,000	800,000	1,117,000
Depreciable, net	4,613,985	11,765,752	16,379,737
<b>Total Capital Assets</b>	<b>4,930,985</b>	<b>12,565,752</b>	<b>17,496,737</b>
<b>Other Assets</b>			
Other assets	29,551	303,087	332,638
<b>Total Other Assets</b>	<b>29,551</b>	<b>303,087</b>	<b>332,638</b>
<b>Total Assets and Deferred Outflows</b>	<b>\$ 5,183,790</b>	<b>\$ 13,336,863</b>	<b>\$ 18,520,653</b>

Longmont Housing Authority  
Statement of Net Position – Discretely Presented Component Units  
December 31, 2018

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Total
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 13,327	\$ 47,293	\$ 60,620
Accrued partnership fees	-	12,775	12,775
Accrued interest, current portion	6,226	9,406	15,632
Unearned revenue	1,585	20,403	21,988
Tenant security deposits payable	17,128	73,997	91,125
Notes and mortgages payable, current portion	6,872	42,656	49,528
<b>Total Current Liabilities</b>	<b>45,138</b>	<b>206,530</b>	<b>251,668</b>
<b>Long-Term Liabilities</b>			
Developer fee payable	39,992	915,105	955,097
Notes and mortgages payable, net of current portion	2,697,060	6,496,631	9,193,691
Accrued interest, net of current portion	192,364	337,632	529,996
<b>Total Long-Term Liabilities</b>	<b>2,929,416</b>	<b>7,749,368</b>	<b>10,678,784</b>
<b>Total Liabilities</b>	<b>2,974,554</b>	<b>7,955,898</b>	<b>10,930,452</b>
<b>Net Position</b>			
Net investment in capital assets	2,034,689	5,688,833	7,723,522
Restricted	-	-	-
Unrestricted	174,547	(307,868)	(133,321)
<b>Total Net Position</b>	<b>2,209,236</b>	<b>5,380,965</b>	<b>7,590,201</b>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<b>\$ 5,183,790</b>	<b>\$ 13,336,863</b>	<b>\$ 18,520,653</b>

**Longmont Housing Authority**  
**Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units**  
**Year Ended December 31, 2018**

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Total
Operating Revenues			
Rental income, net	\$ 235,441	\$ 995,505	\$ 1,230,946
Other revenue	71,234	20,688	91,922
Total Operating Revenues	<u>306,675</u>	<u>1,016,193</u>	<u>1,322,868</u>
Operating Expenses			
Tenant services	-	153,795	153,795
Administrative salaries and benefits	15,679	40,008	55,687
Other administrative	32,609	219,245	251,854
Maintenance salaries	12,793	123,385	136,178
Regular and extraordinary maintenance	101,815	254,863	356,678
Depreciation and amortization	211,741	385,747	597,488
Utilities	30,241	130,191	160,432
Insurance	12,420	42,532	54,952
Total Operating Expenses	<u>417,298</u>	<u>1,349,766</u>	<u>1,767,064</u>
Operating Income (Loss)	<u>(110,623)</u>	<u>(333,573)</u>	<u>(444,196)</u>
Non-Operating Revenues (Expenses)			
Interest income	253	3,068	3,321
Interest expense	(97,206)	(338,205)	(435,411)
Total Non-Operating Revenues (Expenses)	<u>(96,953)</u>	<u>(335,137)</u>	<u>(432,090)</u>
Capital Contributions	<u>-</u>	<u>3,461,570</u>	<u>3,461,570</u>
Change in Net Position	(207,576)	2,792,860	2,585,284
Net Position, Beginning of Year	<u>2,416,812</u>	<u>2,588,105</u>	<u>5,004,917</u>
Net Position, End of Year	<u>\$ 2,209,236</u>	<u>\$ 5,380,965</u>	<u>\$ 7,590,201</u>

## **Note 1 - Nature of Organization and Summary of Significant Accounting Policies**

### **Nature of Organization**

The Longmont Housing Authority (the Authority) commenced operations in 1975 to provide affordable housing in the City of Longmont, Colorado (the City). The Authority's mission is to provide housing and related services to low and moderate income families, elderly and disabled households, and to relieve the community of substandard housing. The Authority owns and operates 10 units, has ownership in and operates 82 affordable apartments and 28 family townhomes, and is a third-party property management agent for 282 affordable units. The Authority also administers approximately 400 Section 8 Housing Choice Vouchers, and 8 Moderate Rehabilitation Section 8 units.

### **Reporting Entity**

The Authority's financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name) from the Authority.
- The Authority holds the corporate powers of the organization.
- The Authority appoints a voting majority of the organization's board.
- The Authority is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Authority.
- There is fiscal dependency by the organization on the Authority.

Based on the aforementioned criteria, the Authority is not a component unit within another reporting entity.

### **Blended Component Units**

Included within the financial reporting entity of the Authority as blended component units are LHA AMN LLC and 2000 Sunset Development LLC. LHA AMN LLC is wholly owned by the Authority and is the managing general partner of Aspen Meadows Neighborhood, LLLP, a discretely presented component unit. 2000 Sunset Development LLC is wholly owned by the Authority and is the managing general partner of Suites Apartments LLLP, a discretely presented component unit. Separate set of financial statements for LHA AMN LLC and 2000 Sunset Development LLC are not issued.

### **Discretely Presented Component Units**

The component unit columns in the combined financial statements include the financial data of the Authority's discretely presented component units as of December 31, 2018. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

Aspen Meadows Neighborhood, LLLP (AMN, LLLP) was formed for the purpose of owning and operating a 28-unit low-income housing project in Longmont, Colorado. As mentioned above, LHA AMN LLC is the managing general partner of AMN, LLLP. LHA AMN LLC has an ownership percentage of 0.01% in AMN, LLLP.

Suites Apartments LLLP (SA, LLLP) was formed for the purpose of rehabilitating, owning, and operating an 81-unit low income housing project in Longmont, Colorado. As mentioned above, 2000 Sunset Development LLC is the managing general partner of SA, LLLP. 2000 Sunset Development LLC has an ownership percentage of 0.005% in SA, LLLP.

The financial statements of the discretely presented component units are presented in the Authority's basic financial statements. Complete financial statements of individual component units can be obtained from the Executive Director, Longmont Housing Authority, 1228 Main Street, Longmont, CO 80501.

### **Program Accounting**

The accounts of the Authority are organized on the basis of programs, each of which is considered a separate accounting entity. The operations of each program are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows, net position, revenues, and expenses. The Authority classifies its programs as proprietary.

### **Basis of Accounting and Measurement Focus**

The Department of Housing and Urban Development Real Estate Assessment Center (REAC) assesses the financial condition of Public Housing Authorities (PHA's). To uniformly and consistently assess the PHA's, REAC requires that PHA's financial statements conform to Generally Accepted Accounting Principles (GAAP).

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position. Net position is segregated into invested in capital assets, restricted and unrestricted components. The statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. When both restricted and unrestricted net position is available for use, generally it is the Authority's policy to use restricted net position first, and then unrestricted net position as they are needed. The statement of cash flow presents the cash flows for operating activities, investing activities, capital and related financing activities and non-capital financing activities.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

### **Cash**

The Authority's cash deposits can only be invested in HUD approved investments: direct obligations of the Federal Government backed by the full faith and credit of the United States, obligations of government agencies, securities of government sponsored agencies, demand and savings deposits, time deposits, repurchase agreements, and other securities approved by HUD.

For the purpose of the statement of cash flows, the Authority considers cash deposits and highly liquid investments with a maturity of three months or less when purchased to be cash.

### Capital Assets

Land, buildings and improvements, and equipment are recorded at cost. The Authority uses a capitalization threshold of \$5,000. Donated fixed assets are valued at their estimated acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are expensed.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	10-30 years
Furniture and equipment	3-10 years
Land improvements	30 years

### Business and Credit Risk

The Authority provides housing on account to tenants which are located primarily in Longmont, Colorado.

### Receivables and Credit Policy

Accounts receivable from tenants represent rents and charges currently due from tenants. Payments on accounts receivable are applied to specific months. Management reviews accounts receivable and charges operations with those considered uncollectable. All remaining accounts receivable from tenants are considered collectable.

Accounts receivable from other agencies represents charges due from other entities for costs incurred on their behalf for managing the project. All remaining accounts receivable from other agencies are considered collectable.

### Notes Receivables

Notes and other receivables are carried at amounts advanced, net of a reserve for uncollectible accounts, if any. As of December 31, 2018, the Authority considered all notes and other receivables to be fully collectible.

### Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority's Deferred Outflows for Pensions and OPEB represents the amount of pension and health care trust fund contributions made to the State plans subsequent to the December 31, 2017 measurement date, the deferred variance in expected to actual investment earnings, the deferred experience gains and losses, changes in employer proportion and differences between contributions recognized and proportionate share of contributions and changes in assumptions.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority's Deferred Inflows for Pensions and OPEB represents the change in the Authority's "proportionate share" developed to distribute the aggregate plan liability and expense among all the employers' represented by the cost-sharing multiple-employer defined benefit pension plan in which the Authority participates, the deferred experience gains and losses, and the change in pension and health care investments.

### **Unearned Revenue**

As of December 31, 2018, unearned revenue totaled \$92, which consists of prepaid rent.

### **Compensated Absences**

The Authority accrues unused vacation and sick leave in the period incurred. Employees earn vacation leave and sick leave at defined, monthly amounts, depending on length of service.

### **Basis of Presentation**

The statement of net position displays the Authority's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following categories/components:

- *Net Investment in Capital Assets* – Consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.
- *Restricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are subject to restraints on their use by HUD.
- *Unrestricted Net Position* – Consists of assets and deferred outflows less related liabilities and deferred inflows reported in the basic statement of net position that are not subject to restraints on their use.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and 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.

### **Fraud Recovery**

HUD requires the Authority to account for monies recovered from tenants who committed fraud or misrepresentation in the application process for rent calculations and now owe additional rent for prior periods or retroactive rent as fraud recovery. The monies recovered are shared by HUD and the local authority.

### **Operating Revenues and Expenses**

The Authority considers all revenues and expenses (including HUD intergovernmental revenues and expenses) as operating items with the exception of interest expense, interest revenue, and gain/loss on disposal of capital assets which are considered non-operating for financial reporting purposes.

### **Restricted and Unrestricted Resources**

The Authority applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

### **Budgetary**

The Authority's annual budgets are the annual contracts, which are with, and approved by, HUD. No budget to actual statements are presented in this report, as housing authorities are not legally required to adopt a budget under the Local Government Budget Law of Colorado.

