

**Douglas County Housing Partnership**  
*A Multi-Jurisdictional Housing Authority*

**Financial Statements**  
**with Independent Auditors' Report**

**December 31, 2019**



# Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

Table of Contents

December 31, 2019

<b>Independent Auditors' Report</b> .....	1
<b>Management's Discussion and Analysis</b> .....	i
<b>Basic Financial Statements</b>	
<i>Proprietary Funds</i>	
Statement of Net Position .....	3
Statement of Revenues, Expenses and Changes in Net Position .....	4
Statement of Cash Flows.....	5
<i>Notes to Financial Statements</i> .....	7
<b>Required Supplementary Information</b>	
Schedule of Proportionate Share of the Net Pension Liability and Contributions .....	29
Schedule of Proportionate Share of the Net OPEB Liability and Contributions .....	31
Schedule of Expenditures of Federal Awards.....	32
<i>Notes to Required Supplementary Information</i> .....	33



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

## Independent Auditors' Report

Board of Directors  
Douglas County Housing Partnership  
Lone Tree, Colorado

We have audited the accompanying financial statements of the business-type activities and each major fund of the Douglas County Housing Partnership as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Douglas County Housing Partnership, as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Douglas County Housing Partnership as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Hick & Company, PC*

Greenwood Village, Colorado  
March 23, 2020



The following discussion and analysis gives management's view of the financial position and results of operations for the Douglas County Housing Partnership, a multi-jurisdictional housing authority (the Authority), for the fiscal year ended December 31, 2019. We encourage readers to consider this analysis in conjunction with additional information furnished in the accompanying financial statements.

**FINANCIAL HIGHLIGHTS**

- The Authority's net position increased \$432,616 or 5.0% in 2019.
- In 2018, DCHP received approval from the Town of Castle Rock to amend the PD zoning for the Oakwood Apartments to allow construction of a new 53-unit building and demolition of one of the 8-unit buildings (45 more units on the site). In 2019, the Site Development Plan was approved and DCHP was awarded 9% Low Income Housing Tax Credits which will make the financing of the development feasible. Construction will begin in 2020, with completion in 2021.
- The Authority continues to manage 3 units which are rented to families receiving assistance through the DC Cares program.
- The Authority received \$142,830 in revenue in connection with the home ownership and housing counseling programs. This was a 12.8% increase from 2018 when the revenue was \$126,609.
- In the down payment assistance (DPA) program, payoffs (21) outpaced new closings (10) in 2019. The size of the portfolio decreased by 4.4%. Due to declines in the supply of moderately priced homes for sale in the County, buyers could not find homes to purchase. The portfolio went from \$2,446,295 in 2018 to \$2,339,854 at the end of 2019.
- In 2019, nine shared equity investments paid-in-full and all recognized a gain. The net gain on the nine sales was \$219,792, which goes into the revolving loan fund from its original source of funding.
- The Authority had no loan losses in 2019 in the Amortized Loan Program (ALP) or the Shared Equity Program (SEP).
- The Authority contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the Authority participate in the LGDTF. At December 31, 2019, the Authority reported a net pension liability of \$446,321, representing its proportionate share of the net pension liability of the LGDTF and a net OPEB liability of \$37,457. This Pension Liability is being reported for the sixth year and OPEB liability is being reported for the second year for the Authority in these 2019 financial statements. For more information, please refer to Note 9 and Note 11 of the financial statements.

**OVERVIEW OF THE AUTHORITY'S OPERATIONS**

Douglas County Housing Partnership offers two types of down payment assistance funded through three funding sources - the HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG) and Cash-in-Lieu (CIL) funds. The two types of down payment assistance are

amortizing second position loans and shared equity investments. In 2019 the Authority funded 10 new shared equity investments.

The Amortized Loan Program (ALP) offers a \$15,000 loan amortized over 30 years at a 3% interest rate. In 2019 the Authority did not close any amortizing loans. With the second type of down payment assistance, the Shared Equity Program (SEP), DCHP provides funds for down payment that require no payments to DCHP until sale or refinance of the property; then the investment is repaid at the same percentage as DCHP initially invested. In 2019 the Authority made 10 shared equity investments with revolved funds – 7 with CDBG and 3 with HOME funds. All loan payments and payoffs are deposited into the appropriate revolving loan fund (RLF) to be re-lent.

Home ownership classes, offered monthly, provide educational support to first time homebuyers, giving community members the information that allows them to determine if they are ready to purchase a home. In 2019, 403 households attended the homebuyer classes.

With continued, although diminished demand for foreclosure counseling in 2019, the Authority assisted 58 households.

Reverse Mortgage Counseling was resumed by the Authority in late 2013 and demand has been strong from citizens 62 years of age and older considering this option; 50 clients received counseling in 2014, 94 in 2015, 77 in 2016, 100 in 2017, 102 in 2018 and 149 in 2019.

As the owner of the 64-unit Oakwood Senior Apartments, through its Enterprise, the Authority provides affordable rental housing to seniors with incomes below 30-60% of the area median income (AMI). DCHP rezoned the property and was awarded 9% low income housing tax credits (LIHTC) to add a 53-unit building on the site to house more low-income seniors.

The Authority continued to partner with for-profit development companies utilizing LIHTC to build affordable housing in Douglas County. There are now 921 LIHTC units in six properties in Douglas County where DCHP is a Special Limited Partner in the partnerships that own the LIHTC developments. Another development with an additional 156 units is under construction.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority uses fund accounting to report its financial position and activities. A fund is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority has 3 funds: General Fund, Loan Fund, and Oakwood Apartments Fund. The General Fund includes general administration and operations, and housing services and counseling. The Loan Fund includes down payment assistance programs financed by grants, and Authority designated CIL funds received from developers. The Oakwood Apartments Fund accounts for the activities of the senior apartment complex owned by the Authority.

All funds of the Authority are classified as enterprise funds. Enterprise funds distinguish between operating and nonoperating revenues and expenses. Operating expenses include administrative expenses, repair and maintenance expenses, and depreciation. All revenues and expenses not meeting the operational criteria are reported as nonoperating revenues and expenses. Nonoperating revenues and expenses include grant and interest activity.

