HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

TABLE OF CONTENTS

DECEMBER 31, 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Colorado Springs
Colorado Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Colorado Springs ("Housing Authority"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Housing 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 are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Housing Authority'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 Housing Authority'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority, as of December 31, 2019, 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 on pages 4 to 9 and PERA of Colorado pension schedules and Health Care Trust Fund schedule on pages 44 and 45 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 an opinion on the financial statement that collectively comprise the Housing Authority's basic financial statements. The combining financial statements and statement and certification of actual modernization costs are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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* (Uniform Guidance), and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements.

The combining financial statements, statement and certification of actual modernization costs, and 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, statement and certification of actual modernization costs, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2020, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 8, 2020

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

As management of the Housing Authority of the City of Colorado Springs (the "Housing Authority"), we offer the readers of the Housing Authority's financial statements this narrative overview of the financial activities of the Housing Authority for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements.

Financial Highlights

- The assets of the Housing Authority exceeded its liabilities at December 31, 2019 by $29,570,121 (Net Position).

- The Housing Authority's total cash balance at December 31, 2019 was $15,009,033 representing an increase of $2,931,887 from December 31, 2018.

- The Housing Authority had an operating revenue of $32,174,511 and net nonoperating revenue and capital grants of $1,018,360 during 2019. Net position increased by $3,028,526 during 2019 compared to an increase of $473,361 in 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Housing Authority's financial statements. The Housing Authority's financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following financial statements are included:

- The *Statement of Net Position* presents information on all of the Housing Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.

- The *Statement of Revenue, Expenses, and Changes in Net Position* reports the Housing Authority's operating and nonoperating revenue, by major source, along with operating and nonoperating expenses.

- The *Statement of Cash Flows* reports the Housing Authority's cash flows from operating, non-capital financing, investing, and capital and related financing activities.

- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

- Supplementary information includes the *Combining Statement of Net Position* and the *Combining Statement of Revenue, Expenses, and Changes in Net Position.* The combining schedules report the balances and activity in the individual program types of the Housing Authority, combining them into a total column. The *Schedule of Expenditures of Federal Awards* is also presented for purposes of additional analysis as required by the U.S. Office of Management and Uniform Guidance, *Audits of States, Local Governments, and Non-profit Organizations.*

The Housing Authority's Programs

- Low-Income Public Housing Program - Under the Low-Income Public Housing Program, the Housing Authority rents units that it owns to low-income households. The Low-Income Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Housing Authority to provide the housing at a rent that is based upon 30 percent of household income. The Low-Income Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Housing Authority's properties.

- Section 8 Housing Choice Vouchers Program - Under the Section 8 Housing Choice Vouchers Program, the Housing Authority administers contracts with independent landlords that own the property. The Housing Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Housing Authority to structure a lease that sets the participants' rents at 30 percent of household income.

- Section 8 Housing Assistance Program Special Allocations - Under the Section 8 Housing Assistance Program Special Allocations, the Housing Authority rents units that it owns to low-income households. A portion of those rents are received directly from the tenants and the remaining portion is received from a HUD Section 8 Subsidy. The tenants' portion of the rents is based upon 30 percent of household income. The Housing Authority owns four buildings, consisting of 18 total units under the Section 8 Housing Assistance Program Special Allocations.

- Section 8 New Construction Program - Under the Section 8 New Construction Program, the Housing Authority owns a high-rise apartment building containing 99 units. The building is for senior citizen and/or handicapped residents only and rents are calculated and received similar to the Section 8 Housing Assistance Program Special Allocations described above.

- Section 8 Moderate Rehabilitation Program - Under the Section 8 Moderate Rehabilitation Program, the Housing Authority administers contracts with landlords. This program is similar to the Section 8 Housing Choice Vouchers Program.

- Section 8 Moderate Rehabilitation Single Room Occupancy Program - Under the Section 8 Moderate Rehabilitation Single Room Occupancy Program, the Housing Authority contracts with a landlord of a thirty-one unit single room apartment complex. This program is similar to the Section 8 Housing Choice Vouchers Program, however is limited to single individuals and is intended for homeless prevention.

- Shelter Plus Care Program - The Shelter Plus Care Program is similar to the Housing Choice Vouchers Program, described above, however it is designed to place homeless military veterans into housing.

- Home Investment Partnership Programs - The Home Investment Partnership Programs consist of various programs that receive Federal Home Funds. The two primary programs under the Home Investment Partnership Programs are the Home Ownership Program and the Housing Allowance Program.

  Under the Home Ownership Program, first-time, median income home buyers were loaned up to a $10,000 second mortgage at a 1.50 percent annual interest rate. The Home Ownership Program was funded by Federal HOME Funds received through the City of Colorado Springs and the State Division of Housing, and also by loans from El Paso County, Colorado and the Colorado Housing and Finance Authority. Current loans are being serviced; however, no new loans are being made.

The Housing Authority's Programs - Continued

The Housing Allowance Program is a tenant based rental assistance program, similar in nature to the Section 8 Housing Choice Vouchers Program described above. The funding for this program is by Federal HOME Funds received from the City of Colorado Springs.

- Other Programs - The Housing Authority owns and operates numerous other non-HUD funded affordable housing projects for both low-income and senior citizens. In addition, the Housing Authority manages a 33-unit senior apartment building for a Section 501(c)(3) corporation, Senior Heritage Plaza, Inc.

Financial Analysis

Condensed Statement of Net Position for the Years Ended December 31, 2019 and 2018:

	2019	2018	% INCREASE/ (DECREASE)
Current Assets	$15,518,339	$12,636,237	$2,882,102
Capital Assets, Net	30,462,115	32,046,536	(1,584,421)
Other Noncurrent Assets	501,762	633,916	(132,154)
Deferred Outflows of Resources	1,305,323	724,055	581,268
Total Assets and Deferred Outflows of Resources	47,787,539	46,040,744	1,746,795
Current Liabilities	2,613,821	2,010,716	603,105
Noncurrent Liabilities	15,560,053	16,334,954	(774,901)
Deferred Inflows of Resources	43,544	1,153,479	(1,109,935)
Total Liabilities and Deferred Inflows of Resources	18,217,418	19,499,149	(1,281,731)
Net Investment in Capital Assets	19,817,806	20,728,741	(910,935)
Restricted Net Position	3,154,426	2,106,164	1,048,262
Unrestricted Net Position	6,597,889	3,706,690	2,891,199
Total Net Position	**$29,570,121**	**$26,541,595**	**$3,028,526**

Major factors affecting the Statement of Net Position:

Total assets increased by $1,746,795 or 3.7%. This increase is due to an increase in restricted and unrestricted cash and investments.

Total liabilities saw a decrease of ($1,281,731) during 2019, or (6.5%). The decrease is due to lower deferred inflows of resources and repayment of long-term debt.

The Housing Authority's net investment in capital assets decreased by ($910,935) or (4.4%), its restricted net position increased by $1,048,262 or 49.8%, and its unrestricted net position increased by $2,891,199 or 78.0% during 2019.

Financial Analysis - Continued

Condensed Statement of Revenue, Expenses, and Changes in Net Position:

	YEAR ENDED DECEMBER 31, 2019	YEAR ENDED DECEMBER 31, 2018	% INCREASE/ (DECREASE)
Operating Revenue:			
Dwelling Rental	$ 8,661,638	$ 8,201,240	5.6%
Operating Grants	22,375,307	20,825,858	7.4
Other Operating Revenue	1,137,566	1,274,629	(10.8)
Total Operating Revenue	32,174,511	30,301,727	6.2
Operating Expenses:			
Administrative	3,561,166	4,064,831	(12.4)
Tenant Services	24,891	50,480	(50.7)
Utilities	1,351,732	1,348,613	0.2
Maintenance and Operations	3,448,766	4,021,446	(14.2)
General Expenses	887,640	787,640	12.7
Housing Assistance Payments	17,479,949	16,569,456	5.5
Depreciation	3,104,109	3,122,034	(0.6)
Total Operating Expenses	29,858,253	29,964,500	(0.4)
Net Operating Income	2,316,258	337,227	586.9
Nonoperating (Expense) Revenue:			
Interest Expense	(363,183)	(392,504)	7.5
(Loss) on Disposal of Capital Assets	-	(117,427)	100.0
Investment Income	57,091	38,687	47.6
Net Nonoperating (Expense)	(306,092)	(471,244)	35.0
Change in Net Position Before Capital Grants	2,010,166	(134,017)	
Capital Grants	1,018,360	1,033,397	(1.5)
Change in Net Position	3,028,526	899,380	
Net Position - January 1	26,541,595	26,068,234	
Change in Accounting Principle	-	(426,019)	100.0
Net Position - December 31	**$29,570,121**	**$26,541,595**	**11.4%**

Major factors affecting the Statement of Revenue, Expenses, and Changes in Net Position:

Tenant rental income was up $460,398 during 2019 while operating grant revenue up $1,549,449.

Long-Term Debt

As of December 31, 2019, the Housing Authority had $11,146,156 in debt (bonds, notes, etc.) outstanding compared to $11,940,260 as of December 31, 2018; a net decrease of $794,104.

Long-Term Debt consisted of the following:

	DECEMBER 31, 2019	DECEMBER 31, 2018
Total Loans	$11,146,156	$11,940,260
Less: Current Portion	(1,483,373)	(801,913)
Noncurrent Portion	**$ 9,662,783**	**$11,138,347**

Long-term debt was reduced by debt principal payments and write-offs during the year. The Housing Authority operates a second mortgage program for low-income home buyers. Loans from El Paso County and the Colorado Housing and Finance Authority (CHFA) were used to finance the second mortgage program. Should a homebuyer default on the second mortgage and the mortgage is written off, the Authority's loan balances to El Paso County, CHFA or the City of Colorado Springs are also reduced. The Housing Authority does not carry the risk on the second mortgages supported by these loans.

Changes in long-term debt are summarized below:

Schedule of Changes in Notes and Bonds Payable

12/31/2018	Borrowings	Principal Repayment	12/31/2019
$11,940,260	**$ -**	**$(794,104)**	**$11,146,156**

Additional information on the Housing Authority's long-term debt is presented in the notes to the financial statements.