### **Pensions**

The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Other Post-Employment Benefits (OPEB)**

The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

### **Implementation of GASB Statement No. 75**

As of December 31, 2017, the Authority adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the Net OPEB Liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. There is no effect on the beginning net position from the implementation of this standard. The additional disclosures required by this standard are included in Note 11.

## **Note 2 - Deposits and Credit Risk**

### **Primary Government**

#### **Deposits**

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed 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 the uninsured public deposits as a group. The market value of the collateral must be at equal to 102% of the uninsured deposits. The general depository agreement required by annual contract with HUD has additional collateral requirements, which the Authority met in 2018.

#### **Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2018, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) and collateralized with securities held by a pledging financial institution in accordance with PDPA.

At December 31, 2018, the Authority's carrying amount of deposits was \$2,455,270 and the bank balance was \$2,482,019. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. Of the remaining balances for 2018, \$2,232,019 was collateralized with securities held by a pledging financial institution's agent in the government's name.

#### **Investments**

The Authority's investment policy allows for investments to be solely in securities approved by HUD. Authorized investment instruments are as follows:

- Obligations of the United States and certain U.S. government agency securities
- Insured Money Market Deposit Accounts
- Municipal Depository Fund
- Super NOW Accounts
- Certificates of Deposit
- Repurchase Agreements
- Sweep Accounts
- Separate Trading of Registered Interest and Principal of Securities (STRIPS)
- Mutual Funds that meet HUD criteria

#### **Discretely Presented Component Units**

#### **Credit Risk**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it.

As of December 31, 2018, AMN, LLLP's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) and collateralized in accordance with PDPA.

As of December 31, 2018, SA LLLP's had carrying amounts and bank balances in excess of the federally insured limits of \$250,000. Partnership management monitors the financial ratings of such financial institutions and does not believe that the deposits are exposed to a significant level of risk.

### Note 3 - Restricted Cash

#### Primary Government

Restricted cash consists of \$6,096 in tenant security deposits, \$123,672 in housing choice vouchers received but unspent, \$22,572 for cash in the Mod Rehab program owed back to HUD, and \$12,022 for mod rehab vouchers received but unspent. Total restricted cash as of December 31, 2018, was \$164,362.

#### Discretely Presented Component Units

Restricted cash consists of tenant security deposits and various reserves as required by the partnership agreements. Total restricted cash as of December 31, 2018, was \$514,871.

### Note 4 - Capital Assets

#### Primary Government

The following is a summary of property, structures, and equipment for the year ended December 31, 2018:

	Balance 12/31/17	Additions	Transfers	Deletions	Balance 12/31/18
Non-Depreciable					
Land	\$ 673,909	\$ -	\$ -	\$ (253,387)	\$ 420,522
Total non-depreciable capital assets	<u>673,909</u>	<u>-</u>	<u>-</u>	<u>(253,387)</u>	<u>420,522</u>
Depreciable					
Buildings and improvements	1,404,360	-	-	-	1,404,360
Furniture and equipment	73,586	11,682	-	-	85,268
Total depreciable capital assets	<u>1,477,946</u>	<u>11,682</u>	<u>-</u>	<u>-</u>	<u>1,489,628</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	(463,893)	(49,062)	-	-	(512,955)
Furniture and equipment	(60,911)	(6,874)	-	-	(67,785)
Total accumulated depreciation	<u>(524,804)</u>	<u>(55,936)</u>	<u>-</u>	<u>-</u>	<u>(580,740)</u>
Net Depreciable Capital Assets	<u>953,142</u>	<u>(44,254)</u>	<u>-</u>	<u>-</u>	<u>908,888</u>
Net capital assets	<u>\$ 1,627,051</u>	<u>\$ (44,254)</u>	<u>\$ -</u>	<u>\$ (253,387)</u>	<u>\$ 1,329,410</u>

### Discretely Presented Component Units

The following is a summary of property, structures, and equipment for the year ended December 31, 2018.

#### AMN, LLLP

	Balance 12/31/17	Additions	Transfers	Deletions	Balance 12/31/18
<b>Non-Depreciable</b>					
Land	\$ 317,000	\$ -	\$ -	\$ -	\$ 317,000
<b>Depreciable</b>					
Land improvements	699,460	-	-	-	699,460
Buildings and improvements	5,557,662	-	-	-	5,557,662
Furniture and equipment	82,838	-	-	-	82,838
Total depreciable capital assets	<u>6,339,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,339,960</u>
<b>Less: Accumulated Depreciation for:</b>					
Land improvements	(157,380)	(23,315)	-	-	(180,695)
Buildings and improvements	(1,277,187)	(185,255)	-	-	(1,462,442)
Furniture and equipment	(82,838)	-	-	-	(82,838)
Total accumulated depreciation	<u>(1,517,405)</u>	<u>(208,570)</u>	<u>-</u>	<u>-</u>	<u>(1,725,975)</u>
Net Depreciable Capital Assets	<u>4,822,555</u>	<u>(208,570)</u>	<u>-</u>	<u>-</u>	<u>4,613,985</u>
Net capital assets	<u>\$ 5,139,555</u>	<u>\$ (208,570)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,930,985</u>

#### SA, LLLP

	Balance 12/31/17	Additions	Transfers	Deletions	Balance 12/31/18
<b>Non-Depreciable</b>					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Total non-depreciable capital assets	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
<b>Depreciable</b>					
Land improvements	157,100	-	-	-	157,100
Buildings and improvements	11,799,758	-	-	-	11,799,758
Furniture and equipment	483,048	11,499	-	-	494,547
Total depreciable capital assets	<u>12,439,906</u>	<u>11,499</u>	<u>-</u>	<u>-</u>	<u>12,451,405</u>
<b>Less: Accumulated Depreciation for:</b>					
Land improvements	(5,236)	(10,473)	-	-	(15,709)
Buildings and improvements	(270,755)	(294,994)	-	-	(565,749)
Furniture and equipment	(34,504)	(69,691)	-	-	(104,195)
Total accumulated depreciation	<u>(310,495)</u>	<u>(375,158)</u>	<u>-</u>	<u>-</u>	<u>(685,653)</u>
Net Depreciable Capital Assets	<u>12,129,411</u>	<u>(363,659)</u>	<u>-</u>	<u>-</u>	<u>11,765,752</u>
Net capital assets	<u>\$ 12,929,411</u>	<u>\$ (363,659)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,565,752</u>

**Note 5 - Notes Receivable**

The following is a summary of the notes receivable for the year ended December 31, 2018.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Aspen Meadows Associates, LLLP	\$ 28,000	\$ 15,202	\$ 43,202
Aspen Meadows Associates, LLLP	100,764	65,415	166,179
Aspen Meadows Associates, LLLP	450,000	403,401	853,401
Village Place Associates, LLLP	600,000	249,096	849,096
Village Place Associates, LLLP	373,111	203,840	576,951
Village Place Associates, LLLP	800,000	666,750	1,466,750
Village Place Associates, LLLP	400,000	184,042	584,042
Village Place Associates, LLLP	150,687	-	150,687
Aspen Meadows Neighborhood, LLLP	1,225,000	115,870	1,340,870
Aspen Meadows Neighborhood, LLLP	139,923	-	139,923
Suites Apartments LLLP	395,000	44,117	439,117
Suites Apartments LLLP	2,520,374	225,024	2,745,398
Suites Apartments LLLP	630,000	69,317	699,317
	<u>\$ 7,812,859</u>	<u>\$ 2,242,074</u>	10,054,933
Less current portion			-
			<u>\$ 10,054,933</u>

The Authority provided three loans to Aspen Meadows Associates, LLLP, in the amounts of \$28,000, \$100,764 and \$450,000. Interest accrues on the loans at the rate of 5.5% per year and compounds annually. Payments are made solely from available excess cash flow. The loans are due in full in January 2022. The Authority is the administrative limited partner in Aspen Meadows Associates, LLLP, a low income housing unit tax credit project (Note 8).

The Authority provided two loans to Village Place Associates, LLLP, in the amounts of \$600,000 and \$373,111. Interest accrues on the loans at the rate of 3.5% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loans are due in full in December 2031. The Authority is the administrative limited partner in Village Place Associates, LLLP, a low income housing unit tax credit project (Note 8).

The Authority has loaned \$800,000 to Village Place Associates, LLLP. Interest accrues on the loan at the rate of 4.9% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loan is due in full in December 2031.

The Authority has loaned \$400,000 to Village Place Associates, LLLP. Interest accrues on the loan at the rate of 3.5% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loan is due in full in January 2032.

The Authority has loaned \$150,687 to Village Place Associates, LLLP. The loan is non-interest bearing. Payments are made solely from the distribution of net operating income. The loan is due in full in May 2032.

The Authority has loaned \$1,225,000 to Aspen Meadows Neighborhood, LLLP. Interest accrues on the loan at the rate of 1% per annum and compounds annually. Payments are made solely from available excess cash flow. The loan is due in full in November 2039. The Authority is the general partner in Aspen Meadows Neighborhood, LLLP, a low income housing unit tax credit project (Note 8).

The Authority has loaned \$139,923 to Aspen Meadows Neighborhood, LLLP. This loan is non-interest bearing. Payments are made solely from available excess cash flow. The loan is due in full in November 2039.

The Authority provided two loans to Suites Apartments, LLLP, in the amounts of \$395,000 and \$630,000. Interest accrues on the loans at the rate of 5% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loans are due in full in December 2033. The Authority is the general partner in Suites Apartments, LLLP, a low income housing unit tax credit project (Note 8).

The Authority provided a loan to Suites Apartments, LLLP, in the original amount of \$1,820,387. Effective September 5, 2018, the loan was amended to provide a loan of \$2,520,374. Interest accrued on the loan at the rate of 5% through September 5, 2018, then was amended to accrue at 6% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loans are due in full in December 2033. The Authority is the general partner in Suites Apartments, LLLP, a low income housing unit tax credit project (Note 8).