The Financial Section consists of three sections: Management's Discussion and Analysis, Financial Statements with Notes, and Required Supplementary Information related to the pension plan. The

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended December 31, 2019

Statement of Net Position reports the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The revenues and expenses of the Authority are recorded in the Statement of Revenues, Expenses and Changes in Net Position.

Grant expenditures for Federal programs are required to be audited for compliance and internal controls in accordance with government auditing standards and OMB Uniform Guidance. If the Authority expends over \$750,000 in Federal grant awards, a Single Audit is required; in 2019 expenditures were under the threshold.

**FINANCIAL ANALYSIS OF THE AUTHORITY****Statement of Net Position**

The Net Position of the Authority increased by \$432,616 or 5.0% in fiscal year 2019. The following table summarizes the changes in assets, liabilities and net position between December 31, 2019 and December 31, 2018:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
<b>Assets</b>			
Current Assets			
Total Current Assets	\$ 4,075,561	\$ 3,882,821	\$ 192,740
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation	3,079,582	2,894,777	184,805
Other Noncurrent Assets	4,149,425	4,210,954	(61,529)
Total Noncurrent Assets	7,229,007	7,105,731	123,276
Total Assets	11,304,568	10,988,552	316,016
Deferred Outflows of Resources	74,434	35,018	39,416
<b>Liabilities and Net Position</b>			
Current Liabilities			
Total Current Liabilities	83,808	85,324	(1,516)
Long-Term Liabilities			
Total Long-Term Liabilities	2,132,255	2,137,584	(5,329)
Total Liabilities	2,216,063	2,222,908	(6,845)
Deferred Inflows of Resources	5,089	75,428	(70,339)
Net Position			
Net Investment in Capital Assets	1,396,829	1,166,281	230,548
Restricted	3,770,162	3,809,011	(38,849)
Unrestricted	3,990,859	3,749,942	240,917
Total Net Position	9,157,850	8,725,234	432,616

Current Assets increased by \$192,740. Unrestricted Cash increased by \$161,231 (2018: \$3,625,950 2019: \$3,787,181) primarily due to net cash provided by operating activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended December 31, 2019

Total Noncurrent Assets increased by \$123,276 due to higher accrued interest receivable and higher capital assets. Capital Assets – Net of Accumulated Depreciation increased \$184,805 due to building improvements to Oakwood Apartments.

Long-term Liabilities decreased by \$5,329 due to a small decrease in Accrued Compensated Absences, a decrease in Notes payable by \$47,484 and an increase of \$42,468 in the Authority's proportionate share of PERA's LGDTF Net Pension Liability and \$829 in OPEB liability.

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

The following tables summarize the changes in revenues and expenses between December 31, 2019 and December 31, 2018:

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Operating Revenues			
Total Operating Revenues	<u>\$ 1,254,733</u>	<u>\$ 1,169,514</u>	<u>\$ 85,219</u>
Operating Expenses			
Total Operating Expenses	<u>858,071</u>	<u>863,795</u>	<u>(5,724)</u>
Net Operating Income (Loss)	<u>396,662</u>	<u>305,719</u>	<u>90,943</u>
Nonoperating Revenues (Expenses)			
Net Nonoperating Revenues (Expenses)	<u>35,954</u>	<u>19,414</u>	<u>16,540</u>
Change in Net Position	432,616	325,133	107,483
Net Position, Beginning	<u>8,725,234</u>	<u>8,400,101</u>	
Net Position, Ending	<u>\$ 9,157,850</u>	<u>\$ 8,725,234</u>	

Operating Revenues increased by \$85,219. There were nine pay-offs of Shared Equity investments and Oakwood rents were higher. Operating Expenses decreased by \$5,724. The Oakwood Repairs and Maintenance expenses were lower.

The increase in Net Nonoperating Revenues (Expenses) of \$16,540 was because of higher interest income on loans to tax credit properties.

**CAPITAL ASSETS AND DEBT ADMINISTRATION****Capital Assets**

The Authority's Capital Assets, Net of Accumulated Depreciation were \$2,894,777 and \$3,079,582 at December 31, 2018 and 2019 respectively.

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Year Ended December 31, 2019

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Land	\$ 480,000	\$ 480,000	\$ -
Buildings, Improvements & Land Improvements	3,638,044	3,363,921	274,123
Less Accumulated Depreciation	(1,038,462)	(949,144)	(89,318)
Total Capital Assets, Net	<u>\$ 3,079,582</u>	<u>\$ 2,894,777</u>	<u>\$ 184,805</u>

In 2019, the change was the amount of depreciation and an increase in building improvements.

**Long-Term Debt**

In 2012 the Authority refinanced the original Colorado Housing and Finance Authority (CHFA) loan used to purchase Oakwood Apartments in 2006. The Authority refinanced with two loans: (1) with FirstBank in first position with a \$1,700,000 loan and (2) a new second position loan with CHFA for \$300,000. Both loans have the same terms; 3.75% interest rate for the first 5 years (then a re-set of interest rate with a floor of 4%), amortized over 30 years. The re-setting of the interest rate occurred March 1, 2017; the interest rate on both loans was re-set at 4.0% until maturity on March 1, 2022. The Authority’s long-term debt was \$1,682,753 at year-end 2019, a decrease of \$45,760 from \$1,728,513 in 2018.

**ECONOMIC FACTORS**

The mission of the Authority is to achieve economically thriving communities by preserving, providing and developing housing choices in Douglas County.

Demand for the Home Ownership Program, including Down Payment Assistance and related counseling services, remained high with numbers of clients similar to the previous year. The supply of moderately priced homes for sale remained low. Through the first 3 quarters of the year investor buyer competition further constrained an already difficult market for first-time homebuyers. As a result, the Authority provided down payment assistance to only 10 buyers in 2019 despite accepting 44 applications for assistance.

The number of foreclosure filings in the County remained very low in 2019. This trend continues as a result of delinquent borrowers having more ability to sell, rather than go through a foreclosure. The Authority served a slightly lower number of households facing foreclosure in 2019 as it did in the previous year.

The demand for reverse mortgage counseling remains strong. This is a reflection of the growing senior population in the County. The high cost of for-sale housing and a lack of more affordable senior rental options is forcing many seniors to seek reverse mortgages as a means of maintaining financial stability and independence while on a fixed income.