Capital Assets

As of December 31, 2019, the Housing Authority had $32,046,536 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of ($1,345,827) from December 31, 2018.

	DECEMBER 31, 2019	DECEMBER 31, 2018
Land	$ 8,356,618	$ 8,356,618
Buildings and Improvements	92,766,523	91,300,814
Furniture and Equipment	1,162,961	1,093,945
Accumulated Depreciation	(72,842,347)	(69,738,238)
Construction in Progress	1,018,360	1,033,397
Total	**$ 30,462,115**	**$ 32,046,536**

Capital Assets - Continued

The following reconciliation summarizes the Change in Capital Assets, which is presented in detail in the notes to the financial statements.

Changes in Capital Assets

Beginning Balance	$32,046,536
Additions	1,519,688
(Net) Deletions	-
Depreciation	(3,104,109)
Ending Balance	**$30,462,115**

This year's major additions to Capital Assets were:

Prospect /Arcadia ADA Remodel
Amp 1 Roofs
Yuma Court Roof
Meadow Park Window & Siding

Future Events

At present, funding levels for CSHA's primary programs have not been determined for FY 2019. The consensus at this point is that a continuing resolution will be enacted until a formal budget is approved. CSHA staff will continually monitor this issue moving forward.

Contacting the Housing Authority's Financial Management

This financial report is designed to provide a general overview of the Housing Authority's accountability for all those interested. Any questions regarding the financial information should be submitted in writing to:

Housing Authority of the City of Colorado Springs
Attn: Chad Wright, Executive Director
P.O. Box 1575, MC 1490
Colorado Springs, CO 80901

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT OF NET POSITION
DECEMBER 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 10,303,438
Cash and cash equivalents - restricted	4,705,595
Receivables	
Tenants, net of allowance for doubtful accounts	13,281
Other	239,923
Due from other governments	96,733
Inventory	71,612
Prepaid expenses	250
Current portion of notes receivable, net of allowance for doubtful accounts	87,507
TOTAL CURRENT ASSETS	15,518,339
NONCURRENT ASSETS	
Notes receivable, net of allowance for doubtful accounts	501,736
Other assets	26
Land	8,356,618
Buildings and improvements	92,766,523
Furniture and equipment	1,162,961
Construction in progress	1,018,360
Less accumulated depreciation	(72,842,347)
TOTAL NONCURRENT ASSETS	30,963,877
TOTAL ASSETS	46,482,216
DEFERRED OUTFLOWS OF RESOURCES	
Pension (PERA of Colorado)	1,269,498
OPEB (PERA of Colorado)	35,825
TOTAL DEFERRED OUTFLOWS OF RESOURSES	1,305,323
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 47,787,539**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 24,126
Accrued payroll liabilities	124,121
Accrued interest	28,907
Accrued expenses	80,427
Compensated absences	141,961
Unearned revenue	87,263
Due to other governments	172,787
Tenants' security deposits	470,856
Current portion of long-term debt	1,483,373
TOTAL CURRENT LIABILITIES	2,613,821
NONCURRENT LIABILITIES	
Net pension liability (PERA of Colorado)	5,307,054
Net OPEB liability (PERA of Colorado)	445,388
Long-term debt	9,662,783
Compensated absences	144,828
TOTAL NONCURRENT LIABILITIES	15,560,053
TOTAL LIABILITIES	18,173,874
DEFERRED INFLOWS OF RESOURCES	
Pension (PERA of Colorado)	23,468
OPEB (PERA of Colorado)	20,076
TOTAL DEFERRED INFLOWS OF RESOURCES	43,544
NET POSITION	
Net investment in capital assets	19,817,806
Restricted	3,154,426
Unrestricted	6,597,889
TOTAL NET POSITION	29,570,121
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 47,787,539**

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUE	
Dwelling rental	$ 8,661,638
Operating grants	22,375,307
Other operating revenue	1,137,566
TOTAL OPERATING REVENUE	32,174,511
OPERATING EXPENSES	
Administration	3,561,166
Tenant services	24,891
Utilities	1,351,732
Maintenance and operations	3,448,766
General expenses	887,640
Housing assistance payments	17,479,949
Depreciation	3,104,109
TOTAL OPERATING EXPENSES	29,858,253
OPERATING INCOME	2,316,258
NONOPERATING REVENUE (EXPENSE)	
Interest income	57,091
Interest expense	(363,183)
NET NONOPERATING (EXPENSE)	(306,092)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	2,010,166
CAPITAL GRANTS	1,018,360
CHANGE IN NET POSITION	3,028,526
NET POSITION AT BEGINNING OF YEAR	26,541,595
NET POSITION AT END OF YEAR	**$ 29,570,121**

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from tenants/participants	$ 8,585,508
Cash received from operating grants	22,460,177
Other income received	1,137,566
Cash payments to tenants/participants	(22,723)
Cash payments to vendors	(5,700,129)
Cash payments to employees	(4,583,355)
Cash payments for housing assistance	(17,479,949)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,397,095
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants	1,018,360
Acquisition of capital assets	(1,519,688)
Principal payments	(794,104)
Interest paid	(365,733)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,661,165)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments received on notes receivable	138,733
Interest received	57,224
NET CASH PROVIDED BY INVESTING ACTIVITIES	195,957
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,931,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	12,077,146
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 15,009,033**

RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION

Cash and cash equivalents	$ 10,303,438
Cash and cash equivalents - restricted	4,705,595
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ 15,009,033**

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	$ 2,316,258
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,104,109
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable	(6,818)
Notes receivable	(6,149)
Due from other governments	87,497
Inventory	(31,457)
(Decrease) increase in liabilities	
Accounts payable	(20,592)
Accrued payroll liabilities	11,270
Accrued expenses	33,556
Due to other governments	4,635
Unearned revenue	(119,309)
Compensated absences	61,437
Tenants' security deposits	24,601
Net pension liability and deferred inflows/outflows	(1,065,108)
Net OPEB liability and deferred inflows/outflows	3,165
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 4,397,095**

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

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization - The Housing Authority of the City of Colorado Springs ("Housing Authority") is a political subdivision, which was organized under the laws of the State of Colorado to provide low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal Agencies. The Housing Authority was established under the provision of Colorado Statutes, to provide adequate housing at rents which persons of low-income can afford in areas where there exists a shortage. To accomplish this purpose, the Housing Authority has entered into annual contributions contracts with the U.S. Department of Housing and Urban Development (HUD) to be the Administrator of Low Income and Section 8 programs.

Reporting Entity

The Housing Authority is a separate governmental entity created for the purpose of constructing, maintaining, and operating public housing and providing rental assistance to low income, disabled, and elderly persons. Most of the Housing Authority's funding is provided by the United States Department of Housing and Urban Development (HUD). All programs of the Housing Authority are included in these statements. The Housing Authority has no component units.

Programs Administered by the Housing Authority

The programs of the Housing Authority are recorded on one enterprise fund. Each program is maintained using a separate set of self-balancing accounts. The programs include low income public housing (AMP 1-3 and capital funds), Section 8 Housing Choice Vouchers, Section 8 Moderate Rehab, Section 8 Moderate Rehab SRO, several state/local programs, Section 8 New Construction, Shelter Plus Care, a Central Office Cost Center (COCC), a HOME Investment Partnership, and a Section 8 Special Allocations program.

A listing of state/local programs is as follows:

- Southview Plaza
- Firtree Apartments
- Heatherwood Apartments
- Garden Pines Apartments
- Yuma Court Townhomes
- Creekside at Norwood
- Shooks Run Apartments
- Rio Grande Village I, II, and III
- Franklin Square Apartments
- Lowell School
- Park Meadows Affordable Housing
- The Winfield Apartments
- West Meadows Apartment Homes
- Chestnut Glen Townhomes
- Winfield Preservation
- Shadow Wood Chalet Apartments
- Wyndam Place Senior Residences I and II
- Village of Homewood Point (CS Pike Senior)
- Air Force Academy Housing
- Greentree Village Apartments
- Human Services Complex
- Bentley Commons (GPR Properties)
- CD Smith Trust Fund
- Point of Pines Gardens
- Copper Creek Apartments
- Valley View Place
- Summit Apartments
- Copper Range Apartments
- Traditions at Colorado Springs
- Greenway Flats
- The Creek at Cottonwood

Basis of Accounting and Measurement Focus - The Housing Authority's basic financial statements are presented on the full accrual basis in accordance with U.S. GAAP. The Housing Authority applies all GASB pronouncement, as well as U.S. GAAP, as codified by Financial Accounting Standards Board.

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies

All activities of the Housing Authority are accounted for within one proprietary (enterprise) fund. A proprietary fund is used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

A proprietary fund distinguishes operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Housing Authority is rent collected from tenants and operating grants. Operating expenses for a proprietary fund include the cost of operating properties owned, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

The accounting and financial reporting treatment applied to the Housing Authority is determined by its measurement focus. The transactions of the Housing Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for use, it is the Housing Authority's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budgets - Budgets are adopted on the basis of accounting consistent with the program to which it applies. The Housing Authority prepares annual operating budgets for the housing programs. The capital fund budgets are adopted on a "project length" basis. The budgets are formally adopted by its governing board and are approved by the funding agency. The budgets for the programs funded by HUD form the basis of the federal financial assistance received through HUD.

Budget compared to actual presentation has been omitted because the Housing Authority does not annually adopt a legally authorized budget. The Housing Authority's budget is adopted by the Housing Authority's board and approved by HUD. This budget does not represent an appropriated budget that has been signed into law or a non-appropriated budget authorized by constitution. The Housing Authority's budget represents budgetary execution and management by its board and HUD, therefore, budgetary data and presentation is not required.

Cash and Cash Equivalents - Cash and cash equivalents consist of checking, savings and money market accounts and are stated at fair value. Deposits are fully collateralized and are identified specifically in the name of the Housing Authority.