## Note 6 - Long-Term Debt

### Primary Government

For the year ended December 31, 2018, the following changes occurred in long-term debt:

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18	Due Within One Year
Notes Payable	\$ 1,790,704	\$ -	\$ (48,383)	\$ 1,742,321	\$ 52,527

Long-term debt as of December 31, 2018, consists of the following:

2.00%, \$600,000 mortgage note payable to City of Longmont, due in annual installments of \$40,513, including interest, due in full July 2031, secured by a deed of trust, used for improvements at Village Place	\$ 419,370
0%, \$175,000 mortgage note payable to the City of Longmont due in full in November 2029, secured by a deed of trust, used for Aspen Meadows Neighborhood	175,000

0%, \$630,000 mortgage note payable to the City of Longmont (AHF funds), due in full September 2036, secured by a deed of trust, used for the Suites Apartments LLP	630,000
3.05%, \$641,055 mortgage note payable from FirstBank, due in monthly installments of \$3,068 including interest, due in March 2022, secured by a deed of trust, used for Briarwood	<u>517,951</u>
	<u>1,742,321</u>
Less current portion	<u>(52,527)</u>
	<u><u>\$ 1,689,794</u></u>

A summary of payments due for the long-term debt is as follows:

	Principal	Interest	Total
2019	\$ 52,527	\$ 23,210	\$ 75,737
2020	50,965	21,970	72,935
2021	52,225	20,699	72,924
2022	480,245	9,521	489,766
2023	30,704	5,376	36,080
2024-2028	162,980	17,230	180,210
2029-2033	282,675	2,864	285,539
2034-2036	630,000	-	630,000
	<u>\$ 1,742,321</u>	<u>\$ 100,870</u>	<u>\$ 1,843,191</u>

#### Discretely Presented Component Units

For the year ended December 31, 2018, the following changes occurred in long-term debt:

##### AMN LLLP

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18	Due Within One Year
Notes Payable	<u>\$ 2,710,302</u>	<u>\$ -</u>	<u>\$ (6,370)</u>	<u>\$ 2,703,932</u>	<u>\$ 6,872</u>

##### SA LLLP

	Balance 01/01/18	Increases	Decreases	Balance 12/31/18	Due Within One Year
Notes Payable	<u>\$ 9,600,472</u>	<u>\$ 1,710,993</u>	<u>\$ (440,497)</u>	<u>\$ 6,539,287</u>	<u>\$ 42,656</u>

Long-term debt as of December 31, 2018, consists of the following:

**AMN LLLP**

7.5%, \$1,000,000 mortgage note payable to FirstBank of Longmont, due in monthly payments of \$6,661, including interest, unpaid principal and interest due January 2030, secured by a first mortgage on property and equipment and an assignment of rents and leases	\$ 964,009
2%, \$375,000 mortgage note payable to Longmont Housing Development Corporation (LHDC), due in annual installments, including interest, from net cash flow as permitted, unpaid principal and interest due November 2039, secured by a second mortgage on the property and equipment	375,000
1%, \$1,225,000 mortgage note payable to the Longmont Housing Authority (LHA), due in annual installments, including interest, from net cash flow as permitted, through November 2039, secured by a third mortgage on the property and equipment	1,225,000
0%, \$139,923 mortgage note payable to the LHA due in annual installments from net cash flow as permitted, through November 2039, secured by a fourth mortgage on the property and equipment	139,923
	2,703,932

**SA LLLP**

4.04%, \$2,800,000 Series 2016A bonds payable to CitiBank, due in monthly installments of \$12,465, including interest, beginning November 2018, through September 2033, secured by a deed of trust, assignment of rent, security agreement, and fixture filing	2,793,913
5%, \$395,000 mortgage note payable to the Longmont Housing Authority (LHA) from CDBG funds, unpaid principal and interest due the earlier of December 2033, the sale of the property or the date the note is refinanced, secured by a deed of trust	395,000
6%, \$2,520,374 mortgage note payable to the LHA, unpaid principal and interest due the earlier of December 2033, the sale of the property or the date the note is refinanced, secured by a deed of trust	2,520,374
5%, \$630,000 mortgage note payable to the LHA, unpaid principal and interest due at maturity, December 2033, secured by a deed of trust, security agreement, financing statement, and fixture filing	630,000

0%, \$200,000 mortgage note payable to the State of Colorado, due in annual installments of \$5,263, payable solely from 50% of cash flow, beginning June 2019, through December 2056, secured by a deed of trust

	200,000
	6,539,287
Less current portion	9,243,219 (49,528)
	\$ 9,193,691

A summary of payments due for the long-term debt is as follows:

	Principal	Interest	Total
2019	\$ 49,528	\$ 427,724	\$ 477,252
2020	52,818	438,601	491,419
2021	55,089	470,107	525,196
2022	57,479	462,278	519,757
2023	59,993	475,153	535,146
2024-2028	342,572	2,596,499	2,939,071
2029-2033	6,764,763	2,797,634	9,562,397
2034-2038	26,315	139,052	165,367
2039-2043	1,766,238	29,020	1,795,258
2044-2048	26,315	-	26,315
2049-2053	26,315	-	26,315
2054-2058	15,794	-	15,794
	\$ 9,243,219	\$ 7,836,068	\$ 17,079,287

**Note 7 - Annual Contributions Contract**

The Authority has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The maximum contract was \$4,833,947 for the year ended December 31, 2018.

**Note 8 - Related Party Transactions**

**Notes Receivable**

As disclosed in Note 5, the Authority is owed on various notes receivable from four low-income residential housing tax credit projects with various interest rates. During 2018, the Authority earned interest income of \$377,437 on the notes receivable. As of December 31, 2018, the Authority was owed \$2,242,074 for accrued interest on the notes receivable.

### **Developer Fees**

The Authority has entered into a development service agreement with AMN, LLLP. Interest is earned on the outstanding balance at a rate of 4.25%. As of December 31, 2018, the Authority is owed \$39,992 for unpaid developer fees. During 2018, the Authority earned \$1,776 of interest on unpaid developer fees. The unpaid developer fees and accrued interest are due in full on April 22, 2024.

The Authority has entered into a development service agreement with SA, LLLP to earn a fee of \$1,889,000 in connection with the development and construction of the project. During 2018, the Authority received \$560,638 for developer fees. As of December 31, 2018, the Authority is owed \$915,105. The remaining fees are expected to be received when the project receives capital contributions or from available cash.

### **Management Fees**

The Authority has entered into a management agreement with AMN, LLLP, Aspen Meadows Associates, LLLP (AMA, LLLP), Village Place Associates, LLLP, (VPA, LLLP), Spring Creek Apartments, LLLP (SC, LLLP), and SA, LLLP. Terms established under the management agreements call for the payment of management fees to the Authority in exchange for services provided in managing the projects. For the year ended December 31, 2018, the Authority received \$179,443 in management fees from related entities.

### **Reimbursements**

The Authority is reimbursed for various office expenses, payroll, benefits, and other expense associated with the operations of AMN, LLLP, AMA, LLLP, VPA, LLLP, SC, LLC, and SA, LLLP. During 2018, the Authority was reimbursed approximately \$504,000 for these costs. As of December 31, 2018, the Authority was owed \$70,246 for unreimbursed expenses.

### **Tenant Services Agreement**

During 2018, the Authority entered into a tenant services agreement with SA, LLLP to provide certain supportive services. Under the agreement, the Authority is to pay for the supportive services, which will be reimbursed by SA, LLLP in an amount not to exceed \$15,000 per month, increasing 2% annually, from available cash flow. During 2018, the Authority paid for supportive service costs of \$22,648.

### **Guaranty**

2000 Sunset Development LLC and the Authority have entered into a guaranty agreement to guarantee certain obligations in relation to the construction and funding of SA, LLLP. The guaranty shall terminate at the time all general partner obligations have been performed or paid.

### **Operating Deficit Guaranty**

The Authority has certain obligations to fund any operating deficits on behalf of SA, LLLP during the compliance period, as defined in the partnership agreement.

### **Note 9 - Management Services**

The Authority provides property management services for the Longmont Housing Development Corporation. The Hearthstone and Hover Crossing and The Lodge at Hover Crossing. The Authority is paid a percent as determined by the management agreement.

The Authority also provides corporate management services, including managing business affairs and developer services, for the Longmont Housing Development Corporation in exchange for a management fee determined annually based on needs. During 2018, the Authority received \$150,000 in corporate management fees.

### **Note 10 - Compensated Absences**

The Authority accrues unused vacation. Employees earn vacation leave at defined, monthly amounts depending on length of service. Total leave accrued at December 31, 2018, was \$17,430. The Authority has estimated the whole liability will be liquidated in the next fiscal year.

### **Note 11 - Defined Benefit Pension Plan**

#### **Plan Description**

Eligible employees of the Authority are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

#### **Benefits Provided**

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year.

Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

### Contributions

Eligible employees and Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

January 1 through December 31, 2017	Rate*
Employer contribution rate	10.00%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount apportioned to the LGDTF	8.98%
Amortization equalization disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total employer contribution rate to the LGDTF	12.68%

\*Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Authority were \$120,872 for the year ended December 31, 2018.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2018, the Authority reported a liability of \$1,764,250 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll forward the total pension liability to December 31, 2017. The Authority's proportion of the net pension liability was based on Authority's contributions to the LGDTF for the calendar year 2017 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2017, the Authority's proportion was 0.1584 percent, which was an increase of 0.0033 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Authority recognized pension expense of \$393,772. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 110,370	\$ -
Changes of assumptions or other inputs	18,637	-
Net difference between projected and actual earnings on pension plan investments	-	342,928
Changes in proportion and differences between contributions recognized and proportionate share of contributions	30,588	-
Contributions subsequent to the measurement date	120,872	-
Total	\$ 280,467	\$ 342,928

\$120,872 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31		
2019		\$ 108,173
2020		(39,635)
2021		(124,715)
2022		(127,156)
2023		-
Thereafter		-

### Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06	Financed by the AIR

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back two years for males and set back two years for females) was assumed.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012 through December 31, 2015, as well as, the October 28, 2016 actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016 Board meeting.

As a result of the 2016 experience analysis and the October 28, 2016, actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016, to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016, adoption of the long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

\* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

### Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cash method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions included reductions for funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i. e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e. the plan's fiduciary net position is projected to be depleted), AIR transfers to the fiduciary net position and the subsequent AIR benefit payments are estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent.

**Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share	\$ 2,809,878	\$ 1,764,250	\$ 892,568

**Pension Plan Fiduciary Net Position**

Detailed information about the LGDTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Changes between the measurement date of the net pension liability and December 31, 2018**

During the 2018 legislative session, the Colorado General Assembly passed significant pension reform through SB 18-200: Concerning Modifications to the Public Employees’ Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to the plans administered by PERA with the goal of eliminating the unfunded actuarial accrued liability the Division Trust Funds and thereby reach a 100 percent funded ratio for each division within the next 30 years.