In response to these needs the Authority endeavors to develop more affordable independent senior rental units. The Authority re-zoned the Oakwood Senior Apartments property to allow for the development of 53 more units on the site. The Authority will also be partnering with Shea Properties on a 134-unit 60% AMI LIHTC senior development in Highlands Ranch – The Audrey, which will break ground in 2020.

The Authority will also continue to evaluate land and existing properties for purchase, and to consider partnerships with development companies building affordable housing in the County. Douglas County continues to be of interest to developers as land for development becomes less available in the Denver metro area and demand increases in Douglas County due to population growth.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Authority's finances and to show accountability for the money the Authority receives. If you have any questions or need additional financial information, contact Douglas County Housing Partnership, 9350 Heritage Hills Circle, Lone Tree, CO 80124.

## **Basic Financial Statements**

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	General	Loan	Oakwood Apartments	Total
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 1,455,079	\$ 1,787,344	\$ 544,758	\$ 3,787,181
Restricted Cash	-	-	191,903	191,903
Accounts Receivable	15,105	-	3,835	18,940
Grants Receivable	51,966	-	-	51,966
Prepaid Expenses	7,294	-	18,277	25,571
Total Current Assets	<u>1,529,444</u>	<u>1,787,344</u>	<u>758,773</u>	<u>4,075,561</u>
<b>Noncurrent Assets</b>				
Investments in Partnerships	213	-	-	213
Accrued Interest Receivable	515,604	-	-	515,604
Loans Receivable	1,360,254	2,273,354	-	3,633,608
Capital Assets, <i>not being depreciated</i>	-	-	480,000	480,000
Capital Assets, <i>net of accumulated depreciation</i>	561,403	-	2,038,179	2,599,582
Total Noncurrent Assets	<u>2,437,474</u>	<u>2,273,354</u>	<u>2,518,179</u>	<u>7,229,007</u>
Total Assets	<u>3,966,918</u>	<u>4,060,698</u>	<u>3,276,952</u>	<u>11,304,568</u>
<b>Deferred Outflows of Resources</b>				
Items related to Pensions, <i>net of accumulated amortization</i>	71,606	-	-	71,606
Items related to OPEB, <i>net of accumulated amortization</i>	2,828	-	-	2,828
	<u>74,434</u>	<u>-</u>	<u>-</u>	<u>74,434</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	7,016	-	431	7,447
Accrued Interest Payable	-	-	5,768	5,768
Unearned Revenues	-	-	51	51
Tenant Security Deposits	1,200	-	21,858	23,058
Notes Payable, Current Portion	-	-	47,484	47,484
Total Current Liabilities	<u>8,216</u>	<u>-</u>	<u>75,592</u>	<u>83,808</u>
<b>Long-Term Liabilities</b>				
Accrued Compensated Absences	13,208	-	-	13,208
Notes Payable	-	-	1,635,269	1,635,269
Net Pension Liability	446,321	-	-	446,321
Net OPEB Liability	37,457	-	-	37,457
Total Long-Term Liabilities	<u>496,986</u>	<u>-</u>	<u>1,635,269</u>	<u>2,132,255</u>
Total Liabilities	<u>505,202</u>	<u>-</u>	<u>1,710,861</u>	<u>2,216,063</u>
<b>Deferred Inflows of Resources</b>				
Items related to Pensions, <i>net of accumulated amortization</i>	2,863	-	-	2,863
Items related to OPEB <i>net of accumulated amortization</i>	2,226	-	-	2,226
	<u>5,089</u>	<u>-</u>	<u>-</u>	<u>5,089</u>
<b>Net Position</b>				
Net Investment in Capital Assets	561,403	-	835,426	1,396,829
Restricted for:				
Home Ownership Program	-	3,580,087	-	3,580,087
Replacement Reserves	-	-	190,075	190,075
Unrestricted	<u>2,969,658</u>	<u>480,611</u>	<u>540,590</u>	<u>3,990,859</u>
Total Net Position	<u>\$ 3,531,061</u>	<u>\$ 4,060,698</u>	<u>\$ 1,566,091</u>	<u>\$ 9,157,850</u>

See Notes to Financial Statements.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	General	Loan	Oakwood Apartments	Total
<b>Operating Revenues</b>				
Member Assessments	\$ 165,000	\$ -	\$ -	\$ 165,000
Grants	125,686	-	-	125,686
Rental Income	38,188	-	522,655	560,843
Management Fees	77,777	-	-	77,777
Partnership Distributions	66,239	-	-	66,239
Conduit Loan Fees	25,000	-	-	25,000
Other	4,888	219,811	9,489	234,188
<b>Total Operating Revenues</b>	<u>502,778</u>	<u>219,811</u>	<u>532,144</u>	<u>1,254,733</u>
<b>Operating Expenses</b>				
Administrative	446,089	39,570	161,760	647,419
Utilities	-	-	39,318	39,318
Repairs and Maintenance	-	-	82,015	82,015
Depreciation	15,716	-	73,603	89,319
<b>Total Operating Expenses</b>	<u>461,805</u>	<u>39,570</u>	<u>356,696</u>	<u>858,071</u>
<b>Net Operating Income (Loss)</b>	<u>40,973</u>	<u>180,241</u>	<u>175,448</u>	<u>396,662</u>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	60,215	39,171	5,522	104,908
Interest Expense	-	-	(68,954)	(68,954)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>60,215</u>	<u>39,171</u>	<u>(63,432)</u>	<u>35,954</u>
<b>Net Income (Loss) Before Transfers</b>	101,188	219,412	112,016	432,616
Transfer In	140,959	-	274,123	415,082
Transfer (Out)	-	(415,082)	-	(415,082)
<b>Change in Net Position</b>	242,147	(195,670)	386,139	432,616
<b>Net Position, Beginning of year</b>	<u>3,288,914</u>	<u>4,256,368</u>	<u>1,179,952</u>	<u>8,725,234</u>
<b>Net Position, End of year</b>	<u>\$ 3,531,061</u>	<u>\$ 4,060,698</u>	<u>\$ 1,566,091</u>	<u>\$ 9,157,850</u>