For the purposes of the statement of cash flows, the Housing Authority considers all highly liquid deposits (including restricted assets) with a maturity of three months or less when purchased and non-negotiable certificates of deposit to be cash equivalents. There were no non-cash investing, capital and financing activities during the year.

Cash and Cash Equivalents - Restricted - Restricted cash and cash equivalents are segregated resources for tenants' security deposits, reserve for replacements, lender restrictions, tenants' family self-sufficiency deposits, and unspent housing assistance payments.

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Accounts Receivable - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts of $2,948. The Housing Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Notes Receivable - Notes receivable are recorded at net amount. Notes receivable consist of mortgage receivable and notes for fraud recovery income. At December 31, 2019, the allowance for uncollectible mortgages receivable, tenant repayment agreements and notes for fraud recovery was $4,181.

Inventories - Inventories are valued at cost, which approximates market value, using the weighted average method. The consumption method is applied and expense is charged when inventory items are used for the units.

Interprogram Transactions - Quasi-external transactions are accounted for as revenue or expenses. Transactions that constitute reimbursements to a program for expenses initially made from it that are properly applicable to another program, are recorded as expenses in the reimbursing program and as reductions of expenses in the program that is reimbursed.

Capital Assets - Capital assets purchased are capitalized at the time of purchase. Such assets are recorded at cost. Donated assets are recorded at fair market value at the date of donation. Because developments and major capital repairs or improvements are financed through cash reimbursements from HUD, there are no capitalized interest costs in current programs.

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

Class	Life
Buildings and improvements	15-20 years
Furniture and equipment	3-10 years

Expenditures for land, buildings and equipment in excess of $3,000 per item are capitalized for all programs. The Housing Authority owns no infrastructure assets.

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered if the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2019.

Other Assets - Other assets consist of investments in joint ventures.

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

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Deferred Outflows and Inflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The Housing Authority has two items that qualify for reporting in this category: PERA of Colorado pension plan and PERA of Colorado OPEB Health Care Trust Fund.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position which applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Housing Authority has two items that qualify for reporting in this category: PERA of Colorado pension plan and PERA of Colorado OPEB Health Care Trust Fund.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERA and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. 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.

Net Position Classifications - Net position represents the difference between the total assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement for those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Rental Income - Rental income is recognized as rents become due.

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

Revenue associated with these leases is recorded in the financial statements and schedules as "rental income". Rental income from residents generally remains consistent from year to year, but is affected by general economic conditions which impact personal income, such as local job availability.

Operating Revenue and Expenses - Operating revenue and expenses generally result from providing and producing goods and/or services in connection with providing low-income housing programs. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - Nature of Organization and Summary of Significant Accounting Policies - Continued

Federal and State Aids - Federal and state aids for reimbursable programs are recognized as revenue in the year the related program expenditures are incurred. Aids received prior to meeting revenue recognition criteria are recorded as deferred revenue.

Due To/From Other Programs - During the course of operations, numerous transactions occur between individual programs for goods provided or services rendered. These receivables and payables are classified as "due from other programs" or "due to other programs" on the combining statement of net position and have been eliminated in the basic financial statements.

Employee Retirement Plan - The Housing Authority has a retirement plan covering substantially all of its eligible employees which is funded through contributions to the Public Employees' Retirement Association of Colorado.

Subsequent Events - The Housing Authority has evaluated subsequent events through June 8, 2020, the date which the financial statements were available to be issued.

NOTE 2 - Cash and Cash Equivalents

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

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

Risk Disclosures:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Housing Authority's investment policy limits the Housing Authority's investment portfolio to maturities not to exceed three years at time of purchase. At December 31, 2019, the Housing Authority's deposits were not limited and all of which are either available on demand or have maturities of less than three years.

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

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

NOTE 2 - Cash and Cash Equivalents - Continued

Deposits: The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash be deposited in eligible public depositories. Eligibility is determined by state statutes and regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At December 31, 2019, $14,791,559 of the Housing Authority's bank balance of $15,552,541 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	**$ 14,791,559**

At December 31, 2019, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	$ 10,303,438
Cash and cash equivalents - restricted	4,705,595
	$ 15,009,033

The difference between cash and cash equivalents and the deposits reported above is due to reconciling items such as deposits in transit and outstanding checks.

NOTE 3 - Notes Receivable

The Housing Authority's Home Ownership Program provides low interest second mortgages to families who meet certain income and other guidelines. The second mortgages range from $2,500 to $30,000 at 1.5 percent annual interest rate for a 30-year term, with principal and interest payable in monthly installments.

The Housing Authority also has notes with tenants for fraud recovery payments and rent repayment agreements.

Notes receivable (net of allowance of $4,181) at December 31, 2019, consists of the following:

Current portion, net	$ 87,507
Noncurrent portion, net	501,736
TOTAL NOTES RECEIVABLE, NET	**$ 589,243**

NOTE 4 - Capital Assets

A summary in changes in capital assets is as follows:

	BALANCE 12/31/18	ADDITIONS	REDUCTIONS	TRANSFERS	BALANCE 12/31/19
Capital assets not being depreciated:					
Land	$ 8,356,618	$ -	$ -	$ -	$ 8,356,618
Construction in progress	1,033,397	1,018,360	-	(1,033,397)	1,018,360
Total capital assets not being depreciated	9,390,015	1,018,360	-	(1,033,397)	9,374,978

NOTE 4 - Capital Assets - Continued

A summary in changes in capital assets is as follows:

	BALANCE 12/31/18	ADDITIONS	REDUCTIONS	TRANSFERS	BALANCE 12/31/19
Capital assets being depreciated:					
Buildings and improvements	$ 91,300,814	$ 437,745	$ -	$ 1,027,964	$ 92,766,523
Furniture and equipment	1,093,945	63,583	-	5,433	1,162,961
Total capital assets being depreciated	92,394,759	501,328	-	1,033,397	93,929,484
Less accumulated depreciation	(69,738,238)	(3,104,109)	-	-	(72,842,347)
Total capital assets being depreciated, net of accumulated depreciation	22,656,521	(2,602,781)	-	1,033,397	21,087,137
Total Capital Assets, Net of Accumulated Depreciation	**$ 32,046,536**	**$(1,584,421)**	**$ -**	**$ -**	**$ 30,462,115**

NOTE 5 - Investment in Joint Ventures

The Housing Authority is a general partner in the West Meadows Apartment Homes, LLLP (the Partnership), a Colorado limited liability limited partnership. The Partnership was formed to develop and operate a 216 unit apartment complex in Colorado Springs, Colorado and began operations in June, 2002. The Housing Authority does not share in the profits or losses of the LLLP.

The Housing Authority is also a special member of the Academy Heights Housing Partners, LLC (the Company), a Colorado limited liability company. The Company was organized to construct and operate a 160 unit apartment complex called the Winfield Apartments located in Colorado Springs, Colorado. Operations commenced in May 2002. The Housing Authority does not received any allocation of operating profits and losses from the LLC. For the year ended December 31, 2019, the Housing Authority earned a special member annual fee of $24,703.

The Housing Authority is also a .0051 percent majority general partner in the Wyndam-Colorado Springs Partners, L.P. (the Partnership), a Colorado limited partnership. The Partnership was organized in July 2003 to develop and operated a 72 unit affordable apartment complex for senior citizens in Colorado Springs, Colorado, known as Wyndam Colorado Springs Apartments. Operations commenced in October 2004. The Housing Authority is allocated .0051 percent of the Partnership’s operating profits and losses each year. The Partnership incurred a net financial income for the year ended December 31, 2019 of $110,644 of which an income of $6 was allocated to the Housing Authority. At December 31, 2019, the Housing Authority’s equity share was ($116).

The Housing Authority is also a .0051 percent majority general partner in the Wyndam-Colorado Springs Partners II, L.P. (the Partnership), a Colorado limited partnership. The Partnership was organized in August 2007, to develop and operate a 48 unit affordable apartment complex for senior citizens in Colorado Springs, Colorado, known as Wyndam II Colorado Springs Apartments Operations commenced January 2008. The Housing Authority is allocated .0051 percent of the Partnership’s operating profits and losses each year. The Partnership incurred a net financial loss for the year ended December 31, 2019 of ($105,481) of which a loss of ($5) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority’s equity share was ($35).

NOTE 5 - Investment in Joint Ventures - Continued

In July 2003, the Housing Authority became a 1.0 percent member of the Park Meadows Affordable Housing, LLC (the LLC), a Colorado limited liability company. The LLC was formed in January 2002 to acquire, own and operate an apartment complex known as the Park Meadows Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority has a 1.0 percent capital interest in the LLC only and does not receive any allocation of operating profits and losses from the LLC. Therefore, none are recorded in the accompanying financial statements.

In May 2007, the Housing Authority became a .001 percent Class B Limited Partner of the GT Apartments LLLP (the Partnership), a Colorado limited partnership. The Partnership was formed in December 2006 to acquire, own and operate an apartment complex known as the Green Tree Village Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority is allocated .001 percent of the Partnership's operating profits and losses each year. The Partnership incurred a net financial loss for the year ended December 31, 2019 of ($598,430) of which a loss of ($6) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was ($88).

In May 2007 the Housing Authority became a 1.0 percent member of AFA Project Sublessee, LLC (the AFA), a Delaware limited liability company. The AFA was formed to develop and lease a private housing project (the Project) located on the U.S. Air Force Academy in El Paso County, Colorado. The Project will provide affordable housing to low and moderate income military and civilian personnel stationed at the U.S. Air Force Academy. For the year ended December 31, 2019, the Housing Authority earned a participation fee of $191,995. The Housing Authority is not liable for any of the AFA's debt. The AFA has no assets or liabilities and produces no revenue, so no financial statements are prepared.

In December 2009, the Housing Authority became a 1.0 percent member of GPR Properties II, LLC, (the LLC) a Colorado Limited Liability Company. The LLC owns and operates the Bentley Commons Apartments, an affordable housing apartment for low and moderate income individuals in Colorado Springs, Colorado. The Housing Authority does not share in the profits or loss of the LLC, but instead receives an annual payment from the LLC equal to approximately one-third of the LLC's annual property tax savings.