A brief description of some of the major changes to plan provisions required by SB 18-200 are listed below. A full copy of the bill can be found online at [www.leg.colorado.gov](http://www.leg.colorado.gov).

- Increases employee contribution rates by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).
- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, modifying the highest average salary for employees with less than five years of service credit on December 31, 2019 and raises the retirement age for new employees.
- Member contributions, employer contributions, the direct distribution from the state, and the annual increases will be adjusted based on certain statutory parameters beginning July 1, 2020, and then each year thereafter, to help keep PERA on path to full funding in 30 years

At December 31, 2018, the Authority reported a liability of \$1,764,250 for its proportionate share of the net pension liability which was measured using the plan provisions in effect as of the pension plan’s year-end based on a discount rate of 7.25%. For comparative purposes, the following schedule presents an estimate of what the Authority’s proportionate share of the net pension liability and associated discount rate would have been had the provisions of SB 18-200, applicable to the LGDTF, become law on December 31, 2017. This pro forma information was prepared using the fiduciary net position of the LGDTF as of December 31, 2017. Future net pension liabilities reported could be materially different based on changes in investment markets, actuarial assumptions, plan experience and other factors.

Estimated Discount Rate Calculated Using Plan Provisions Required by SB18-200 (pro forma)	Proportionate Share of the Estimated Net Pension Liability Calculated Using Plan Provisions Required by SB 18-200 (pro forma)
7.25%	\$1,247,884

**Note 12 - Other Post-Employment Health Care Benefits**

**General Information about the OPEB Plan**

The Authority contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Benefits Provided**

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

### **PERA Benefit Structure**

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

### **Contributions**

Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02 percent of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Authority were \$8,959 for the year ended December 31, 2018.

### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

At December 31, 2018, the Authority reported a liability of \$160,014 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2017. Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year 2017 relative to the total contributions of participating employers to the HCTF.

At December 31, 2017, the Authority proportion was 0.01231 percent, which was an increase of 0.00481 percent from its proportion measured as of December 31, 2016.

For the year ended December 31, 2018, the Authority recognized OPEB expense of \$146,018. At December 31, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 757	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,677
Changes in proportion and differences between contributions recognized and proportionate share of contributions	6,098	-
Contributions subsequent to the measurement date	8,959	-
Total	\$ 15,814	\$ 2,677

\$8,959 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31		
2019	\$	1,199
2020		1,199
2021		340
2022		340
2023		1,009
Thereafter		91

**Actuarial Assumptions**

The total OPEB liability in the December 31, 2016, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 in aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.00 percent
Medicare Part A premiums	3.00 percent for 2017, gradually rising to 4.25 percent in 2023
DPS benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2016, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2017	5.00%	3.00%
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.00%
2023	5.00%	4.25%
2024+	5.00%	4.25%

Mortality assumptions for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions for the State and Local Government Divisions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Healthy, post-retirement mortality assumptions for the School and Judicial Divisions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The following economic and demographic assumptions were specifically developed for, and used in, the measurement of the obligations for the HCTF:

- The assumed rates of PERACare participation were revised to reflect more closely actual experience.
- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2017 plan year.
- The percentages of PERACare enrollees who will attain age 65 and older ages and are assumed to not qualify for premium-free Medicare Part A coverage were revised to more closely reflect actual experience.
- The percentage of disabled PERACare enrollees who are assumed to not qualify for premium-free Medicare Part A coverage were revised to reflect more closely actual experience.
- Assumed election rates for the PERACare coverage options that would be available to future PERACare enrollees who will qualify for the “No Part A Subsidy” when they retire were revised to more closely reflect actual experience.
- Assumed election rates for the PERACare coverage options that will be available to those current PERACare enrollees, who qualify for the “No Part A Subsidy” but have not reached age 65, were revised to more closely reflect actual experience.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.
- The rates of PERACare coverage election for spouses of eligible inactive members and future retirees were revised to more closely reflect actual experience.
- The assumed age differences between future retirees and their participating spouses were revised to reflect more closely actual experience.

The actuarial assumptions used in the December 31, 2016, valuations were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA’s actuary, as needed.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

Several factors were considered in evaluating the long-term rate of return assumption for the HCTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent adoption of the long-term expected rate of return by the PERA Board, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

**Sensitivity of the Authority proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.**

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase in</u>
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.00%	3.00%	4.00%
Ultimate Medicare Part A trend rate	3.25%	4.25%	5.25%
Net OPEB Liability	\$ 155,612	\$ 160,014	\$ 165,317

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2017, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date. For future plan members, employer contributions were reduced by the estimated amount of total service costs for future plan members.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Transfers of a portion of purchase service agreements intended to cover the costs associated with OPEB benefits were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, the projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

**Sensitivity of the Authority’s Proportionate Share of the Net OPEB liability to Changes in the Discount Rate**

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ 179,906	\$ 160,014	\$ 143,036

**OPEB Plan Fiduciary Net Position**

Detailed information about the HCTF’s fiduciary net position is available in PERA’s comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 13 - 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, including worker’s compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage have been adjusted annually. As a political subdivision of the State of Colorado, the LHA has immunity protection under the Colorado governmental immunity act CRS 24 10 101.

**Note 14 - Conduit Debt**

In March of 2011, the Authority arranged for tax exempt financing in the amount of \$2,900,000 for Hover Village, Inc. (“Hover”). Hover utilized the tax-exempt financing to refinance existing debt relating to the purchase and improvement of a 121-unit rental housing facility for seniors, known as Hover Manor. The debt has a final maturity date of April 1, 2026 and is secured by real estate. The Authority in no way guarantees the loan or has any liability for the loan. Accordingly, the loan is not reported as a liability in the Authority’s financial statements. Hover makes the loan payments directly to FirstBank of Longmont. As of December 31, 2018, the outstanding balance of the loan was \$1,840,429.

In June of 2018, the Authority issued private activity bonds in the amount of \$9,131,650 for Fall River Apartments LLLP (Fall River). Fall River utilized the bonds to finance construction of a 60-unit multifamily rental housing development. The bonds have a final maturity date of January 1, 2051 and are secured by a deed of trust, assignment of rents, security agreement, and fixture filing. The Authority in no way guarantees the bonds or has any liability for the loan. Accordingly, the bonds are not reported as liability in the Authority’s financial statements. Fall River makes the bond payments directly to CitiBank, N.A. As of December 31, 2018, the outstanding balance of the bonds was \$2,054,239. Remaining funds are expected to be issued during 2019.

## **Note 15 - Commitments and Contingencies**

### **Claims and Judgments**

During 2017, the Authority was given notice that six tenants from the Suites Apartments, LLLP have filed with the ACLU to reserve the right to file a formal law suit within the next three years from the date of the incident. As of December 31, 2018, the outcome of this situation is unknown.

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. 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. The Authority believes that disallowed expenses, if any, 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 government. The amendment is complex and subject to judicial interpretation. Management believes the Authority is exempt from the provisions of the Amendment.

### **Forgivable Loans**

During 2006 and 2005, the Authority received a loan in the amount of \$373,111 from the City of Longmont, the proceeds of which were loaned to Village Place Associates, LLLP (Note 5). The loan with the City of Longmont is non-interest bearing and will be forgivable after 20 years in exchange for providing affordable housing below market rates to low-income persons.

During 2010, the Authority received a loan in the amount of \$139,923 from FirstBank under the Federal Home Loan Bank Affordable Housing Program, the proceeds of which were loaned to Aspen Meadows Neighborhood, LLLP (Note 5). The loan with FirstBank is non-interest bearing and will be forgivable in its entirety after 15 years to the extent the property is used as low-income housing.

Since there is a remote possibility that the Authority would fail to meet these requirements, these loans are not reported as a liability in the financial statements.



Required Supplementary Information  
December 31, 2018

# Longmont Housing Authority

**Longmont Housing Authority**  
 Schedules of Authority's Proportionate Share of Net Pension and Net OPEB  
 Liabilities  
 Last 10 Fiscal Years

**Pension Related Contributions**

	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.15845%	0.15513%	0.13815%	0.12679%
Employer's proportionate share of the net pension liability (asset)	\$1,764,250	\$2,094,807	\$1,521,853	\$1,136,349
Employer's covered-employee payroll	\$999,593	\$935,658	\$784,458	\$694,703
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.50%	223.89%	194.00%	163.57%
Plan fiduciary net position as a percentage of the total pension liability	79.37%	73.65%	76.87%	80.72%

\*Complete data for this schedule is not available prior to 2015. The amounts presented have a measurement date of the previous fiscal year end

**OPEB Related Contributions**

	2018			
Employer's proportion of the net pension liability (asset)	0.01231%			
Employer's proportionate share of the OPEB liability (asset)	\$160,014			
Employer's covered-employee payroll	\$999,593			
Employer's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	16.00%			
Plan fiduciary net position as a percentage of the total OPEB liability	17.53%			

\*Complete data for this schedule is not available prior to 2018 as this was the first year of implementation.

Longmont Housing Authority  
Schedules of Authority's Contributions  
Last 10 Fiscal Years

**Pension Related Contributions**

	2018	2017	2016	2015
Statutorily required contribution	\$120,872	\$136,950	\$133,078	\$108,549
Contributions in relation to the statutorily required contribution	(\$120,872)	(\$136,950)	(\$133,078)	(\$108,549)
Contribution deficiency (excess)	\$0.00	\$0.00	\$0.00	\$0.00
Employer's covered-employee payroll	\$878,347	\$997,356	\$935,658	\$792,328
Contributions as a percentage of covered-employee payroll	13.76%	13.73%	14.22%	13.70%

\*Complete data for this schedule is not available prior to 2015. The amounts presented have a measurement date of the previous fiscal year end.

**OPEB Related Contributions**

	2018			
Statutorily required contribution	\$8,959			
Contributions in relation to the statutorily required contribution	(\$8,959)			
Contribution deficiency (excess)	\$0.00			
Employer's covered-employee payroll	\$878,347			
Contributions as a percentage of covered-employee payroll	1.02%			

\* Complete data for this schedule is not available prior to 2018 as this was the first year of implementation.

**Note A - Changes of Benefit Terms**

There have been no changes in benefit terms since the previous measurement date.

**Note B - Changes of Assumptions**

There were no changes in assumptions or other inputs that affected the measurement of the Total Pension Liability.