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	General	Loan	Oakwood Apartments	Total
<b>Cash Flows from Operating Activities</b>				
Cash Received from Members and Others	\$ 332,646	\$ 219,811	\$ 9,489	\$ 561,946
Grants Received	128,747	-	-	128,747
Cash Received from Tenants	38,388	-	524,767	563,155
Cash Payments to Employees	(226,905)	-	(67,254)	(294,159)
Cash Payments to Vendors and Suppliers	<u>(284,578)</u>	<u>(44,362)</u>	<u>(227,133)</u>	<u>(556,073)</u>
Net Cash Provided by Operating Activities	<u>(11,702)</u>	<u>175,449</u>	<u>239,869</u>	<u>403,616</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Loan Payments Received from Individuals	-	521,941	-	521,941
Loans issued to Individuals	<u>-</u>	<u>(415,500)</u>	<u>-</u>	<u>(415,500)</u>
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>106,441</u>	<u>-</u>	<u>106,441</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchase of Capital Assets	-	-	(274,123)	(274,123)
Payments to Other Funds	-	(415,082)	-	(415,082)
Payments from Other Funds	140,959	-	274,123	415,082
Principal Payments on Loans	-	-	(45,760)	(45,760)
Interest Payments on Loans	<u>-</u>	<u>-</u>	<u>(69,111)</u>	<u>(69,111)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>140,959</u>	<u>(415,082)</u>	<u>(114,871)</u>	<u>(388,994)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Received	<u>15,303</u>	<u>39,171</u>	<u>5,522</u>	<u>59,996</u>
<b>Net Change in Cash</b>	144,560	(94,021)	130,520	181,059
<b>Cash, Beginning of year</b>	<u>1,310,519</u>	<u>1,881,365</u>	<u>606,141</u>	<u>3,798,025</u>
<b>Cash, End of year</b>	<u>\$ 1,455,079</u>	<u>\$ 1,787,344</u>	<u>\$ 736,661</u>	<u>\$ 3,979,084</u>

(Continued)

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
**Statement of Cash Flows**  
**Proprietary Funds**  
**December 31, 2019**  
*(Continued)*

	General	Loan	Oakwood Apartments	Total
<b>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Net Operating Income (Loss)	\$ 40,973	\$ 180,241	\$ 175,448	\$ 396,662
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	15,715	-	73,603	89,318
Changes in Assets and Liabilities:				
Accounts and Grants Receivable	(3,197)	-	(977)	(4,174)
Prepaid Expenses	(3,254)	-	(4,253)	(7,507)
Deferred Outflows of Resources, Pension	(39,102)	-	-	(39,102)
Deferred Outflows of Resources, OPEB	(314)	-	-	(314)
Accounts Payable	5,461	(4,792)	(7,041)	(6,372)
Unearned Revenues	-	-	18	18
Tenant Security Deposits	200	-	3,071	3,271
Accrued Compensated Absences	(1,142)	-	-	(1,142)
Net Pension Liability	42,468	-	-	42,468
Net OPEB Liability	829	-	-	829
Deferred Inflows of Resources, Pension	(69,971)	-	-	(69,971)
Deferred Inflows of Resources, OPEB	(368)	-	-	(368)
	<u>\$ (11,702)</u>	<u>\$ 175,449</u>	<u>\$ 239,869</u>	<u>\$ 403,616</u>
Net Cash Provided by Operating Activities	<u>\$ (11,702)</u>	<u>\$ 175,449</u>	<u>\$ 239,869</u>	<u>\$ 403,616</u>

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies**

The Douglas County Housing Partnership (the Authority), a multi-jurisdictional housing authority, was formed by an intergovernmental agreement between Douglas County, the Towns of Castle Rock and Parker, and the City of Lone Tree in the State of Colorado to provide affordable housing within these communities.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

**Reporting Entity**

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to, or impose financial burdens on, the Authority.

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The Authority uses funds to report its financial position and activities. Fund accounting is designed to segregate transactions related to certain functions or activities. All of the Authority's funds are classified as enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where fees are charged to external users for goods and services.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

When both restricted and unrestricted resources are available for a specific use, it is the Authority's practice to use restricted resources first, and the unrestricted resources as they are needed.

Major individual funds are reported as separate columns in the financial statements. The Authority reports the following major proprietary funds:

The *General Fund* - Accounts for the development of affordable housing and the general administration and operations of the Authority, including home buyer classes and foreclosure counseling, financed primarily by member contributions, grants, and various fees.

The *Loan Fund* - Is used to account for the provision of shared equity investments and down-payment assistance loans financed by grants and developer cash-in-lieu funds.

The *Oakwood Apartments Fund* - Is used to account for the activities of the Oakwood Apartments, a 64-unit senior housing apartment complex located in the Town of Castle Rock.

**Assets, Liabilities and Net Position**

*Cash Equivalents* - For purposes of the statement of cash flows, cash equivalents include investment with original maturities of three months or less.

*Receivables* - Receivables are expensed as bad debts at the time they are determined to be uncollectible. Management has established an allowance for doubtful accounts for amounts that may not be collectible in the future.

*Prepaid Expenses* - Payments to vendors for goods and services which will benefit subsequent years are reported as prepaid expenses.

*Capital Assets* - Capital assets, which include land, buildings, building improvements and sidewalks, are recorded at cost. The Authority capitalizes all assets with an original cost of \$5,000 or more, and a useful life of more than one year. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets.

Buildings	40 years
Building Improvements	10 - 20 years
Land Improvements	10 - 20 years

*Unearned Revenues* - Unearned revenues arise when resources are received by the Authority before it has a legal claim to them, as when grants are received prior to the incurrence of qualifying expenditures, or when rent is received in advance.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

*Compensated Absences* - Authority employees are allowed to accumulate unused vacation time to a maximum of 200 hours, depending on years of service. Upon termination of employment from the Authority, an employee will be compensated for all accrued vacation time. These compensated absences are recognized as a liability in the financial statements when earned.

*Pensions* - The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan 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.

*Postemployment Benefits Other Than Pensions (OPEB)* - The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan 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 and deductions from the HCTF's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the HCTF. For this purpose, the HCTF recognizes benefit payments when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees.

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

**In-Kind Contributions**

Douglas County provides office space and Informational Technology (IT) services to the Authority at no cost. The estimated fair value of the office space is \$30,000 annually. This in-kind contribution is not reported in the financial statements.

**Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Subsequent Event**

We have evaluated subsequent events through March 23, 2020. The date the financial statements were available to be issued.

**Note 2: Stewardship, Compliance and Accountability**

**Budgetary Information**

Budgets are adopted for all funds as a management control device, but are not required by State statutes. Therefore, budgetary information is not presented in the financial statements.

**Note 3: Cash and Investments**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2019, the Authority had bank deposits of \$3,407,471 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

**Investments**

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

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

**Investments** *(Continued)*

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount of Authority may invest in a single issuer of investment securities, except for corporate securities.

The Authority had no investments at December 31, 2019.

**Restricted Cash**

At December 31, 2019, the Oakwood Apartments Fund held replacement reserves, as required by its loan agreement, of \$191,903.

**Note 4: Investments in Partnerships**

**Castle Highlands Limited Partnership**

The Authority was admitted to the Castle Highlands Limited Partnership in November, 2004. The Authority received a .005% interest as a special limited partner in the partnership. The Reserve at Castle Highlands provides 200 affordable rental housing units for families in Castle Rock.

**LincolnPointe Lofts One**

The Authority is a member in LincolnPointe Lofts Development Company, LLC (Developer) and LincolnPointe Lofts, LLC (General Partner). The Authority was granted a 10% and 9.999% membership in these entities, respectively. Admitted in September, 2004, the Authority also participates as a special limited partner in LincolnPointe Lofts One Limited Partnership (Owner) with a .001% interest. LincolnPointe Lofts One provides 133 affordable rental housing units for families in unincorporated Douglas County.

**LincolnPointe Lofts Two**

The Authority is a member in LincolnPointe Lofts Two Development Company, LLC (Developer) and LincolnPointe Lofts Two, LLC (General Partner). The Authority was granted a 10% and a 9.999% membership in these entities, respectively. The Authority also participates as a special limited partner with a .01% interest in LincolnPointe Lofts Two LLLP (Owner), admitted in October, 2006. LincolnPointe Lofts Two provides 88 units of affordable rental housing in unincorporated Douglas County.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 4: Investments in Partnerships (Continued)**

**Apex Meridian, LLC**

In August, 2013, the Authority, through its wholly-owned subsidiary DCHP Participations LLC, entered into an agreement with Apex Meridian, LLC, to acquire, construct and maintain a multifamily rental housing development with 156 dwelling units in eight three-story buildings located in unincorporated Douglas County. As a Class B Special Member of Apex Meridian, LLC, the Authority has a .01% partnership interest.

**Auburn Ventures, LP**

The Authority, through its wholly-owned subsidiary DCHP Participations LLC, in December 2014 entered into an agreement with Auburn Ventures, LP, to acquire, develop, maintain, and operate a 90-unit multifamily apartment complex known as Auburn Ridge Senior Apartments located in the Town of Castle Rock. The Authority received a .005% partnership interest in Auburn Ventures, LP.

**Copper Steppe Apartments, LLC**

In September 2015, the Authority, through its wholly-owned subsidiary DCHP Participations LLC, entered into an agreement with Copper Steppe Apartments, LLC to develop and operate a 264-unit multifamily rental housing development known as Copper Steppe Apartments, located in unincorporated Douglas County. As a Class B Special Member of Copper Steppe Apartments, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

**Apex Meridian II, LLC**

In December 2018, the Authority, through its wholly-owned subsidiary DCHP Participations LLC, entered into an agreement with Apex Meridian II, LLC to acquire land and construct and maintain a 156-unit multifamily rental housing development in unincorporated Douglas County. As a Class B Special Member of Apex Meridian II, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
 Notes to Financial Statements  
 December 31, 2019

**Note 5: Loans Receivable**

Loans receivable at December 31, 2019, consisted of the following.

<b>General Fund</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
LincolnPointe Lofts Two LLLP	\$ 500,000	\$ 345,500	\$ 845,500
LincolnPointe Lofts Two LLLP	100,000	39,500	139,500
LincolnPointe Lofts One Limited Partnership	580,000	123,390	703,390
Auburn Ventures, LP	14,650	-	14,650
Auburn Ventures, LP	165,604	7,214	172,818
<b>Loan Fund</b>			
Home Buyers Assistance Program, Net of allowance for Doubtful Accounts	<u>2,273,354</u>	<u>-</u>	<u>2,273,354</u>
 Total	 <u>\$ 3,633,608</u>	 <u>\$ 515,604</u>	 <u>\$ 4,149,212</u>

**General Fund**

During 2006, the Authority loaned \$600,000 in the form of two notes to LincolnPointe Lofts Two LLLP to purchase land for a housing complex. The first loan, for \$500,000, accrues interest at 5.4% per annum. The second loan, for \$100,000, accrues interest at 3% per annum. If not paid sooner, all principal and accrued interest is due in full on January 31, 2040.

During 2008, the Authority loaned \$580,000 to LincolnPointe Lofts One Limited Partnership to pay off a bridge loan utilized to construct the housing complex. The loan accrues interest at 2% per annum. If not paid sooner, all principal and accrued interest is due in full on April 1, 2042.

During 2014, the Authority loaned \$200,000 to Auburn Ventures, LP, for construction of a multifamily apartment complex. The loan is non-interest bearing and is due in full on December 31, 2045. On October 1, 2014, the Authority agreed to allow Auburn Developers, LLC, to purchase the loan for \$25,000 after the expiration of the Auburn Ventures, LP, low-income housing tax credit compliance period.

During 2014, the Authority agreed to loan \$200,000 to Auburn Ventures, LP, for construction of a multifamily apartment complex. The loan accrues interest at 2% per annum. If not paid sooner, all principal and accrued interest is due in full on December 31, 2045.

**Loan Fund**

At December 31, 2019, the Authority had outstanding loans of \$540,988 to qualifying first-time home buyers for down-payment and closing cost assistance. Under this program, the Authority provides loans for a maximum of \$15,000. Monthly principal and interest payments are required for a term of 15 or 30 years. The loans are secured by deeds of trust and are interest-bearing at varying rates.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
 Notes to Financial Statements  
 December 31, 2019

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

**Loan Fund** (Continued)

At December 31, 2019 the Authority had outstanding investments of \$1,798,866 under the shared equity program. Under this program, the Authority provides funding of up to 20% of the purchase price of the home, to a maximum of \$50,000, to first-time home buyers working in Douglas County. The investment is required to be repaid upon the sale or refinance of the home. At that time, the borrower must return the same percentage of sale proceeds to the Authority.