In October 2010, the Housing Authority became a .005 percent special limited partner of the CS Pike Senior 2010 L.P. (the Partnership), a Colorado limited partnership. The purpose of the Partnership is to develop and operate the 70 unit Senior Apartments called the Village at Homewood Point in Colorado Springs, Colorado, in a manner that provides decent, safe, affordable housing for low income persons. The Partnership agreed to maintain four units to be leased at 30 percent of area median income instead of 40 percent of area median income as a condition of acceptance of a limited partner interest by the Housing Authority. In consideration of the administration costs of the Housing Authority, the Partnership pays the Housing Authority an annual fee of $750, which was still owed as of December 31, 2019. The Partnership incurred a net financial loss for the year ended December 31, 2019 of ($63,533) of which a loss of ($8) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was (103).

In July 2011, the Housing Authority became a .0005 percent special administrative member of Point of the Pines LLC, (the LLC) a Colorado Limited Liability Company formed to develop and operate a 110 unit affordable assisted living facility in Colorado Springs, Colorado for low-income elderly and disabled persons. The Housing Authority receives a special administrative fee of $10,000 annually. The Partnership's financial statements were not made available by the date of the Audit Report.

NOTE 5 - Investment in Joint Ventures - Continued

In May 2013, the Housing Authority became a .001 percent Class B Limited Partner of the Copper Creek Apartments LLC, (the LLC), a Colorado limited liability company. The LLC was formed in May 2013 to acquire, own and operate a 216 unit apartment complex known as the Copper Creek Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority is allocated .001 percent of the LLC's operating profits and losses. The LLC incurred a net financial loss for the year ended December 31, 2019 of ($892,771) of which a loss of ($89) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was ($418). The Housing Authority received an annual fee of $9,000.

In June 2016, the Housing Authority became a .01 percent Special Member Interest Partner of Summit Apartments, LLC (the LLC), a Colorado limited liability company. The LLC was formed in June 2016 to acquire, own and operate a 256 unit apartment complex known as the Summit Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority receives an annual payment of $11,520 from the Partnership. The Housing Authority does not share in the profits or loss of the LLC.

In November 2015, the Housing Authority became a .01 percent Special Administrative Limited Partner of Valley View Place LLLP (the LLLP), a Colorado limited liability partnership. The LLLP was formed in November 2015 to acquire, own, develop, construct, lease, manage, and operate Valley View Apartments a 24-unit apartment complex located Woodland Park, Colorado for the specific purpose of providing affordable housing to low-income residents. The Housing Authority receives an annual payment of $6,630 from the LLLP. The Housing Authority is allocated .01 percent of the LLLP's operating profits and losses. The LLLP's financial statements were not made available by the date of the Audit Report.

In October 2016, the Housing Authority became a 1.0 percent Class B Special Member of Copper Range Apartments, LLC (the LLC), a Colorado limited liability company. The LLC was formed in October 2016 to develop and operate a 237 unit apartment complex known as the Copper Range Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority receives a cumulative property tax management fee of $17,500 annually from the Partnership. The Housing Authority is allocated .01 percent of the LLC's operating profits and losses. The LLC incurred a net financial loss for the year ended December 31, 2019 of ($1,134,830) of which a loss of ($11) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was ($164).

In August 2017, the Housing Authority became a .001 percent Class B Special Member of Traditions at Colorado Springs, LLC (the LLC), a Colorado limited liability company. The LLC was formed in August 2017 to develop and operate a senior living multifamily housing project consisting of 180 units located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority will be allocating .001 percent of the LLC's operating profit and losses. The LLC's financial statements were not made available by the date of the Audit Report.

In December 2017, the Housing Authority became a .001 percent Special Member of Greenway Flats, LLC (the LLC), a Colorado limited liability company. The LLC was formed in December 2017 to develop and operate 65 residential units in Colorado Springs, Colorado for the specific purpose of providing housing to low- and very low-income households. As of December 31, 2019, the property was still under construction. The LLC incurred a net financial loss for the year ended December 31, 2019 of ($635,624) of which a loss of ($6) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was $4. The Housing Authority received an annual fee of $12,000.

NOTE 5 - Investment in Joint Ventures - Continued

In 2018, the Housing Authority became a Special Limited Partner of PEDCOR Investments-2018-CLXIII, L.P (the Partnership). The Partnership was formed as a Indiana limited partnership on March 23, 2018 and was formed for the purpose of acquiring, owning, developing and/or constructing the development known as The Creek at Cottonwood, which will contain two hundred fifty-eight (258) Units in twelve (12) residential buildings, a clubhouse and not less than 503 adjacent parking spaces, which Project is located in Colorado Springs, Colorado. As of December 31, 2019 the project was still in construction.

In December, 2019, the Housing Authority became a .01 percent Special Limited Partner of Winfield Preservation LP, (the "Partnership"). The Partnership was formed as a Colorado limited partnership on March 21, 2019 and was formed for the purpose of acquiring and operating a 160 unit apartment community for low and moderate income families. The community was purchased on December 27, 2019 and is located in Colorado Springs, Colorado and is currently operating under the name of Winfield Apartments. The Housing Authority will received an annual $24,000 management fee, of which $2,000 was earned and outstanding as of December 31, 2019, and will receive a $75,000 closing payment fee, of which $37,500 was paid on December 27, 2019. The Housing Authority is allocated .01 percent of the Partnership's net income and losses. The Partnership incurred a net financial loss for the year ended December 31, 2019 of (16,644) of which a loss of ($2) was allocated to the Housing Authority. At December 31, 2019, the Housing Authority's equity share was ($2).

Some of the investments are eligible for low-income housing tax credits pursuant to Internal Revenue Code Section 42, which regulates the use of the apartment projects as to occupant eligibility and rents, among other requirements. Each building must meet the provisions of these regulations during each of fifteen consecutive years in order to remain qualified to receive the credits. The low income housing credit is computed as a percentage of the eligible basis of the property as defined in Code Section 42, as is allowed annually during a period of ten years commencing with the year the buildings are placed in service. In addition, the Partnership, and the Company will be committed to an Extended Use Agreement, which requires the Memberships to comply with Section 42 for a minimum of thirty years. This agreement applies even if the Memberships dispose of the projects within the agreements time frame.

NOTE 6 - Notes and Bonds Payable

All of the following notes and bonds payable are secured by deeds of trust against the specified properties named in the debt. The Home Ownership debt, however, is secured by second mortgages on individual homes purchased by low-income families through the Home Ownership Program.

HOME OWNERSHIP

Future payments are as follows:

	Principal	Interest	Total
2020	$ 127,250	$ 6,573	$ 133,823
2021	127,250	4,665	131,915
2022	127,250	2,756	130,006
2023	120,097	901	120,998
Total	**$ 501,847**	**$ 14,895**	**$ 516,742**

NOTE 6 - Notes and Bonds Payable - Continued

Notes payable of $501,847 at December 31, 2019, consist of numerous loans from the Colorado Housing and Finance Authority (CHFA), the City of Colorado Springs (the "City"), Colorado Department of Housing (CDOH), and El Paso County, Colorado (EPC) to finance second mortgages for home buyers (see Note 3). The annual interest rates of the loans are set at 1.5 percent, the same as to the home buyers, and repayment is based upon payments received on the second mortgages from the home buyers. Future principal payments on these notes are estimated amounts. The payments to CHFA, the City, CDOH, and EPC are based upon the either quarterly or annual notes receivable collections.

SOUTHVIEW PLAZA

Future payments are as follows:

	Principal	Interest	Total
Due on Sale	**$ 307,000**	**$ -**	**$ 307,000**

	City of Colorado Springs
Interest rate	0.0%
Due date	Sale of property
Original balance	$307,000
Payments	Due upon sale

KIOWA

Future payments are as follows:

	Principal	Interest	Total
Due on Sale	**$ 75,000**	**$ -**	**$ 75,000**

	City of Colorado Springs
Interest rate	0.00%
Due date	Sale of property
Original balance	$75,000
Monthly payments	Due upon sale

YUMA COURT

The future payments are as follows:

	Principal	Interest	Total
2020	$ 718,088	$ 12,465	$ 730,553
Due on Sale	240,000	-	240,000
Total	**$ 958,088**	**$ 12,465**	**$ 970,553**

	US Bank	City of Colorado Springs
Interest rate	3.53%	0.00%
Due date	June 1, 2020	Sale of property
Original balance	$1,173,121	$240,000
Payments	$6,829	Due upon sale

NOTE 6 - Notes and Bonds Payable - Continued

CREEKSIDE

The future payments are as follows:

	Principal	Interest	Total
2020	$ 344,893	$ 66,634	$ 411,527
2021	361,926	49,602	411,528
2022	379,801	31,726	411,527
2023	398,560	12,967	411,527
2024	37,185	988	38,173
2025-2029	22,997	2,298	25,295
2030	3,417	38	3,455
Due on Sale	250,000	-	250,000
Total	**$ 1,798,779**	**$ 164,253**	**$ 1,963,032**

	El Paso County	City of Colorado Springs	US Bank
Interest rate	3.00%	0.00%	4.85%
Due date	August 1, 2030	Sale of property	January 1, 2024
Original balance	$100,000	$250,000	$5,166,965
Payments	$422	Due upon sale	$33,872

LOWELL SCHOOL

The future payments are as follows:

	Principal	Interest	Total
Due on Sale	**$ 833,000**	**$ -**	**$ 833,000**

	City of Colorado Springs
Interest rate	0.00%
Due date	Sale of property
Original balance	$833,000
Monthly payments	Due upon sale

RIO GRANDE VILLAGE I

The future payments are as follows:

	Principal	Interest	Total
2020	$ 150,765	$ 101,610	$ 252,375
2021	150,941	95,307	246,248
2022	151,117	89,277	240,394
2023	151,296	83,244	234,540
2024	151,477	77,420	228,897
2025-2029	1,726,762	155,781	1,882,543
2030-2034	98,280	4,126	102,406
2035-2036	32,162	251	32,413
Due on Sale	700,000	-	700,000
Total	**$ 3,312,800**	**$ 607,016**	**$ 3,919,816**