Supplementary Information  
December 31, 2018

# Longmont Housing Authority

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Longmont Housing Authority  
Combining Statement of Net Position  
December 31, 2018

	General Fund Development	Housing Choice Vouchers	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
Cash	\$ 1,148,595	\$ 1,239	\$ 1,096,414	\$ (25,008)	\$ 40,285	\$ 29,383	\$ -	\$ 2,290,908
Restricted cash	-	123,672	-	6,096	-	34,594	-	164,362
Accounts receivable								
Accounts receivable - tenants	-	14,649	-	405	1,569	-	-	16,623
Accounts receivable - due from other agencies	140,338	-	-	43,374	-	-	-	183,712
Prepaid expenses	11,380	1,844	528	5,251	1,298	-	-	20,301
Total current assets	<u>1,300,313</u>	<u>141,404</u>	<u>1,096,942</u>	<u>30,118</u>	<u>43,152</u>	<u>63,977</u>	<u>-</u>	<u>2,675,906</u>
Land	-	-	176,082	203,000	41,440	-	-	420,522
Buildings and improvements	-	-	-	1,043,814	360,546	-	-	1,404,360
Furniture and equipment	54,524	19,062	-	11,682	-	-	-	85,268
Accumulated depreciation	(48,332)	(19,062)	-	(433,027)	(80,319)	-	-	(580,740)
Total capital assets, net of accumulated depreciation	6,192	-	176,082	825,469	321,667	-	-	1,329,410
Accounts receivable - developer fees	955,097	-	-	-	-	-	-	955,097
Related party notes receivable, net of current portion	10,054,933	-	-	-	-	-	-	10,054,933
Total noncurrent assets	<u>11,016,222</u>	<u>-</u>	<u>176,082</u>	<u>825,469</u>	<u>321,667</u>	<u>-</u>	<u>-</u>	<u>12,339,440</u>
Deferred Outflows								
OPEB	13,270	2,470	-	-	-	74	-	15,814
Pension	235,343	43,805	-	-	-	1,319	-	280,467
Total deferred outflows	<u>248,613</u>	<u>46,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,393</u>	<u>-</u>	<u>296,281</u>
Total Assets and Deferred Outflows	<u>\$ 12,565,148</u>	<u>\$ 187,679</u>	<u>\$ 1,273,024</u>	<u>\$ 855,587</u>	<u>\$ 364,819</u>	<u>\$ 65,370</u>	<u>\$ -</u>	<u>\$ 15,311,627</u>

Longmont Housing Authority  
Combining Statement of Net Position  
December 31, 2018

	General Fund Development	Housing Choice Vouchers	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
<b>Current Liabilities</b>								
Accounts payable	\$ 9,493	\$ 7,648	\$ -	\$ 672	\$ 156	\$ 213	\$ -	\$ 18,182
Accounts payable - HUD	-	-	-	-	-	22,572	-	22,572
Accrued payroll	16,789	-	-	-	-	-	-	16,789
Accrued compensated absences - current portion	14,057	2,577	-	724	-	72	-	17,430
Accrued interest payable	44,986	-	-	2,720	-	-	-	47,706
Unearned revenue	-	-	-	92	-	-	-	92
Tenant security deposits payable	-	-	-	6,096	-	-	-	6,096
Notes and mortgages payable, current portion	31,318	-	-	21,209	-	-	-	52,527
<b>Total current liabilities</b>	<u>116,643</u>	<u>10,225</u>	<u>-</u>	<u>31,513</u>	<u>156</u>	<u>22,857</u>	<u>-</u>	<u>181,394</u>
Net pension liability	1,480,399	275,552	-	-	-	8,299	-	1,764,250
Net OPEB liability	134,269	24,993	-	-	-	752	-	160,014
Notes and mortgages payable, net of current portion	1,193,052	-	-	496,742	-	-	-	1,689,794
<b>Total long-term liabilities</b>	<u>2,807,720</u>	<u>300,545</u>	<u>-</u>	<u>496,742</u>	<u>-</u>	<u>9,051</u>	<u>-</u>	<u>3,614,058</u>
<b>Total Liabilities</b>	<u>2,924,363</u>	<u>310,770</u>	<u>-</u>	<u>528,255</u>	<u>156</u>	<u>31,908</u>	<u>-</u>	<u>3,795,452</u>
<b>Deferred Inflows</b>								
OPEB	2,246	418	-	-	-	13	-	2,677
Pension	287,755	53,560	-	-	-	1,613	-	342,928
<b>Total deferred inflows</b>	<u>290,001</u>	<u>53,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,626</u>	<u>-</u>	<u>345,605</u>
<b>Net Position</b>								
Net investment in capital assets	6,192	-	176,082	307,518	321,667	-	-	811,459
Restricted	-	123,672	-	-	-	12,022	-	135,694
Unrestricted	9,344,592	(300,741)	1,096,942	19,814	42,996	19,814	-	10,223,417
<b>Total Net Position</b>	<u>9,350,784</u>	<u>(177,069)</u>	<u>1,273,024</u>	<u>327,332</u>	<u>364,663</u>	<u>31,836</u>	<u>-</u>	<u>11,170,570</u>
<b>Total Liabilities, Deferred Inflows and Net Position</b>	<u>\$ 12,565,148</u>	<u>\$ 187,679</u>	<u>\$ 1,273,024</u>	<u>\$ 855,587</u>	<u>\$ 364,819</u>	<u>\$ 65,370</u>	<u>\$ -</u>	<u>\$ 15,311,627</u>

Longmont Housing Authority  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended December 31, 2018

	General Fund Development	Housing Choice Vouchers	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
Operating Revenues								
HUD PHA grants	\$ -	\$ 4,866,733	\$ -	\$ -	\$ -	\$ 84,415	\$ -	\$ 4,951,148
Rental income	-	-	-	162,333	19,898	-	-	182,231
Administrative fees	406,445	-	-	-	-	-	-	406,445
Other	193,291	5,721	-	790	-	-	-	199,802
<b>Total Operating Revenues</b>	<b>599,736</b>	<b>4,872,454</b>	<b>-</b>	<b>163,123</b>	<b>19,898</b>	<b>84,415</b>	<b>-</b>	<b>5,739,626</b>
Operating Expenses								
Housing assistance payments	-	4,463,345	-	-	-	63,884	-	4,527,229
Tenant services	22,648	-	-	4,226	-	-	-	26,874
Administrative salaries and benefits	1,047,068	272,426	-	4,845	(35)	8,627	-	1,332,931
Other administrative	131,051	138,022	13	30,325	122	1,237	-	300,770
Maintenance salaries	-	-	-	11,454	621	-	-	12,075
Regular and extraordinary maintenance	130	320	1,842	61,816	3,665	8	-	67,781
Depreciation	6,484	-	-	37,434	12,018	-	-	55,936
Utilities	-	1,123	-	12,115	2,267	27	-	15,532
Taxes and insurance	13,487	2,695	379	3,358	793	-	-	20,712
<b>Total Operating Expenses</b>	<b>1,220,868</b>	<b>4,877,931</b>	<b>2,234</b>	<b>165,573</b>	<b>19,451</b>	<b>73,783</b>	<b>-</b>	<b>6,359,840</b>
<b>Operating Income (Loss)</b>	<b>(621,132)</b>	<b>(5,477)</b>	<b>(2,234)</b>	<b>(2,450)</b>	<b>447</b>	<b>10,632</b>	<b>-</b>	<b>(620,214)</b>
Non-Operating Revenues (Expenses)								
Interest income	385,331	450	311	33	31	56	-	386,212
Gain on sale of property and equipment	-	-	446,613	-	-	-	-	446,613
Interest expense	(9,502)	-	-	(17,348)	-	-	-	(26,850)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>375,829</b>	<b>450</b>	<b>446,924</b>	<b>(17,315)</b>	<b>31</b>	<b>56</b>	<b>-</b>	<b>805,975</b>
<b>Change in Net Position</b>	<b>(245,303)</b>	<b>(5,027)</b>	<b>444,690</b>	<b>(19,765)</b>	<b>478</b>	<b>10,688</b>	<b>-</b>	<b>185,761</b>
Net Position, Beginning of Year	9,596,087	(172,042)	828,334	347,097	364,185	21,148	-	10,984,809
<b>Net Position, End of Year</b>	<b>\$ 9,350,784</b>	<b>\$ (177,069)</b>	<b>\$ 1,273,024</b>	<b>\$ 327,332</b>	<b>\$ 364,663</b>	<b>\$ 31,836</b>	<b>\$ -</b>	<b>\$ 11,170,570</b>

Longmont Housing Authority  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2018

<u>Federal Agency/Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 4,877,931
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	<u>73,783</u>
Total U.S. Department of Housing and Urban Development			<u>4,951,714</u>
Total Federal Expenditures			<u><u>\$ 4,951,714</u></u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Longmont Housing Authority under programs of the federal government for the year ended December 31, 2018. The information 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). Because the schedule presents only a selected portion of the operations of Longmont Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Longmont Housing Authority.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

**Note C – Indirect Cost Rate**

The Organization has not elected to use the 10% de minimis cost rate and does not draw for indirect administrative expenses.



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

The Board of Commissioners  
Longmont Housing Authority  
Longmont, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units, of Longmont Housing Authority (the Authority) which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 2, 2019. The financial statements of Aspen Meadows Neighborhood, LLLP and Suites Apartments, LLLP were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Aspen Meadows Neighborhood, LLLP and Suites Apartments, LLLP.

**Internal Control over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompany schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be material weaknesses.

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 charge with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2018-003 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

### **Entity's Responses to the Findings**

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result 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.



Bismarck, North Dakota  
July 2, 2019



## **Independent Auditor’s Report on Compliance for The Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

The Board of Commissioners  
Longmont Housing Authority  
Longmont, Colorado

### **Report on Compliance for the Major Federal Program**

We have audited Longmont Housing Authority’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority’s major federal program for the year ended December 31, 2018. The Authority’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

#### **Management’s Responsibility**

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

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the compliance for the Authority’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 Authority’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 qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority’s compliance.

#### **Basis for Qualified Opinion on the Major Federal Program**

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding CFDA 14.871 as described in finding number 2018-004 for *Special Tests and Provisions – HQS Failed Inspections*. Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

### **Qualified Opinion**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Longmont 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 its major Federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended July 2, 2019.

### **Other Matters**

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and management's corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 compliance requirement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-006 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-007 and 2018-008 to be significant deficiencies.