**Note 6: Capital Assets**

Capital asset activity for the year ended December 31, 2019, is summarized below:

<b>Governmental Activities</b>	<b>Balance</b>			<b>Balance</b>
Capital Assets, <i>Not Being Depreciated</i>	<b>12/31/18</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/19</b>
Land	\$ 480,000	\$ -	\$ -	\$ 480,000
Capital Assets, <i>Being Depreciated</i>				
Buildings	3,237,905	-	-	3,237,905
Building Improvements	108,617	274,123	-	382,740
Land Improvements	17,399	-	-	17,399
Total Capital Assets, <i>Being Depreciated</i>	<u>3,363,921</u>	<u>274,123</u>	<u>-</u>	<u>3,638,044</u>
Less Accumulated Depreciation				
Buildings	(883,018)	(80,888)	-	(963,906)
Building Improvements	(56,923)	(7,149)	-	(64,072)
Land Improvements	(9,203)	(1,281)	-	(10,484)
Total Accumulated Depreciation	<u>(949,144)</u>	<u>(89,318)</u>	<u>-</u>	<u>(1,038,462)</u>
Total Capital Assets, <i>Being Depreciated, net</i>	<u>2,414,777</u>	<u>184,805</u>	<u>-</u>	<u>2,599,582</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 2,894,777</u>	<u>\$ 184,805</u>	<u>\$ -</u>	<u>\$ 3,079,582</u>

**Note 7: Long-Term Liabilities**

A summary of changes in long-term debt for the year ended December 31, 2019, is presented below:

<b>General Fund</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
Compensated Absences	<b>12/31/18</b>	<b>Additions</b>	<b>Deletions</b>	<b>12/31/19</b>	<b>One Year</b>
Compensated Absences	\$ 14,350	\$ 182	\$ (1,324)	\$ 13,208	\$ -
<b>Oakwood Apartments Fund</b>					
FirstBank	1,469,695	-	(38,889)	1,430,806	40,314
CHFA	258,818	-	(6,871)	251,947	7,170
Total	<u>\$ 1,742,863</u>	<u>\$ 182</u>	<u>\$ (47,084)</u>	<u>\$ 1,695,961</u>	<u>\$ 47,484</u>

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
 Notes to Financial Statements  
 December 31, 2019

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

Compensated absences are expected to be liquidated primarily with resources of the General Fund.

On February 23, 2012, the Authority obtained two loans to refinance an existing loan from the Colorado Housing and Finance Authority (CHFA), originally used to purchase the Oakwood Apartments. FirstBank loaned \$1,700,000 and CHFA loaned \$300,000 to the Authority. Both loans accrued interest at 3.75% per annum for the first five years. After five years, the interest rate resets to 300 basis points above the five-year Constant Maturity Treasury rate through maturity, provided that the rate will not be lower than 4%. Monthly payments of principal and interest, amortized over a thirty-year period, are required beginning April 1, 2012, with a balloon payment due at maturity on March 1, 2022. Effective March 1, 2017, the interest rate was increased to 4%.

Following is a summary of debt service requirements to maturity at an interest rate of 4%.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 47,484	\$ 67,388	\$ 114,872
2021	49,606	65,267	114,873
2022	<u>1,585,663</u>	<u>15,816</u>	<u>1,601,479</u>
Total	<u>\$ 1,682,753</u>	<u>\$ 148,471</u>	<u>\$ 1,831,224</u>

**Note 8: Interfund Transactions**

During the year ended December 31, 2019, the Loan Fund transferred to the General Fund for consultant and engineering costs for development and improvements to Oakwood Apartments amounting to \$140,959 and to Oakwood fund for the purchase of capital assets amounting to \$274,123.

**Note 9: Defined Benefit Pension Plan**

**General Information**

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

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan** (Continued)

**General Information** (Continued)

*Benefits Provided as of December 31, 2018* - 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.

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.

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan** (Continued)

**General Information** (Continued)

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 lesser 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 plan participants once they reach five years of earned service credit and are determined to meet the definition of a disability. The disability benefit amount is based on the lifetime retirement benefit formula described previously, considering a minimum of twenty 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 in place under which service credit was obtained, and the qualified survivor who will receive the benefits.

*Contributions provisions as of December 31, 2019* - The Authority and eligible employees are required to contribute to the LGDTF at a rate set by Colorado statute. These contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. The contribution rate for eligible employees is 8% of covered salaries during the period of January 1, 2018 through December 31, 2019. The Authority's contribution rate for calendar year 2019 was 13.70% of covered salaries, respectively. However, a portion of the Authority's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. The Authority's contributions to the LGDTF for the year ended December 31, 2019, were \$31,086, equal to the required contributions.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan (Continued)**

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

At December 31, 2019, the Authority reported a net pension liability of \$446,321, representing its proportionate share of the net pension liability of the LGDTF. The net pension liability was measured at 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 Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers to the LGDTF. At December 31, 2018, the Authority's proportion was 0.0355008374%, which was a decrease of 0.0007702133% from its proportion measured at December 31, 2017.

For the year ended December 31, 2019, the Authority recognized pension benefit of \$63,708. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 4,083	\$ -
Net difference between projected and actual		
Earnings on plan investments	38,751	-
Changes in proportion	-	2,864
Contributions subsequent to the measurement date	28,772	-
 Total	 \$ 71,606	 \$ 2,864

Authority contributions of \$28,772 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<b><u>Year Ended December 31,</u></b>			
2020		\$	5,004
2021			3,238
2022			31,728
 Total		 \$	 39,970

**Douglas County Housing Partnership**  
 (A Multi-Jurisdictional Housing Authority)  
 Notes to Financial Statements  
 December 31, 2019

**Note 9: Defined Benefit Pension Plan (Continued)**

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

*Actuarial Assumptions* - The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate <sup>1</sup>	7.25%
Post-retirement benefit increases:	
Hired prior to 1/1/2007	0% through 2019 and 1.5% compounded annually thereafter
Hired after 12/31/2006	Financed by the Annual Increase Reserve (AIR)

<sup>1</sup>The discount rate reflected in the roll-forward calculation of the total pension liability to the measurement date was 7.25%.