NOTE 6 - Notes and Bonds Payable - Continued

RIO GRANDE VILLAGE I - Continued

	El Paso County	City of Colorado Springs	US Bank
Interest rate	1.00%	0.00%	4.33%
Due date	July 1, 2036	Sale of property	March 1, 2027
Original balance	$500,000	$700,000	$4,000,000
Payments	$1,707	Due upon sale	Variable

RIO GRANDE VILLAGE II

The future payments are as follows:

	Principal	Interest	Total
2020	$ 90,199	$ 67,735	$ 157,934
2021	90,335	63,835	154,170
2022	90,473	60,115	150,588
2023	90,611	56,392	147,003
2024	90,751	52,810	143,561
2025-2029	1,113,960	160,074	1,274,034
2030-2034	76,292	4,404	80,696
2035-2038	48,959	779	49,738
Total	**$ 1,691,580**	**$ 466,144**	**$ 2,157,724**

	El Paso County	US Bank
Interest rate	1.00%	4.61%
Due date	January 1, 2038	July 1, 2028
Original balance	$400,000	$2,300,000
Payments	$1,345	Variable

CHESTNUT GLEN

The future payments are as follows:

	Principal	Interest	Total
2020	$ 24,053	$ 29,948	$ 54,001
2021	25,188	28,813	54,001
2022	26,379	27,622	54,001
2023	27,626	26,375	54,001
2024	28,935	25,066	54,001
2025-2029	466,920	67,211	534,131
2030-2034	32,331	5,614	37,945
2035-2037	20,588	913	21,501
Due on Sale	125,000	-	125,000
Total	**$ 777,020**	**$ 211,562**	**$ 988,582**

	El Paso County	City of Colorado Springs	US Bank
Interest rate	3.00%	0.00%	4.99%
Due date	October 1, 2037	Sale of property	October 1, 2027
Original balance	$150,000	$125,000	$720,000
Payments	$632	Due upon sale	$3,868

NOTE 6 - Notes and Bonds Payable - Continued

SHADOW WOOD CHALET

The future payments are as follows:

	Principal	Interest	Total
2020	$ 28,125	$ 35,545	$ 63,670
2021	29,468	34,202	63,670
2022	30,877	32,793	63,670
2023	32,354	31,316	63,670
2024	33,904	29,766	63,670
2025-2029	558,395	77,262	635,657
2030-2034	32,331	5,614	37,945
2035-2038	20,588	913	21,501
Due on Sale	125,000	-	125,000
Total	**$ 891,042**	**$ 247,411**	**$ 1,138,453**

	El Paso County	City of Colorado Springs	US Bank
Interest rate	3.00%	0.00%	4.99%
Due date	October 1, 2037	Sale of property	October 1, 2027
Original balance	$150,000	$125,000	$870,000
Payments	$632	Due upon sale	$4,673

TOTAL NOTES AND BONDS PAYABLE

The future payments are as follows:

	Principal	Interest	Total
2020	$ 1,483,373	$ 320,510	$ 1,803,883
2021	785,108	276,424	1,061,532
2022	805,897	244,289	1,050,186
2023	820,544	211,195	1,031,739
2024	342,252	186,050	528,302
2025-2029	3,889,034	462,626	4,351,660
2030-2034	242,651	19,796	262,447
2035-2038	122,297	2,856	125,153
Due on Sale	2,655,000	-	2,655,000
Total	**$ 11,146,156**	**$ 1,723,746**	**$ 12,869,902**

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amount Due Within One Year
Schedule of changes in notes and bonds payable	**$ 11,940,260**	**$ -**	**$ (794,104)**	**$ 11,146,156**	**$ 1,483,373**

NOTE 7 - Other Liabilities

Other liabilities at December 31, 2019, consist of the following:

	Balance 12/31/18	Additions	Reductions	Balance 12/31/19	Amount Due Within One Year
Compensated Absences	$ 225,352	$ 61,437	$ -	$ 286,789	$ 141,961
Net Pension Liability	4,697,163	609,891	-	5,307,054	-
Net OPEB Liability	426,019	19,369	-	445,388	-
Total	**$ 5,348,534**	**$ 690,697**	**$ -**	**$ 6,039,231**	**$ 141,961**

NOTE 8 - Net Position

Restricted Net Position

The following is a summary of individual net position restrictions at December 31, 2019:

Program	Purpose/Reason	Amount
Section 8 Choice Vouchers	Unspent Housing Assistance Payments	$ 15,548
Section 8 Special Allocations	Replacement Reserve Accounts	176,088
State/Local	Replacement Reserve and Debt Service Accounts	2,962,790
Total		**$ 3,154,426**

NOTE 9 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Pensions. The Housing Authority of the City of Colorado Springs 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 the 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.

The Colorado General Assembly passed significant pension reform through Senate Bill (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. A brief description of some of the major changes to plan provisions required by SB 18-200 for the LGDTF that were in effect on the LGDTF's December 31, 2018 measurement date are listed below. A full copy of the bill can be found online at www.leg.colorado.gov.

- Increases employee contribution rates for the LGDTF by a total of 2 percent (to be phased in over a period of 3 years starting on July 1, 2019).

NOTE 9 - Defined Benefit Pension Plan - Continued

- Modifies the retirement benefits, including temporarily suspending and reducing the annual increase for all current and future retirees, increases 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.

Expands eligibility to participate in the PERA DC Plan to members of the Local Government Division hired on or after January 1, 2019. Beginning January 1, 2021, and every year thereafter, employer contribution rates for the LGDTF will be adjusted to include a defined contribution supplement based on the employer contribution amount paid to defined contribution plan participant accounts that would have otherwise gone to the defined benefit trusts to pay down the unfunded liability plus any defined benefit investment earnings thereon.

General Information about the Pension Plan

Plan description. Eligible employees of the Housing Authority of the City of Colorado Springs 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.

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.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit

- $15 times the first 10 years of service credit plus $20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

NOTE 9 - Defined Benefit Pension Plan - Continued

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.

As of December 31, 2018, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments in certain years, referred to as annual increases in the C.R.S. Pursuant to SB 18-200, there are no annual increases (AI) for 2018 and 2019. Thereafter, benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure will receive an annual increase, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 1.5 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 will receive the lessor of an annual increase of 1.5 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The automatic adjustment provision may raise or lower the aforementioned AI for a given year by up to one-quarter of 1 percent based on the parameters specified C.R.S. § 24-51-413.

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 provisions as of December 31, 2019: Eligible employees and the Housing Authority of the City of Colorado Springs are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements during the period of January 1, 2019 through December 31, 2019, 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 during the period of January 1, 2019 through December 31, 2019, are summarized in the table below:

	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%

Contribution Rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

NOTE 9 - Defined Benefit Pension Plan - Continued

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Housing Authority of the City of Colorado Springs is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Housing Authority of the City of Colorado Springs were $351,073 for the year ended December 31, 2019.

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

At December 31, 2019, the Housing Authority of the City of Colorado Springs reported a liability of $5,307,054 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll forward the total pension liability to December 31, 2018. The Housing Authority of the City of Colorado Springs' proportion of the net pension liability was based on the Housing Authority of the City of Colorado Springs' contributions to the LGDTF for the calendar year 2018 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2018, the Housing Authority of the City of Colorado Springs proportion was 0.4221285483 percent, which was an increase of 0.0002642643 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Housing Authority of the City of Colorado Springs recognized pension expense of $532,553 At December 31, 2018, the Housing Authority of the City of Colorado Springs 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	$ -	$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	913,035	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	1,894	(23,468)
Contributions subsequent to the measurement date	354,569	-
Total	**$1,269,498**	**$(23,468)**

$354,569 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:	
2020	$381,630
2021	94,052
2022	38,511
2023	377,268

NOTE 9 - Defined Benefit Pension Plan - Continued

Actuarial assumptions. The total pension liability in the December 31, 2017 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
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	0% through 2019 and 1.5% compounded annually, thereafter
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2017 to December 31, 2018:

Discount rate	7.25 percent
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (automatic)	2.00 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

The actuarial assumptions used in the December 31, 2017 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.

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 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.

NOTE 9 - Defined Benefit Pension Plan - Continued

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

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.

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 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:

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
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 Bonds	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%.

NOTE 9 - Defined Benefit Pension Plan - Continued

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2016 and the financial status of the LGDTF as of the prior measurement date (December 31, 2016). 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%.

- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including scheduled increases in SB 18-200. 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%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the 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. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments 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, 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. There was no change in the discount rate from the prior measurement date.

NOTE 9 - Defined Benefit Pension Plan - Continued

Sensitivity of the Housing Authority of the City of Colorado Springs 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 of the net pension liability	$8,118,697	$5,307,054	$2,954,832

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.

Payables to the Pension Plan: At December 31, 2019, the Housing Authority reported a payable of $24,228 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2019.

Defined Contribution Pension Plans

Voluntary Investment Program

Plan Description - Employees of the Housing Authority of the City of Colorado Springs that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2019, program members contributed $66,087.

NOTE 10 - Health Care Trust Fund - OPEB

Summary of Significant Accounting Policies

OPEB. The Housing Authority of the City of Colorado Springs 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.

NOTE 10 - Health Care Trust Fund - OPEB - Continued

General Information about the Other Post-Employment Benefits

Plan Description - The Housing Authority of the City of Colorado Springs 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.

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.

NOTE 10 - Health Care Trust Fund - OPEB - Continued

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.

DPS Benefit Structure

The maximum service-based premium subsidy is $230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for retirees 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 subsidy, in each case, is for retirees 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 retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

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 the Housing Authority of the City of Colorado Springs is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Housing Authority of the City of Colorado Springs were $27,108 for the year ended December 31, 2019.

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

At December 31, 2019, the Housing Authority of the City of Colorado Springs reported a liability of $445,388 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2018. The Housing Authority of the City of Colorado Springs' proportion of the net OPEB liability was based on the Housing Authority of the City of Colorado Springs' contributions to the HCTF for the calendar year 2018 relative to the total contributions of participating employers to the HCTF.