The Authority's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and management's corrective action plan. The Authority's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*Eide Bailly LLP*

Bismarck, North Dakota  
July 2, 2019

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

**Identification of major programs:**

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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**2018-001 Preparation of the Financial Statements and the Preparation of the SEFA**

**Material Weakness in Internal Control over Financial Reporting**

*Criteria:* A complete system of internal accounting control contemplates an adequate system for internally preparing the Authority's financial statements, accompanying notes to the financial statements, and the schedule of expenditures of federal awards.

*Condition:* The Authority does not have an internal control system designed to provide for the preparation of the financial statements, accompanying footnotes to the financial statements, and the schedule of expenditures of federal awards being audited. The auditors were requested to, and did, draft the financial statements and accompanying notes to the financial statements.

*Cause:* The Authority does not have an internal control system designed to provide for the preparation of the financial statements, accompanying notes to the financial statements, and the schedule of expenditures of federal awards being audited.

*Effect:* The disclosures in the financial statements could be incomplete.

*Recommendation:* This circumstance is not unusual in an Authority of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

*Views of Responsible Officials:* Management agrees with the finding.

**2018-002 Material Adjusting Journal Entries**

**Material Weakness in Internal Control over Financial Reporting**

*Criteria:* A good system of internal control contemplates an adequate system for recording and processing adjusting journal entries significant to the financial statements.

*Condition:* As part of our audit, we proposed material audit adjustments to the financial statements that were not detected by management.

*Cause:* Due to oversight by management, not all adjustments or transactions were recorded to the financial statements.

*Effect:* The control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

*Recommendation:* We recommend that all necessary adjustments and transactions are recorded by management prior to our audit.

*Views of Responsible Officials:* Management agrees with the finding.

**2018-003      Lack of Segregation of Duties**

**Significant Deficiency in Internal Control over Financial Reporting**

*Criteria* – The Authority has a limited number of office personnel and, accordingly, does not have adequate internal controls over significant accounting functions.

*Condition* – An effective internal control structure contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion. This is not unusual in an organization of your size, but management should constantly be aware of this condition and realize that the concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in management’s knowledge of the operations.

*Cause* – Due to the turnover of personnel during the year.

*Effect* – The control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

*Recommendation* – While we recognize that your office staff may not be large enough to permit complete segregation of duties in all respects for an effective system of internal accounting control over financial reporting and internal control over compliance, all accounting and compliance functions should be reviewed to determine if additional segregation is feasible and to improve efficiency and effectiveness of financial and compliance management of the Authority.

*Views of Responsible Officials* – Management agrees with the finding.

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

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**2018-004 U. S. Department of Housing and Urban Development – CFDA #14.871  
Section 8 Housing Choice Vouchers  
Applicable Federal Award Number and Year – Housing Choice Vouchers – 2018**

**Special Tests and Provisions – HQS Failed Inspections**

**Material Weakness in Internal Control over Compliance and Material Noncompliance**

*Criteria:* The Program requires the Authority to complete HQS inspections bi-annually.

*Condition:* We tested four failed HQS inspections and noted that the Authority did not complete re-inspections on two of these units within the required 30 days. We tried to complete additional testing over the failed HQS inspections, however, the Authority could not provide a complete list of failed inspections.

*Cause:* Employee turnover.

*Effect:* The Authority is not in compliance with program requirements.

*Questioned Costs:* N/A

*Context/Sampling:* A non-statistical sample of four of twelve failed inspections were selected for testing.

*Repeat Finding from Prior Year:* No

*Recommendation:* The Authority should implement a process to track all failed inspections to ensure re-inspections are completed timely. The Authority should also implement a reporting process to ensure all HQS failed inspections are documented.

*View of Responsible Officials:* Management agrees with the finding.

**2018-005 U. S. Department of Housing and Urban Development – CFDA #14.871  
Section 8 Housing Choice Vouchers  
Applicable Federal Award Number and Year – Housing Choice Vouchers – 2018**

**Special Tests and Provisions –HQS Quality Control Inspections**

**Material Weakness in Internal Control over Compliance**

*Criteria:* The Program requires the Authority to complete HQS quality control inspections annually.

*Condition:* The Authority performed HQS quality control inspections, however, they could not provide a complete list of the HQS quality control inspections they completed.

*Cause:* Employee turnover.

*Effect:* We were not able to test that the Authority completed HQS quality control inspections.

*Questioned Costs:* N/A

*Context/Sampling:* N/A

*Repeat Finding from Prior Year:* No

*Recommendation:* The Authority should implement policies and procedures to ensure that all HQS quality control inspections are tracked and documented.

*View of Responsible Officials:* Management agrees with the finding.

**2018-006 U. S. Department of Housing and Urban Development – CFDA #14.871  
Section 8 Housing Choice Vouchers  
Applicable Federal Award Number and Year – Housing Choice Vouchers – 2018**

**Eligibility**

**Significant Deficiency in Internal Control over Compliance**

*Criteria:* The Program requires the Authority to determine total rent payments in accordance with 24 CFR Section 5.613.

*Condition:* We tested 60 tenant files and noted six errors in the calculation of tenant income. The program specialist had all the correct income verifications; however, when calculating the tenant income, the specialist miscalculated income.

*Cause:* Human error

*Effect:* The errors resulted in one tenant who received less rent assistance for four months of 2018 and five tenants who received too much rent assistance for multiple months of 2018.

*Questioned Costs:* (\$3,263) and \$24,317

*Context/Sampling:* A non-statistical sample of 60 transactions were selected for testing, which accounted for \$58,369 of \$4,463,345 of federal program expenditures. The six errors resulted in a monthly error of (\$512) and \$3,816.

*Repeat Finding from Prior Year:* No

*Recommendation:* The Authority should implement a review process for annual and interim certifications to make sure income is calculated correctly.

*View of Responsible Officials:* Management agrees with the finding. The Authority has already notified the landlords and the tenants of interim changes and corrected the amount of HAP the tenant receives.

**2018-007 U. S. Department of Housing and Urban Development – CFDA #14.871  
Section 8 Housing Choice Vouchers  
Applicable Federal Award Number and Year – Housing Choice Vouchers – 2018**

**Reporting**

**Significant Deficiency in Internal Control over Compliance**

*Criteria:* The Program requires the Authority to submit timely GAAP-based unaudited financial information electronically to HUD within 60 days after the fiscal year-end.

*Condition:* The unaudited financial statements were not submitted within the appropriate time-frame allowed.

*Cause:* Human error and misunderstanding. The client received an email from HUD about extensions for filings for the fiscal years ending December 31, 2018. This related to Rural Development submissions but were misunderstood.

*Effect:* The error resulted in the unaudited financial statements being submitted electronically on March 9, 2019, which was outside the allowed timeframe.

*Questioned Costs:* N/A

*Context/Sampling:* The unaudited financial statements are only required to be submitted once a year, therefore was tested 100%.

*Repeat Finding from Prior Year:* No

*Recommendation:* The Authority should implement a monitor system that tracks the due dates and monitors to ensure reports are filed timely.

*View of Responsible Officials:* Management agrees with the finding.



Financial Data Schedules  
December 31, 2018

# Longmont Housing Authority

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
111 Cash - Unrestricted		\$1,239	\$54,736	\$2,260,286	\$29,383
112 Cash - Restricted - Modernization and Development					\$0
113 Cash - Other Restricted		\$123,672	\$423,746		\$34,594
114 Cash - Tenant Security Deposits			\$91,125	\$6,096	\$0
115 Cash - Restricted for Payment of Current Liabilities					\$0
100 Total Cash	\$0	\$124,911	\$569,607	\$2,266,382	\$63,977
121 Accounts Receivable - PHA Projects					\$0
122 Accounts Receivable - HUD Other Projects					\$0
124 Accounts Receivable - Other Government					\$0
125 Accounts Receivable - Miscellaneous		\$0	\$82,078	\$183,712	\$0
126 Accounts Receivable - Tenants		\$14,649	\$58,900	\$1,974	\$0
126.1 Allowance for Doubtful Accounts -Tenants	\$0	\$0	-\$34,894	\$0	\$0
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current					\$0
128 Fraud Recovery					\$0
128.1 Allowance for Doubtful Accounts - Fraud					\$0
129 Accrued Interest Receivable					\$0
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$0	\$14,649	\$106,084	\$185,686	\$0
131 Investments - Unrestricted					\$0
132 Investments - Restricted					\$0
135 Investments - Restricted for Payment of Current Liability					\$0
142 Prepaid Expenses and Other Assets		\$1,844	\$15,587	\$18,457	\$0
143 Inventories					\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
143.1 Allowance for Obsolete Inventories					\$0
144 Inter Program Due From					\$0
145 Assets Held for Sale					\$0
150 Total Current Assets	\$0	\$141,404	\$691,278	\$2,470,525	\$63,977
161 Land			\$1,117,000	\$420,522	\$0
162 Buildings			\$18,213,980	\$1,404,360	\$0
163 Furniture, Equipment & Machinery - Dwellings			\$602,905		\$0
164 Furniture, Equipment & Machinery - Administration		\$19,062		\$66,206	\$0
165 Leasehold Improvements					\$0
166 Accumulated Depreciation		-\$19,062	-\$2,437,148	-\$561,678	\$0
167 Construction in Progress					\$0
168 Infrastructure					\$0
160 Total Capital Assets, Net of Accumulated Depreciation	\$0	\$0	\$17,496,737	\$1,329,410	\$0
171 Notes, Loans and Mortgages Receivable - Non-Current			\$0	\$11,010,030	\$0
172 Notes, Loans, & Mortgages Receivable - Non Current - Past					\$0
173 Grants Receivable - Non Current					\$0
174 Other Assets			\$332,638		\$0
176 Investments in Joint Ventures					\$0
180 Total Non-Current Assets	\$0	\$0	\$17,829,375	\$12,339,440	\$0
200 Deferred Outflow of Resources		\$46,275	\$0	\$248,613	\$1,393
290 Total Assets and Deferred Outflow of Resources	\$0	\$187,679	\$18,520,653	\$15,058,578	\$65,370