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 were based on the RP-2014 Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

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

For disabled retirees, the mortality assumption was 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.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan (Continued)**

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

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, as follows:

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

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan** (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.25%. 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:

- 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 the 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 for each year, including the 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 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 middle of the year.

Based on the above assumptions and methods, the projection test indicates the LGTF'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 determination does not use the municipal bond rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 9: Defined Benefit Pension Plan** (Continued)

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

*Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as the Authority's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net pension liability	\$ 682,779	\$ 446,321	\$ 248,500

*Pension Plan Fiduciary Net Position* - Detailed information about the LGDTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Changes between the measurement date of the net pension liability and December 31, 2019* - During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law by Governor Polis on May 20, 2019 and eliminates the 2 percent increase in the contribution rate for members in the Local Government Division mandated by SB 18-200.

**Note 10: Defined Contribution Pension Plan**

*Plan Description* - Employees of the Authority 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 CRS, as amended, assigns the authority to establish the plan provisions to PERA's governing board. PERA issues a publicly available annual financial report for the plan. That report may be obtained as described previously.

*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 CRS, as amended. In addition, the Authority has agreed to contribute an amount on behalf of each employee equal to the employee's medical insurance premium if the employee chooses not to participate fully in the health benefit programs provided by the Authority. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2019, the Authority contributed \$6,245 to the plan.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 11: Post-Employment Healthcare Benefits**

*Plan Description* - All employees of the Authority are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS) assigns the authority to establish and amend plan provisions to the State Legislature. PERA issues a publicly available financial report that includes information on the HCTF. That report may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Benefits Provided* - The HCTF provides a healthcare premium subsidy to eligible benefit recipients and retirees who choose to enroll. Eligibility to enroll is voluntary and includes benefit recipients, their eligible dependents and surviving spouses, among others. Eligible benefit recipients may enroll in the HCTF upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period. The health care premium subsidy is based on the benefit structure under which the member retires and the member's years of service credit.

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, and \$115 per month for benefit recipients who are over 65 years of age or who are under 65 years of age and entitled to Medicare. An additional subsidy is provided if the benefit recipient has not participated in Social Security and is not otherwise eligible for Medicare Part A. The maximum subsidy is based on 20 or more years of service. The subsidy is reduced for each year of service less than 20 years. The benefit recipient pays the remaining portion of the premium not covered by the subsidy.

*Contributions* - As established by Title 24, Article 51, Section 208 of the CRS, 1.02% of the Authority's contributions to the Local Government Division Trust Fund (LGDTF) (See Note 9) is apportioned to the HCTF. No employee contributions are required. These contribution requirements are established and may be amended by the State Legislature. The Authority's apportionment to the HCTF for the year ended December 31, 2019, was \$2,314.

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

At December 31, 2019, the Authority reported a net OPEB liability of \$37,457, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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 Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year ended December 31, 2018, relative to the contributions of all participating employers. At December 31, 2018, the Authority's proportion was 0.0027530964%, which was a decrease of 0.0000653388% from its proportion measured at December 31, 2017.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 11: Post-Employment Healthcare Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the year ended December 31, 2019, the Authority recognized OPEB expense of \$2,271. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 103	\$ 46
Changes of assumptions and other inputs	211	-
Net difference between projected and actual earnings on plan investments	200	-
Changes in proportion	-	2,180
Contributions subsequent to the measurement date	<u>2,314</u>	<u>-</u>
Total	<u>\$ 2,828</u>	<u>\$ 2,226</u>

Authority contributions subsequent to the measurement date of \$2,314 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ended December 31,</u>	
2020	\$ (572)
2021	(571)
2022	(422)
2023	(143)
2024	<u>(4)</u>
Total	<u>\$ (1,712)</u>

**Douglas County Housing Partnership**  
 (A Multi-Jurisdictional Housing Authority)  
 Notes to Financial Statements  
 December 31, 2019

**Note 11: Post-Employment Healthcare Benefits (Continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based premium subsidy	0.0%
Medicare plans	5.0%
Medicare Part A premiums:	
3.25% for 2018, gradually rising to 5.00% in 2025	

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table. 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 were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments. For disabled retirees, the mortality assumption was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

Health care cost trend rates are based on published annual health care inflation surveys in conjunction with actual plan experience, building block models and heuristics developed by actuaries and administrators, and other projected trends.

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, and were adopted by PERA's governing board on November 18, 2016. In addition, certain actuarial assumptions pertaining to per capita health care costs and the related trends are analyzed by PERA's actuary as needed.

The long-term expected rate of return on the HCTF investments was determined using 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.

**Douglas County Housing Partnership**  
 (A Multi-Jurisdictional Housing Authority)  
 Notes to Financial Statements  
 December 31, 2019

**Note 11: Post-Employment Healthcare Benefits** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

The most recent analysis of the long-term expected rate of return was adopted by PERA's governing board on November 18, 2016 and included the target allocation and best estimates of geometric real rates of return for each major asset class, as presented previously in Note 9.

*Discount Rate* - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at the current contribution rate. Based on this assumption, the HCTF's fiduciary net position was projected to be available to make all projected future OPEB payments to current active and inactive employees. Therefore, the long-term expected rate of return on HCTF investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate* - The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as the Authority's proportionate share of the net OPEB liability if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate, as follows:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Proportionate share of the net OPEB liability	\$ 41,911	\$ 37,457	\$ 33,649

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates* - The following presents the Authority's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 3% to 5%, as well as the Authority's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
Proportionate share of the net OPEB liability	\$ 34,795	\$ 37,457	\$ 36,965

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 11: Post-Employment Healthcare Benefits** (Continued)

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** (Continued)

*OPEB Plan Fiduciary Net Position* - Detailed information about the HCTF's fiduciary net position is available in PERA's separately issued financial report, which may be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**Note 12: Commitments and Contingencies**

**Promissory Note**

In April, 2006, the Authority entered into a loan agreement with Douglas County. The terms of the agreement require the Authority to repay \$646,000 to the County in the event the Oakwood Apartments cease to be affordable housing. Since the possibility is remote that the Authority would fail to meet this requirement, no liability has been reported in the financial statements for this contingency.