NOTE 10 - Health Care Trust Fund - OPEB - Continued

At December 31, 2018, the Housing Authority of the City of Colorado Springs' proportion was 0.0327360849 percent, which was a decrease of 0.0000447237 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Housing Authority of the City of Colorado Springs recognized OPEB expense of $36,556. At December 31, 2019, the Housing Authority of the City of Colorado Springs 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
Differences between expected and actual experience	$ 7,303	$ (678)
Net differences between projected and actual earnings on OPEB investments	-	(19,398)
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	28,522	-
Total	$ 35,825	$ (20,076)

$28,522 reported as deferred outflows related to OPEB resulting from the Authority's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) 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,	
2020	$(3,643)
2021	(3,643)
2022	(3,642)
2023	(1,864)
2024	8
2025	10

Actuarial Assumptions - The total OPEB liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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 percent in the aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent

NOTE 10 - Health Care Trust Fund - OPEB - Continued

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	3.25 percent for 2018 gradually rising to 5.00 percent in 2025
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.

The actuarial assumptions used in the December 31, 2017, 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 discussed below.

In determining the additional liability for PERACare enrollees who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following monthly costs/premiums are assumed for 2018 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$736	$367
Kaiser Permanente Medicare Advantage HMO	602	236
Rocky Mountain Health Plans Medicare HMO	611	251
UnitedHealthcare Medicare HMO	686	213

The 2018 Medicare Part A premium is $422 per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty–five or older and who are not eligible for premium–free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits, age adjusted to age 65 for the year following the valuation date:

NOTE 10 - Health Care Trust Fund - OPEB - Continued

Medicare Plan	Cost for Members Without Medicare Part A
Self-Funded Medicare Supplement Plans	$289
Kaiser Permanente Medicare Advantage HMO	300
Rocky Mountain Health Plans Medicare HMO	270
UnitedHealthcare Medicare HMO	400

All costs are subject to the health care cost trend rates, as discussed below.

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, 2017, 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
2018	5.00%	3.25%
2019	5.00%	3.50%
2020	5.00%	3.75%
2021	5.00%	4.00%
2022	5.00%	4.25%
2023	5.00%	4.50%
2024	5.00%	4.75%
2025+	5.00%	5.00%

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.

NOTE 10 - Health Care Trust Fund - OPEB - Continued

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 health care costs assumptions were updated and used in the measurement of the obligations for the HCTF:

- 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 2018 plan year.

- 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 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.

NOTE 10 - Health Care Trust Fund - OPEB - Continued

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:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
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 Bonds	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 Housing Authority of the City of Colorado Springs' 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:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
PERACare Medicare trend rate	4.00%	5.00%	6.00%
Initial Medicare Part A trend rate	2.25%	3.25%	4.25%
Ultimate Medicare Part A trend rate	4.00%	5.00%	6.00%
Net OPEB Liability	$433,089	$445,388	$459,534

NOTE 10 - Health Care Trust Fund - OPEB - Continued

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, 2018, 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.
- Employer contributions and the amount of total service costs for future plan members were based upon a process 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 middle of the year.

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 (Asset) to Changes in the Discount Rate - The following presents the Authority's proportionate share of the net OPEB liability (asset) calculated using the discount rate of 7.25 percent, as well as what the Authority's proportionate share of the net OPEB liability (asset) 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 to Discount Rate (6.25%)	Current Discount Rate (7.25%)	1% Increase To Discount Rate (8.25%)
Housing Authority of the City of Colorado Springs's proportionate share of the net pension liability (asset)	$498,350	$445,388	$400,110

NOTE 11 - Risk Management

Insured Risk - The Housing Authority purchases commercial insurance with various deductibles and coverages to cover liability, property, workers' compensation, errors, omissions, and employee defalcation risk. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 12 - Economic Dependency

During 2019, the Housing Authority received approximately 70 percent of its revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

NOTE 13 - Contingencies - Taxpayer's Bill of Rights

In November 1992, the voters of the State of Colorado approved an amendment to the state's constitution limiting the amount of revenue which may be spent or retained by Colorado governmental entities. The amendment is in effect for most governmental entities for the years beginning after 1992, but exempts "enterprise" funds and activities from the limitations. The Board of Commissioners of the Housing Authority believes it is exempt from the provisions of the Taxpayer's Bill of Rights (TABOR) because it is an "enterprise" (a business operation able to issue its own revenue bonds and receiving less than 10 percent of its revenue from state and local grants) as defined in the constitutional amendment. The Board also believes it is not subject to the provisions of TABOR because the governing board is not an elected board, does not have an electoral constituency, and does not have the power to impose taxes which are all the basic operational requirements of TABOR. However, many provisions of the TABOR Amendment are complex and subject to further interpretation and will require judicial interpretation.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) OF COLORADO SCHEDULES
DECEMBER 31, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Last 10 Fiscal Years *

	2015	2016	2017	2018	2019
Housing Authority's proportion of the net pension liability	0.6037560360%	0.4870458630%	0.4553192846%	0.4218642840%	0.4221285483%
Housing Authority's proportionate share of the net pension liability	$ 5,411,520	$ 5,365,205	$ 6,148,363	$ 4,697,163	$ 5,307,054
Housing Authority's covered employee payroll	$ 3,308,313	$ 2,766,042	$ 2,759,815	$ 2,661,298	$ 2,768,713
Proportionate share of the net pension liability as a percentage of its covered employee payroll	163.57%	193.97%	222.78%	176.50%	191.68%
Plan fiduciary net position as a percentage of the total pension liability	80.70%	76.87%	73.65%	79.37%	75.96%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019
Contractually required contribution	$ 419,494	$ 350,734	$ 349,943	$ 337,453	$ 351,073
Contributions in relation to the contractually required contribution	(494,494)	(350,734)	(349,943)	(337,453)	(351,073)
Contribution deficiency (excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Housing Authority's covered employee payroll	$ 3,308,313	$ 2,766,042	$ 2,759,815	$ 2,661,298	$ 2,768,713
Contributions as a percentage of covered employee payroll	12.68%	12.68%	12.68%	12.68%	12.68%

*'The Housing Authority implemented the Government Accounting Standards Board Statement No. 68 for the year ended December 31, 2015. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 5 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2019

Changes of benefit terms. There were no changes of benefit terms for any participating employer in PERA of Colorado.

Changes of assumptions. There were no changes in the assumptions.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
HEALTH CARE TRUST FUND SCHEDULE
DECEMBER 31, 2019

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
Last 10 Fiscal Years

	2018	2019
Proportion of the net OPEB liability (asset)	0.0327808086%	0.0327360849%
Proportionate share of the net OPEB liability (asset)	$ 426,019	$ 445,388
Covered payroll	$ 2,661,298	$ 2,768,713
Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.01%	16.09%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	17.53%	17.03%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

	2018	2019
Contractually required contribution	$ 27,145	$ 28,185
Contributions in relation to the contractually required contribution	(27,145)	(28,185)
Contribution deficiency (excess)	**$ -**	**$ -**
Covered employee payroll	$ 2,661,298	$ 2,768,713
Contributions as a percentage of covered employee payroll	1.02%	1.02%

The Authority implemented the Government Accounting Standards Board Statement No. 75 for the year ended December 31, 2018. Requirements have been implemented prospectively; therefore, the above illustrations do not reflect similar information for the 8 proceeding years.

Notes to Required Supplementary Information for the Year Ended December 31, 2019

Changes of benefit terms - there were no changes of benefit terms for any participating employer in the Health Care Trust Fund.

Changes of assumptions. There were no changes in the assumptions.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

COMBINING STATEMENT OF NET POSITION

DECEMBER 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ 2,407,691	$ 9,068	$ 4,207	$ 98,831	$ 6,004,612	$ 151,036
Cash and cash equivalents - restricted	203,904	15,548	-	-	3,277,976	1,027,953
Receivables						
Tenants, net of allowance for doubtful accounts	10,208	-	-	-	2,455	454
Other	-	-	-	-	239,340	-
Due from other governments	-	71,601	5,568	-	-	-
Due from other programs	-	-	-	-	255,529	-
Inventory	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	250	-
Current portion of notes receivable, net of allowance for doubtful accounts	7,615	38,919	-	-	225	1
TOTAL CURRENT ASSETS	2,629,418	135,136	9,775	98,831	9,780,387	1,179,444
NONCURRENT ASSETS						
Notes receivable, net of allowance for doubtful accounts	-	-	-	-	-	-
Other assets	-	-	-	-	26	-
Land	6,065,718	-	-	-	2,071,360	118,860
Buildings and improvements	44,048,263	-	-	-	42,514,383	3,242,299
Furniture and equipment	639,813	-	125	646	85,486	101,368
Construction in progress	1,018,360	-	-	-	-	-
Less accumulated depreciation	(36,401,234)	-	(125)	(646)	(31,994,011)	(2,730,560)
TOTAL NONCURRENT ASSETS	15,370,920	-	-	-	12,677,244	731,967
TOTAL ASSETS	18,000,338	135,136	9,775	98,831	22,457,631	1,911,411
DEFERRED OUTFLOWS OF RESOURCES						
Pension (PERA of Colorado)	464,161	250,560	-	-	32,632	95,044
OPEB (PERA of Colorado)	13,144	6,994	-	-	932	2,676
TOTAL DEFERRED OUTFLOWS OF RESOURCES	477,305	257,554	-	-	33,564	97,720
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 18,477,643**	**$ 392,690**	**$ 9,775**	**$ 98,831**	**$ 22,491,195**	**$ 2,009,131**