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
311 Bank Overdraft					\$0
312 Accounts Payable <= 90 Days		\$7,648	\$60,620	\$10,321	\$213
313 Accounts Payable >90 Days Past Due		\$0			\$0
321 Accrued Wage/Payroll Taxes Payable				\$16,789	\$72
322 Accrued Compensated Absences - Current Portion		\$2,577		\$14,781	\$0
324 Accrued Contingency Liability			\$0		\$0
325 Accrued Interest Payable			\$15,632	\$47,706	\$0
331 Accounts Payable - HUD PHA Programs					\$22,572
332 Account Payable - PHA Projects					\$0
333 Accounts Payable - Other Government					\$0
341 Tenant Security Deposits			\$91,125	\$6,096	\$0
342 Unearned Revenue			\$21,988	\$92	\$0
343 Current Portion of Long-term Debt - Capital			\$49,528	\$21,209	\$0
344 Current Portion of Long-term Debt - Operating Borrowings				\$31,318	\$0
345 Other Current Liabilities			\$0	\$0	\$0
346 Accrued Liabilities - Other			\$12,775		\$0
347 Inter Program - Due To					\$0
348 Loan Liability - Current					\$0
310 Total Current Liabilities	\$0	\$10,225	\$251,668	\$148,312	\$22,857
351 Long-term Debt, Net of Current - Capital Projects/Mortgage			\$9,193,691	\$496,742	\$0
352 Long-term Debt, Net of Current - Operating Borrowings				\$1,193,052	\$0
353 Non-current Liabilities - Other			\$955,097		\$0
354 Accrued Compensated Absences - Non Current					\$0
355 Loan Liability - Non Current			\$529,996		\$0
356 FASB 5 Liabilities					\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
357 Accrued Pension and OPEB Liabilities		\$300,545		\$1,614,668	\$9,051
350 Total Non-Current Liabilities	\$0	\$300,545	\$10,678,784	\$3,304,462	\$9,051
300 Total Liabilities	\$0	\$310,770	\$10,930,452	\$3,452,774	\$31,908
400 Deferred Inflow of Resources		\$53,978		\$290,001	\$1,626
508.4 Net Investment in Capital Assets			\$7,723,522	\$811,459	\$0
511.4 Restricted Net Position	\$0	\$123,672			\$12,022
512.4 Unrestricted Net Position	\$0	-\$300,741	-\$133,321	\$10,504,344	\$19,814
513 Total Equity - Net Assets / Position	\$0	-\$177,069	\$7,590,201	\$11,315,803	\$31,836
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$0	\$187,679	\$18,520,653	\$15,058,578	\$65,370

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
111 Cash - Unrestricted	\$2,345,644	\$2,345,644
112 Cash - Restricted - Modernization and Development		
113 Cash - Other Restricted	\$582,012	\$582,012
114 Cash - Tenant Security Deposits	\$97,221	\$97,221
115 Cash - Restricted for Payment of Current Liabilities		
100 Total Cash	\$3,024,877	\$3,024,877
121 Accounts Receivable - PHA Projects		
122 Accounts Receivable - HUD Other Projects		
124 Accounts Receivable - Other Government		
125 Accounts Receivable - Miscellaneous	\$265,790	\$265,790
126 Accounts Receivable - Tenants	\$75,523	\$75,523
126.1 Allowance for Doubtful Accounts -Tenants	-\$34,894	-\$34,894
126.2 Allowance for Doubtful Accounts - Other	\$0	\$0
127 Notes, Loans, & Mortgages Receivable - Current		
128 Fraud Recovery		
128.1 Allowance for Doubtful Accounts - Fraud		
129 Accrued Interest Receivable		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$306,419	\$306,419
131 Investments - Unrestricted		
132 Investments - Restricted		
135 Investments - Restricted for Payment of Current Liability		
142 Prepaid Expenses and Other Assets	\$35,888	\$35,888
143 Inventories		
143.1 Allowance for Obsolete Inventories		

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
144 Inter Program Due From		
145 Assets Held for Sale		
150 Total Current Assets	\$3,367,184	\$3,367,184
161 Land	\$1,537,522	\$1,537,522
162 Buildings	\$19,618,340	\$19,618,340
163 Furniture, Equipment & Machinery - Dwellings	\$602,905	\$602,905
164 Furniture, Equipment & Machinery - Administration	\$85,268	\$85,268
165 Leasehold Improvements		
166 Accumulated Depreciation	-\$3,017,888	-\$3,017,888
167 Construction in Progress		
168 Infrastructure		
160 Total Capital Assets, Net of Accumulated Depreciation	\$18,826,147	\$18,826,147
171 Notes, Loans and Mortgages Receivable - Non-Current	\$11,010,030	\$11,010,030
172 Notes, Loans, & Mortgages Receivable - Non Current - Past		
173 Grants Receivable - Non Current		
174 Other Assets	\$332,638	\$332,638
176 Investments in Joint Ventures		
180 Total Non-Current Assets	\$30,168,815	\$30,168,815
200 Deferred Outflow of Resources	\$296,281	\$296,281
290 Total Assets and Deferred Outflow of Resources	\$33,832,280	\$33,832,280
311 Bank Overdraft		

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
312 Accounts Payable <= 90 Days	\$78,802	\$78,802
313 Accounts Payable >90 Days Past Due	\$0	\$0
321 Accrued Wage/Payroll Taxes Payable	\$16,861	\$16,861
322 Accrued Compensated Absences - Current Portion	\$17,358	\$17,358
324 Accrued Contingency Liability	\$0	\$0
325 Accrued Interest Payable	\$63,338	\$63,338
331 Accounts Payable - HUD PHA Programs	\$22,572	\$22,572
332 Account Payable - PHA Projects		
333 Accounts Payable - Other Government		
341 Tenant Security Deposits	\$97,221	\$97,221
342 Unearned Revenue	\$22,080	\$22,080
343 Current Portion of Long-term Debt - Capital	\$70,737	\$70,737
344 Current Portion of Long-term Debt - Operating Borrowings	\$31,318	\$31,318
345 Other Current Liabilities	\$0	\$0
346 Accrued Liabilities - Other	\$12,775	\$12,775
347 Inter Program - Due To		
348 Loan Liability - Current		
310 Total Current Liabilities	\$433,062	\$433,062
351 Long-term Debt, Net of Current - Capital Projects/Mortgage	\$9,690,433	\$9,690,433
352 Long-term Debt, Net of Current - Operating Borrowings	\$1,193,052	\$1,193,052
353 Non-current Liabilities - Other	\$955,097	\$955,097
354 Accrued Compensated Absences - Non Current		
355 Loan Liability - Non Current	\$529,996	\$529,996
356 FASB 5 Liabilities		
357 Accrued Pension and OPEB Liabilities	\$1,924,264	\$1,924,264

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Balance Sheet Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
350 Total Non-Current Liabilities	\$14,292,842	\$14,292,842
300 Total Liabilities	\$14,725,904	\$14,725,904
400 Deferred Inflow of Resources	\$345,605	\$345,605
508.4 Net Investment in Capital Assets	\$8,534,981	\$8,534,981
511.4 Restricted Net Position	\$135,694	\$135,694
512.4 Unrestricted Net Position	\$10,090,096	\$10,090,096
513 Total Equity - Net Assets / Position	\$18,760,771	\$18,760,771
600 Total Liabilities, Deferred Inflows of Resources and Equity -	\$33,832,280	\$33,832,280

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
70300 Net Tenant Rental Revenue			\$1,230,946	\$182,231	\$0
70400 Tenant Revenue - Other					\$0
70500 Total Tenant Revenue	\$0	\$0	\$1,230,946	\$182,231	\$0
70600 HUD PHA Operating Grants		\$4,866,734			\$84,415
70610 Capital Grants					\$0
70710 Management Fee					\$0
70720 Asset Management Fee					\$0
70730 Book Keeping Fee					\$0
70740 Front Line Service Fee					\$0
70750 Other Fees				\$406,445	\$0
70700 Total Fee Revenue					\$0
70800 Other Government Grants					\$0
71100 Investment Income - Unrestricted		\$450	\$3,321	\$375	\$56
71200 Mortgage Interest Income				\$385,331	\$0
71300 Proceeds from Disposition of Assets Held for Sale					\$0
71310 Cost of Sale of Assets					\$0
71400 Fraud Recovery		\$5,720			\$0
71500 Other Revenue			\$3,553,492	\$194,081	\$0
71600 Gain or Loss on Sale of Capital Assets				\$446,613	\$0
72000 Investment Income - Restricted					\$0
70000 Total Revenue	\$0	\$4,872,904	\$4,787,759	\$1,615,076	\$84,471
91100 Administrative Salaries		\$199,018	\$42,419	\$894,091	\$7,419