**Claims and Judgements**

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. At December 31, 2019, some grant expenses have not been audited, but the Authority believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

**TABOR Amendment**

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

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Notes to Financial Statements  
December 31, 2019

**Note 12: Commitments and Contingencies** (Continued)

**Conduit Debt Obligation**

In September, 2015, the Authority entered into a funding loan agreement with Citibank in the amount of \$32,500,000. Simultaneously, the Authority entered into a borrower loan agreement with Copper Steppe Apartments, LLC, whereby Copper Steppe Apartments, LLC, constructed a 264-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Copper Steppe Apartments, LLC, will make all principal and interest payments required by the loan agreements, which mature on October 1, 2048. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2019, was approximately \$26,224,388.

In December 2018, the Authority entered into a funding loan agreement with Citibank in the amount of \$27,979,000 and a Subordinate Financing Agreement with Meridian-MB Investments, LLC and Apex Meridian II, LLC in the amount of \$2,021,000. Simultaneously, the Authority entered into a borrower loan agreement with Apex Meridian II, LLC whereby Apex Meridian II, LLC constructed a 156-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Apex Meridian II, LLC, will make all principal and interest payments required by the loan agreements, which mature on January 1, 2052, and January 1, 2052, for the Subordinate Financing Agreement. Since the Authority is not obligated in any manner for repayment of the Citibank loan or the Subordinate Financing Agreement, these liabilities are not reported in the accompanying financial statements. The outstanding balance of the loans at December 31, 2018, totaled approximately \$15,498,862.

## **Required Supplementary Information**

# Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

## Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2019

	<u>12/31/2018</u>
<b>Proportionate Share of the Net Pension Liability</b>	
Authority's Proportion of the Net Pension Liability	0.0355008374%
Authority's Proportionate Share of the Net Pension Liability	\$ 446,321
Authority's Covered-Employee Payroll	\$ 232,848
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	192%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76%
	<u>12/31/2019</u>
<b>Authority Contributions</b>	
Statutorily Required Contribution	\$ 28,772
Contributions in Relation to the Statutorily Required Contribution	<u>(28,772)</u>
Contribution Deficiency (Excess)	\$ <u><u>-</u></u>
Authority's Covered-Employee Payroll	\$ 226,905
Contributions as a Percentage of Covered-Employee Payroll	12.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

## Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

### Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2019 (Continued)

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
<b>Proportionate Share of the Net Pension Liability</b>					
Authority's Proportion of the Net Pension Liability	0.0362710507%	0.0399089653%	0.0444411975%	0.0446295634%	0.0466782790%
Authority's Proportionate Share of the Net Pension Liability	\$ 403,853	\$ 538,907	\$ 489,556	\$ 400,019	\$ 384,125
Authority's Covered-Employee Payroll	\$ 228,814	\$ 241,898	\$ 252,391	\$ 244,550	\$ 249,033
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	176%	223%	194%	164%	154%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79%	74%	77%	81%	78%
	12/31/18	12/31/17	12/31/16	12/31/15	12/31/14
<b>Authority Contributions</b>					
Statutorily Required Contribution	\$ 29,525	\$ 29,014	\$ 30,257	\$ 32,003	\$ 31,009
Contributions in Relation to the Statutorily Required Contribution	(29,525)	(29,014)	(30,257)	(32,003)	(31,009)
Contribution Deficiency (Excess)	-	-	-	-	-
Authority's Covered-Employee Payroll	232,848	\$ 228,814	\$ 241,898	\$ 252,392	\$ 244,550
Contributions as a Percentage of Covered-Employee Payroll	12.68%	12.68%	12.51%	12.68%	12.68%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**Douglas County Housing Partnership**  
(A Multi-Jurisdictional Housing Authority)  
Required Supplementary Information  
Schedule of Proportionate Share of the OPEB Liability and Contributions  
Public Employees' Retirement Association of Colorado Health Care Trust Fund  
For the Year Ended December 31, 2019

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Proportionate Share of the Net Pension Liability</b>		
Authority's Proportion of the Net OPEB Liability	0.0027530964%	0.0028184352%
Authority's Proportionate Share of the Net OPEB Liability	\$ 37,457	\$ 36,628
Authority's Covered Payroll	\$ 232,848	\$ 228,814
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17%	18%
	<u>12/31/2019</u>	<u>12/31/2018</u>
<b>District Contributions</b>		
Statutorily Required Contribution	\$ 2,314	\$ 2,375
Contributions in Relation to the Statutorily Required Contribution	<u>(2,314)</u>	<u>(2,375)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 226,905	\$ 232,848
Contributions as a Percentage of Covered Payroll	1.02%	1.02%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

**Douglas County Housing Partnership**  
 (A Multi-Jurisdictional Housing Authority)  
 Schedule of Expenditures Federal Awards  
 For the Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>		
Passed through the Colorado Department of Local Affairs, Division of Housing Home Investment Partnerships Program	14.239	\$ 87,020
Passed through Douglas County Community Development Block Grant	14.218	374,544
Passed through the Colorado Housing and Finance Authority Housing Counseling Assistance Program	14.169	<u>52,476</u>
Total U.S. Department of Housing and Urban Development		<u>514,040</u>
<b>Total Federal Financial Assistance</b>		<u>\$ 514,040</u>

**Douglas County Housing Partnership**  
*(A Multi-Jurisdictional Housing Authority)*  
Notes to Required Supplementary Information  
December 31, 2019

**Note 1: Schedule of Proportionate Share of the Net Pension Liability and Contributions**

The Public Employees' Retirement Association of Colorado Local Government Division Trust Fund's net pension liability and associated amounts are measured annually at December 31, based on an actuarial valuation as of the previous December 31. The Authority's contributions and related ratios represent cash contributions and any related accruals that coincide with the Authority's fiscal year ending on the subsequent December 31.

**Changes in Assumptions and Other Inputs**

For the year ended December 31, 2019, the total pension liability was determined by an actuarial valuation as of December 31, 2017. The following revised economic and demographic assumptions were effective as of December 31, 2017.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Wage inflation assumption increased from 3.5% - 9.7% to 3.5% - 10.45%.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.