(Continued on page 47)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	$ -	$ 359,561	$ 1,004,598	$ 263,834	$ -	$ 10,303,438
Cash and cash equivalents - restricted	-	-	-	180,214	-	4,705,595
Receivables						
Tenants, net of allowance for doubtful accounts	-	-	-	164	-	13,281
Other	-	-	583	-	-	239,923
Due from other governments	5,699	-	13,865	-	-	96,733
Due from other programs	-	5,802	-	-	(261,331)	-
Inventory	-	71,612	-	-	-	71,612
Prepaid expenses	-	-	-	-	-	250
Current portion of notes receivable, net of allowance for doubtful accounts	-	-	40,747	-	-	87,507
TOTAL CURRENT ASSETS	5,699	436,975	1,059,793	444,212	(261,331)	15,518,339
NONCURRENT ASSETS						
Notes receivable, net of allowance for doubtful accounts	-	-	501,736	-	-	501,736
Other assets	-	-	-	-	-	26
Land	-	43,900	-	56,780	-	8,356,618
Buildings and improvements	-	2,665,880	-	295,698	-	92,766,523
Furniture and equipment	292	301,687	8,277	25,267	-	1,162,961
Construction in progress	-	-	-	-	-	1,018,360
Less accumulated depreciation	(292)	(1,504,886)	(8,277)	(202,316)	-	(72,842,347)
TOTAL NONCURRENT ASSETS	-	1,506,581	501,736	175,429	-	30,963,877
TOTAL ASSETS	5,699	1,943,556	1,561,529	619,641	(261,331)	46,482,216
DEFERRED OUTFLOWS OF RESOURCES						
Pension (PERA of Colorado)	-	427,101	-	-	-	1,269,498
OPEB (PERA of Colorado)	-	12,079	-	-	-	35,825
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	439,180	-	-	-	1,305,323
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 5,699**	**$ 2,382,736**	**$ 1,561,529**	**$ 619,641**	**$ (261,331)**	**$ 47,787,539**

(Continued on page 48)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	$ 15,623	$ 4,088	$ -	$ -	$ 837	$ 800
Accrued payroll liabilities	9,987	6,075	-	-	1,031	2,487
Accrued interest	-	-	-	-	28,907	-
Accrued expenses	21,092	-	-	-	8,757	3,958
Compensated absences	17,677	16,321	-	-	434	7,649
Unearned revenue	5,128	-	-	-	80,035	539
Due to other governments	171,780	-	-	652	-	-
Due to other programs	-	200,000	-	-	55,529	-
Tenants' security deposits	203,904	-	-	-	236,678	26,148
Current portion of long-term debt	-	-	-	-	1,356,123	-
TOTAL CURRENT LIABILITIES	445,191	226,484	-	652	1,768,331	41,581
NONCURRENT LIABILITIES						
Net pension liability (PERA of Colorado)	1,940,401	1,047,448	-	-	136,412	397,324
Net OPEB liability (PERA of Colorado)	174,495	77,468	-	-	18,113	28,312
Long-term debt	-	-	-	-	9,213,186	-
Compensated absences	19,475	11,492	-	-	-	1,482
TOTAL NONCURRENT LIABILITIES	2,134,371	1,136,408	-	-	9,367,711	427,118
TOTAL LIABILITIES	2,579,562	1,362,892	-	652	11,136,042	468,699
DEFERRED INFLOWS OF RESOURCES						
Pension (PERA of Colorado)	8,582	4,632	-	-	603	1,756
OPEB (PERA of Colorado)	8,235	3,105	-	-	1,004	1,137
TOTAL DEFERRED INFLOWS OF RESOURCES	16,817	7,737	-	-	1,607	2,893
NET POSITION						
Net investment in capital assets	15,370,920	-	-	-	2,107,909	731,967
Restricted	-	15,548	-	-	2,962,790	-
Unrestricted	510,344	(993,487)	9,775	98,179	6,282,847	805,572
TOTAL NET POSITION	15,881,264	(977,939)	9,775	98,179	11,353,546	1,537,539
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 18,477,643**	**$ 392,690**	**$ 9,775**	**$ 98,831**	**$ 22,491,195**	**$ 2,009,131**

(Continued on page 49)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	$ 11	$ 2,639	$ 27	$ 101	$ -	$ 24,126
Accrued payroll liabilities	-	104,163	-	378	-	124,121
Accrued interest	-	-	-	-	-	28,907
Accrued expenses	-	45,337	261	1,022	-	80,427
Compensated absences	-	99,880	-	-	-	141,961
Unearned revenue	-	1,524	-	37	-	87,263
Due to other governments	-	-	355	-	-	172,787
Due to other programs	5,802	-	-	-	(261,331)	-
Tenants' security deposits	-	-	-	4,126	-	470,856
Current portion of long-term debt	-	-	127,250	-	-	1,483,373
TOTAL CURRENT LIABILITIES	5,813	253,543	127,893	5,664	(261,331)	2,613,821
NONCURRENT LIABILITIES						
Net pension liability (PERA of Colorado)	-	1,785,469	-	-	-	5,307,054
Net OPEB liability (PERA of Colorado)	-	147,000	-	-	-	445,388
Long-term debt	-	-	374,597	75,000	-	9,662,783
Compensated absences	-	112,379	-	-	-	144,828
TOTAL NONCURRENT LIABILITIES	-	2,044,848	374,597	75,000	-	15,560,053
TOTAL LIABILITIES	5,813	2,298,391	502,490	80,664	(261,331)	18,173,874
DEFERRED INFLOWS OF RESOURCES						
Pension (PERA of Colorado)	-	7,895	-	-	-	23,468
OPEB (PERA of Colorado)	-	6,595	-	-	-	20,076
TOTAL DEFERRED INFLOWS OF RESOURCES	-	14,490	-	-	-	43,544
NET POSITION						
Net investment in capital assets	-	1,506,581	-	100,429	-	19,817,806
Restricted	-	-	-	176,088	-	3,154,426
Unrestricted	(114)	(1,436,726)	1,059,039	262,460	-	6,597,889
TOTAL NET POSITION	(114)	69,855	1,059,039	538,977	-	29,570,121
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	**$ 5,699**	**$ 2,382,736**	**$ 1,561,529**	**$ 619,641**	**$ (261,331)**	**$ 47,787,539**

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2019

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
OPERATING REVENUE						
Dwelling rental	$ 2,264,751	$ -	$ -	$ -	$ 6,042,686	$ 294,248
Operating grants	2,849,160	18,380,556	47,336	189,426	120,741	436,786
Other operating revenue	211,929	78,920	-	-	739,703	9,721
TOTAL OPERATING REVENUE	5,325,840	18,459,476	47,336	189,426	6,903,130	740,755
OPERATING EXPENSES						
Administration	1,088,508	1,332,931	3,463	13,033	1,162,409	249,048
Tenant services	24,891	-	-	-	-	-
Utilities	567,062	-	-	-	650,435	92,167
Maintenance and operations	1,595,093	-	285	504	1,390,858	325,441
General expenses	488,886	14,634	135	135	255,388	20,831
Housing assistance payments	-	17,033,379	42,120	162,786	-	-
Depreciation	1,087,994	-	-	-	1,807,266	47,256
TOTAL OPERATING EXPENSES	4,852,434	18,380,944	46,003	176,458	5,266,356	734,743
OPERATING INCOME	473,406	78,532	1,333	12,968	1,636,774	6,012
NONOPERATING REVENUE (EXPENSE)						
Interest income	3,740	-	-	-	35,766	3,720
Interest expense	-	-	-	-	(354,394)	-
NET NONOPERATING REVENUE (EXPENSE)	3,740	-	-	-	(318,628)	3,720
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	477,146	78,532	1,333	12,968	1,318,146	9,732
CAPITAL GRANTS	1,018,360	-	-	-	-	-
CHANGE IN NET POSITION	1,495,506	78,532	1,333	12,968	1,318,146	9,732
NET POSITION AT BEGINNING OF YEAR	14,385,758	(1,056,471)	8,442	85,211	10,035,400	1,527,807
NET POSITION AT END OF YEAR	**$ 15,881,264**	**$ (977,939)**	**$ 9,775**	**$ 98,179**	**$11,353,546**	**$ 1,537,539**

(Continued on page 51)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION - Continued

YEAR ENDED DECEMBER 31, 2019

	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE						
Dwelling rental	$ -	$ -	$ -	$ 59,953	$ -	$ 8,661,638
Operating grants	79,611	-	187,563	84,128	-	22,375,307
Other operating revenue	-	1,651,327	1,598	1,950	(1,557,582)	1,137,566
TOTAL OPERATING REVENUE	79,611	1,651,327	189,161	146,031	(1,557,582)	32,174,511
OPERATING EXPENSES						
Administration	17,578	1,203,685	30,287	17,806	(1,557,582)	3,561,166
Tenant services	-	-	-	-	-	24,891
Utilities	-	21,179	-	20,889	-	1,351,732
Maintenance and operations	278	103,488	1,714	31,105	-	3,448,766
General expenses	-	99,873	1,337	6,421	-	887,640
Housing assistance payments	68,840	-	172,824	-	-	17,479,949
Depreciation	-	152,463	-	9,130	-	3,104,109
TOTAL OPERATING EXPENSES	86,696	1,580,688	206,162	85,351	(1,557,582)	29,858,253
OPERATING (LOSS) INCOME	(7,085)	70,639	(17,001)	60,680	-	2,316,258
NONOPERATING REVENUE (EXPENSE)						
Interest income	-	125	13,013	727	-	57,091
Interest expense	-	-	(8,789)	-	-	(363,183)
NET NONOPERATING (EXPENSE) REVENUE	-	125	4,224	727	-	(306,092)
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	(7,085)	70,764	(12,777)	61,407	-	2,010,166
CAPITAL GRANTS	-	-	-	-	-	1,018,360
CHANGE IN NET POSITION	(7,085)	70,764	(12,777)	61,407	-	3,028,526
NET POSITION AT BEGINNING OF YEAR	6,971	(909)	1,071,816	477,570	-	26,541,595
NET POSITION AT END OF YEAR	**$ (114)**	**$ 69,855**	**$ 1,059,039**	**$ 538,977**	**$ -**	**$ 29,570,121**