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
91200 Auditing Fees		\$14,109	\$25,470	\$20,486	\$620
91300 Management Fee			\$85,168		\$0
91310 Book-keeping Fee					\$0
91400 Advertising and Marketing		\$503	\$178	\$1,536	\$0
91500 Employee Benefit contributions - Administrative		\$70,831	\$13,268	\$157,787	\$1,208
91600 Office Expenses		\$59,661	\$20,400	\$39,595	\$313
91700 Legal Expense			\$3,435	\$32,968	\$0
91800 Travel				\$13,345	\$0
91810 Allocated Overhead					\$0
91900 Other		\$63,749	\$117,203	\$53,581	\$304
91000 Total Operating - Administrative	\$0	\$407,871	\$307,541	\$1,213,389	\$9,864
92000 Asset Management Fee					\$0
92100 Tenant Services - Salaries					\$0
92200 Relocation Costs					\$0
92300 Employee Benefit Contributions - Tenant Services					\$0
92400 Tenant Services - Other			\$153,795	\$26,874	\$0
92500 Total Tenant Services	\$0	\$0	\$153,795	\$26,874	\$0
93100 Water		\$67	\$24,673	\$1,658	\$2
93200 Electricity		\$719	\$79,704	\$7,419	\$17
93300 Gas		\$236	\$10,410	\$3,331	\$6
93400 Fuel					\$0
93500 Labor					\$0
93600 Sewer		\$101	\$26,613	\$1,974	\$2
93700 Employee Benefit Contributions - Utilities					\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
93800 Other Utilities Expense					\$0
93000 Total Utilities	\$0	\$1,123	\$141,400	\$14,382	\$27
94100 Ordinary Maintenance and Operations - Labor			\$95,100	\$9,004	\$8
94200 Ordinary Maintenance and Operations - Materials and			\$20,333	\$38,486	\$0
94300 Ordinary Maintenance and Operations Contracts		\$320	\$288,738	\$28,967	\$0
94500 Employee Benefit Contributions - Ordinary Maintenance			\$41,078	\$3,071	\$0
94000 Total Maintenance	\$0	\$320	\$445,249	\$79,528	\$8
95100 Protective Services - Labor					\$0
95200 Protective Services - Other Contract Costs			\$66,639	\$0	\$0
95300 Protective Services - Other					\$0
95500 Employee Benefit Contributions - Protective Services					\$0
95000 Total Protective Services	\$0	\$0	\$66,639	\$0	\$0
96110 Property Insurance			\$54,952	\$0	\$0
96120 Liability Insurance		\$2,695		\$0	\$0
96130 Workmen's Compensation					\$0
96140 All Other Insurance				\$18,017	\$0
96100 Total insurance Premiums	\$0	\$2,695	\$54,952	\$18,017	\$0
96200 Other General Expenses					\$0
96210 Compensated Absences		\$2,577		\$0	\$0
96300 Payments in Lieu of Taxes					\$0
96400 Bad debt - Tenant Rents					\$0
96500 Bad debt - Mortgages					\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
96600 Bad debt - Other					\$0
96800 Severance Expense					\$0
96000 Total Other General Expenses	\$0	\$2,577	\$0	\$0	\$0
96710 Interest of Mortgage (or Bonds) Payable			\$239,789	\$26,850	\$0
96720 Interest on Notes Payable (Short and Long Term)			\$195,622	\$0	\$0
96730 Amortization of Bond Issue Costs			\$0		\$0
96700 Total Interest Expense and Amortization Cost	\$0	\$0	\$435,411	\$26,850	\$0
96900 Total Operating Expenses	\$0	\$414,586	\$1,604,987	\$1,379,040	\$9,899
97000 Excess of Operating Revenue over Operating Expenses	\$0	\$4,458,318	\$3,182,772	\$236,036	\$74,572
97100 Extraordinary Maintenance					\$0
97200 Casualty Losses - Non-capitalized					\$0
97300 Housing Assistance Payments		\$4,463,345			\$63,884
97350 HAP Portability-In					\$0
97400 Depreciation Expense		\$0	\$597,488	\$55,936	\$0
97500 Fraud Losses					\$0
97600 Capital Outlays - Governmental Funds					\$0
97700 Debt Principal Payment - Governmental Funds					\$0
97800 Dwelling Units Rent Expense					\$0
90000 Total Expenses	\$0	\$4,877,931	\$2,202,475	\$1,434,976	\$73,783
10010 Operating Transfer In					\$0
10020 Operating transfer Out					\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
10030 Operating Transfers from/to Primary Government					\$0
10040 Operating Transfers from/to Component Unit					\$0
10050 Proceeds from Notes, Loans and Bonds					\$0
10060 Proceeds from Property Sales					\$0
10070 Extraordinary Items, Net Gain/Loss					\$0
10080 Special Items (Net Gain/Loss)					\$0
10091 Inter Project Excess Cash Transfer In					\$0
10092 Inter Project Excess Cash Transfer Out					\$0
10093 Transfers between Program and Project - In					\$0
10094 Transfers between Project and Program - Out					\$0
10100 Total Other financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$0	-\$5,027	\$2,585,284	\$180,100	\$10,688
11020 Required Annual Debt Principal Payments	\$0	\$0	\$286,104	\$104,336	\$0
11030 Beginning Equity	\$0	-\$172,042	\$5,004,918	\$11,135,703	\$21,148
11040 Prior Period Adjustments, Equity Transfers and Correction		\$0	-\$1		\$0
11050 Changes in Compensated Absence Balance					\$0
11060 Changes in Contingent Liability Balance					\$0
11070 Changes in Unrecognized Pension Transition Liability					\$0
11080 Changes in Special Term/Severance Benefits Liability					\$0
11090 Changes in Allowance for Doubtful Accounts - Dwelling					\$0
11100 Changes in Allowance for Doubtful Accounts - Other					\$0
11170 Administrative Fee Equity		-\$300,741			\$0
11180 Housing Assistance Payments Equity		\$123,672			\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Project Total	14.871 Housing Choice Vouchers	6.1 Component Unit - Discretely Presented	1 Business Activities	14.856 Lower Income Housing Assistance Program_Section 8 Moderate
11190 Unit Months Available	0	6108	1200	132	96
11210 Number of Unit Months Leased	0	4786	1200	132	96
11270 Excess Cash	\$0				\$0
11610 Land Purchases	\$0				\$0
11620 Building Purchases	\$0				\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0				\$0
11640 Furniture & Equipment - Administrative Purchases	\$0				\$0
11650 Leasehold Improvements Purchases	\$0				\$0
11660 Infrastructure Purchases	\$0				\$0
13510 CFFP Debt Service Payments	\$0				\$0
13901 Replacement Housing Factor Funds	\$0				\$0

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
70300 Net Tenant Rental Revenue	\$1,413,177	\$1,413,177
70400 Tenant Revenue - Other		
70500 Total Tenant Revenue	\$1,413,177	\$1,413,177
70600 HUD PHA Operating Grants	\$4,951,149	\$4,951,149
70610 Capital Grants		
70710 Management Fee		
70720 Asset Management Fee		
70730 Book Keeping Fee		
70740 Front Line Service Fee		
70750 Other Fees	\$406,445	\$406,445
70700 Total Fee Revenue		
70800 Other Government Grants		
71100 Investment Income - Unrestricted	\$4,202	\$4,202
71200 Mortgage Interest Income	\$385,331	\$385,331
71300 Proceeds from Disposition of Assets Held for Sale		
71310 Cost of Sale of Assets		
71400 Fraud Recovery	\$5,720	\$5,720
71500 Other Revenue	\$3,747,573	\$3,747,573
71600 Gain or Loss on Sale of Capital Assets	\$446,613	\$446,613
72000 Investment Income - Restricted		
70000 Total Revenue	\$11,360,210	\$11,360,210
91100 Administrative Salaries	\$1,142,947	\$1,142,947
91200 Auditing Fees	\$60,685	\$60,685

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
91300 Management Fee	\$85,168	\$85,168
91310 Book-keeping Fee		
91400 Advertising and Marketing	\$2,217	\$2,217
91500 Employee Benefit contributions - Administrative	\$243,094	\$243,094
91600 Office Expenses	\$119,969	\$119,969
91700 Legal Expense	\$36,403	\$36,403
91800 Travel	\$13,345	\$13,345
91810 Allocated Overhead		
91900 Other	\$234,837	\$234,837
91000 Total Operating - Administrative	\$1,938,665	\$1,938,665
92000 Asset Management Fee		
92100 Tenant Services - Salaries		
92200 Relocation Costs		
92300 Employee Benefit Contributions - Tenant Services		
92400 Tenant Services - Other	\$180,669	\$180,669
92500 Total Tenant Services	\$180,669	\$180,669
93100 Water	\$26,400	\$26,400
93200 Electricity	\$87,859	\$87,859
93300 Gas	\$13,983	\$13,983
93400 Fuel		
93500 Labor		
93600 Sewer	\$28,690	\$28,690
93700 Employee Benefit Contributions - Utilities		
93800 Other Utilities Expense		

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
93000 Total Utilities	\$156,932	\$156,932
94100 Ordinary Maintenance and Operations - Labor	\$104,112	\$104,112
94200 Ordinary Maintenance and Operations - Materials and	\$58,819	\$58,819
94300 Ordinary Maintenance and Operations Contracts	\$318,025	\$318,025
94500 Employee Benefit Contributions - Ordinary Maintenance	\$44,149	\$44,149
94000 Total Maintenance	\$525,105	\$525,105
95100 Protective Services - Labor		
95200 Protective Services - Other Contract Costs	\$66,639	\$66,639
95300 Protective Services - Other		
95500 Employee Benefit Contributions - Protective Services		
95000 Total Protective Services	\$66,639	\$66,639
96110 Property Insurance	\$54,952	\$54,952
96120 Liability Insurance	\$2,695	\$2,695
96130 Workmen's Compensation		
96140 All Other Insurance	\$18,017	\$18,017
96100 Total insurance Premiums	\$75,664	\$75,664
96200 Other General Expenses		
96210 Compensated Absences	\$2,577	\$2,577
96300 Payments in Lieu of Taxes		
96400 Bad debt - Tenant Rents		
96500 Bad debt - Mortgages		
96600 Bad debt - Other		

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
96800 Severance Expense		
96000 Total Other General Expenses	\$2,577	\$2,577
96710 Interest of Mortgage (or Bonds) Payable	\$266,639	\$266,639
96720 Interest on Notes Payable (Short and Long Term)	\$195,622	\$195,622
96730 Amortization of Bond Issue Costs	\$0	\$0
96700 Total Interest Expense and Amortization Cost	\$462,261	\$462,261
96900 Total Operating Expenses	\$3,408,512	\$3,408,512
97000 Excess of Operating Revenue over Operating Expenses	\$7,951,698	\$7,951,698
97100 Extraordinary Maintenance		
97200 Casualty Losses - Non-capitalized		
97300 Housing Assistance Payments	\$4,527,229	\$4,527,229
97350 HAP Portability-In		
97400 Depreciation Expense	\$653,424	\$653,424
97500 Fraud Losses		
97600 Capital Outlays - Governmental Funds		
97700 Debt Principal Payment - Governmental Funds		
97800 Dwelling Units Rent Expense		
90000 Total Expenses	\$8,589,165	\$8,589,165
10010 Operating Transfer In		
10020 Operating transfer Out		
10030 Operating Transfers from/to Primary Government		

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
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	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total	\$2,771,045	\$2,771,045
11020 Required Annual Debt Principal Payments	\$390,440	\$390,440
11030 Beginning Equity	\$15,989,727	\$15,989,727
11040 Prior Period Adjustments, Equity Transfers and Correction	-\$1	-\$1
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		
11100 Changes in Allowance for Doubtful Accounts - Other		
11170 Administrative Fee Equity	-\$300,741	-\$300,741
11180 Housing Assistance Payments Equity	\$123,672	\$123,672
11190 Unit Months Available	7536	7536

Longmont Housing Authority (CO070)

Longmont, CO

Entity Wide Revenue and Expense Summary

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2018

	Subtotal	Total
11210 Number of Unit Months Leased	6214	6214
11270 Excess Cash	\$0	\$0
11610 Land Purchases	\$0	\$0
11620 Building Purchases	\$0	\$0
11630 Furniture & Equipment - Dwelling Purchases	\$0	\$0
11640 Furniture & Equipment - Administrative Purchases	\$0	\$0
11650 Leasehold Improvements Purchases	\$0	\$0
11660 Infrastructure Purchases	\$0	\$0
13510 CFFP Debt Service Payments	\$0	\$0
13901 Replacement Housing Factor Funds	\$0	\$0