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	$ 2,285,047	$ -	$ -	$ -	$ 5,943,566	$ 297,152
Cash received from operating grants	2,849,160	18,442,045	42,374	186,799	120,741	436,786
Other income received	211,929	78,920	-	-	739,703	9,721
Cash received from/(payments for) interprogram services provided	-	61,626	-	-	(200,000)	-
Cash payments to tenants/participants	-	(22,723)	-	-	-	-
Cash payments to vendors	(2,686,878)	(777,862)	(3,015)	(9,539)	(2,658,419)	(519,649)
Cash payments to employees	(1,745,077)	(729,295)	(874)	(4,140)	(970,113)	(139,374)
Cash payments for housing assistance	-	(17,033,379)	(42,120)	(162,786)	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	914,181	19,332	(3,635)	10,334	2,975,478	84,636
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	1,018,360	-	-	-	-	-
Acquisition of capital assets	(1,018,360)	-	-	-	(425,090)	(71,738)
Principal payments	-	-	-	-	(673,486)	-
Interest paid	-	-	-	-	(356,944)	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	-	-	(1,455,520)	(71,738)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments received on notes receivable	-	-	-	-	265	-
Interest received	3,740	-	-	-	35,766	3,720
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,740	-	-	-	36,031	3,720
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	917,921	19,332	(3,635)	10,334	1,555,989	16,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,693,674	5,284	7,842	88,497	7,726,599	1,162,371
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 2,611,595**	**$ 24,616**	**$ 4,207**	**$ 98,831**	**$ 9,282,588**	**$ 1,178,989**

(Continued on page 53)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2019

	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	$ -	$ -	$ -	$ 59,743	$ -	$ 8,585,508
Cash received from operating grants	81,901	-	216,243	84,128		22,460,177
Other income received	-	1,651,327	1,598	1,950	(1,557,582)	1,137,566
Cash received from/(payments for) interprogram services provided	4,838	133,536	-	-	-	-
Cash payments to tenants/participants	-	-	-	-	-	(22,723)
Cash payments to vendors	(7,209)	(515,516)	(19,673)	(59,951)	1,557,582	(5,700,129)
Cash payments to employees	(10,690)	(953,443)	(14,324)	(16,025)	-	(4,583,355)
Cash payments for housing assistance	(68,840)	-	(172,824)	-	-	(17,479,949)
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	315,904	11,020	69,845	-	4,397,095
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	1,018,360
Acquisition of capital assets	-	-	-	(4,500)	-	(1,519,688)
Principal payments	-	-	(120,618)	-	-	(794,104)
Interest paid	-	-	(8,789)	-	-	(365,733)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	-	(129,407)	(4,500)	-	(1,661,165)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments received on notes receivable	-	-	138,468	-	-	138,733
Interest received	-	125	13,146	727	-	57,224
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	125	151,614	727	-	195,957
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	316,029	33,227	66,072	-	2,931,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	43,532	971,371	377,976	-	12,077,146
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ -**	**$ 359,561**	**$ 1,004,598**	**$ 444,048**	**$ -**	**$ 15,009,033**

(Continued on page 54)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2019

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION						
Cash and cash equivalents	$ 2,407,691	$ 9,068	$ 4,207	$ 98,831	$ 6,004,612	$ 151,036
Cash and cash equivalents - restricted	203,904	15,548	-	-	3,277,976	1,027,953
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ 2,611,595**	**$ 24,616**	**$ 4,207**	**$ 98,831**	**$ 9,282,588**	**$ 1,178,989**
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Operating income	$ 473,406	$ 78,532	$ 1,333	$ 12,968	$ 1,636,774	$ 6,012
Adjustments to reconcile operating income to net cash provided by (used in) operating activities						
Depreciation	1,087,994	-	-	-	1,807,266	47,256
Changes in assets and liabilities						
Decrease (increase) in assets						
Accounts receivable	2,402	-	-	-	(8,917)	(139)
Notes receivable	16,025	(22,723)	-	-	-	549
Due from other governments	-	61,489	(4,962)	-	-	-
Due from other programs	-	-	-	-	(200,000)	-
Inventory	-	-	-	-	-	-
(Decrease) increase in liabilities						
Accounts payable	(4,709)	(8,137)	(6)	(7)	(1,993)	(2,762)
Accrued payroll liabilities	3,845	3,368	-	-	865	1,263
Accrued expenses	(514)	-	-	-	(72)	43
Due to other governments	7,244	-	-	(2,627)	-	-
Due to other funds	-	61,626	-	-	-	-
Unearned revenue	772	-	-	-	(120,358)	314
Compensated absences	(6,965)	(5,041)	-	-	434	378
Tenants' security deposits	1,097	-	-	-	21,333	2,180
Net pension liability and deferred inflows/outflows	(667,573)	(150,407)	-	-	(159,934)	29,305
Net OPEB liability and deferred inflows/outflows	1,157	625	-	-	80	237
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 914,181**	**$ 19,332**	**$ (3,635)**	**$ 10,334**	**$ 2,975,478**	**$ 84,636**

(Continued on page 55)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2019

	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO THE STATEMENT OF NET POSITION						
Cash and cash equivalents	$ -	$ 359,561	$ 1,004,598	$ 263,834	$ -	$ 10,303,438
Cash and cash equivalents - restricted	-	-	-	180,214	-	4,705,595
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	**$ -**	**$ 359,561**	**$ 1,004,598**	**$ 444,048**	**$ -**	**$ 15,009,033**
RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating (loss) income	$ (7,085)	$ 70,639	$ (17,001)	$ 60,680	$ -	$ 2,316,258
Adjustments to reconcile operating (loss) income to net cash provided by operating activities						
Depreciation	-	152,463	-	9,130	-	3,104,109
Changes in assets and liabilities						
Decrease (increase) in assets						
Accounts receivable	-	-	-	(164)	-	(6,818)
Notes receivable	-	-	-	-		(6,149)
Due from other governments	2,290	-	28,680	-	-	87,497
Due from other programs	-	133,536	-	-	66,464	-
Inventory	-	(31,457)	-	-	-	(31,457)
(Decrease) increase in liabilities						
Accounts payable	(43)	(2,595)	(93)	(247)	-	(20,592)
Accrued payroll liabilities	-	1,551	-	378	-	11,270
Accrued expenses	-	34,569	(584)	114	-	33,556
Due to other governments	-	-	18	-	-	4,635
Due to other funds	4,838	-	-	-	(66,464)	-
Unearned revenue	-	-	-	(37)	-	(119,309)
Compensated absences	-	72,631	-	-		61,437
Tenants' security deposits	-	-	-	(9)	-	24,601
Net pension liability and deferred inflows/outflows	-	(116,499)	-	-	-	(1,065,108)
Net OPEB liability and deferred inflows/outflows	-	1,066	-	-	-	3,165
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	**$ -**	**$ 315,904**	**$ 11,020**	**$ 69,845**	**$ -**	**$ 4,397,095**

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
DECEMBER 31, 2019

ANNUAL CONTRIBUTIONS CONTRACT

1. The Actual Modernization Costs for the Locally-Owned Projects are as follows:

	CO01P02850118
Funds approved	$ 1,359,334
Funds expended	1,359,334
EXCESS (DEFICIENCY) OF FUNDS APPROVED	**$ -**
HUD grants	$ 1,359,334
Funds expended	1,359,334
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	**$ -**

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated October 18, 2019, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Authority's records.

3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER	FEDERAL CATALOG NUMBER	PASS-THROUGH GRANT IDENTIFICATION NUMBER	PASS-THROUGH TO SUBRECIPIENTS NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs				
Section 8 Project-Based Cluster				
Section 8				
New Construction and Substantial Rehabilitation	14.182	N/A	-	$ 436,786
Housing Assistance Payments Program	14.195	N/A	-	84,128
Moderate Rehabilitation Single Room Occupancy	14.249	N/A	-	189,426
Moderate Rehabilitation	14.856	N/A	-	47,336
TOTAL SECTION 8 PROJECT-BASED CLUSTER				757,676
Section 8 Housing Choice Vouchers Cluster	14.871	N/A		
Housing Choice Vouchers			-	18,380,556
Public and Indian Housing	14.850	N/A	-	2,038,843
Public Housing Capital Fund	14.872	N/A	-	1,828,677
Shelter Plus Care	14.238	N/A	-	79,611
Home Investment Partnership Program	14.239			
City of Colorado Springs				
HOME Loan		CO06986	-	75,000
HOME Loan		CO06886	-	107,000
HOME Grant		CO07843	-	14,739
HOME Grant		CO07020	-	172,824
TOTAL HOME INVESTMENT PARTNERSHIP PROGRAM				369,563
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				**$ 23,454,926**

(Continued on page 58)

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the City of Colorado Springs and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of, the financial statements.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on this 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. The Housing Authority of the City of Colorado Springs has elected not to use the 10 percent minimus indirect cost rate allowed under the Uniform Guidance.

Note 3 - Disclosure of Other Forms of Assistance

Included in the amounts shown on the accompanying schedule of federal awards is a loan - CFDA 14.239 payable to the City of Colorado Springs. The total HUD-insured portion of mortgages have an outstanding balance of $182,000 under this program as of December 31, 2019.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado

OTHER REPORTS

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

To the Board of Commissioners
Housing Authority of the City of Colorado Springs
Colorado Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Colorado Springs ("Housing Authority"), as of and for the year ended December 31, 2019 , and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 8, 2020

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners
Housing Authority of the City of Colorado Springs
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Housing Authority of the City of Colorado Springs's, ("Housing Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2019. The Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Housing Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Housing Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 Housing Authority's internal control over compliance.

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

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

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
June 8, 2020

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	______ Yes __X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	______ Yes __X__ None reported
Noncompliance material to financial statements noted?	______ Yes __X__ No

Federal Awards

Internal control over major federal program:	
• Material weakness(es) identified?	______ Yes __X__ No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	______ Yes __X__ None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes __X__ No

Identification of federal major programs:

CFDA Number(s)	Name of Federal Program
14.871	Section 8 Choice Vouchers Cluster
Section 8 Project Based Cluster	
14.182	New Construction and Substantial Rehabilitation
14.195	Housing Assistance Payments Program
14.249	Moderate Rehabilitation Single Room Occupancy
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	__X__ Yes ______ No

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - Continued
YEAR ENDED DECEMBER 31, 2019

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs - NONE

Section IV - Prior Year Findings - NONE