

GARFIELD COUNTY HOUSING AUTHORITY
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Garfield County Housing Authority
Rifle, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of Garfield County Housing Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Garfield County 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Garfield County Housing Authority as of December 31, 2020 and the changes in its financial position, and its 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, pension schedules and OPEB schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Garfield County Housing Authority's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic 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 and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Commissioners
Garfield County Housing Authority
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2020, on our consideration of the Garfield County Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Garfield County Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Garfield County Housing Authority's internal control over financial reporting and compliance.

Blair and Associates, P.C.

Cedaredge, Colorado
February 11, 2021

Management’s Discussion and Analysis (MD&A)

The following is designed to provide a discussion and analysis of the Garfield County Housing Authority’s (GCHA’s) financial condition and operating results for FY 2019 and FY 2020 (for the years ended December 31st), including supplemental information regarding GCHA financial issues and activities. It is intended to accompany the GCHA’s financial statements that follow this MD&A.

HIGHLIGHTS—Business-type Activities

- In 2020, net assets increased by \$392,448 (3.23%) compared to 2019.
- Total operating revenues increased by \$403,192 (1.12%) to \$4,431,207 during the year.
- Total operating expenses (excluding depreciation) increased by \$202,9644 (5.10%) to \$4,144,477 versus 2019.
- Net capital assets decreased by \$9,982 (net of depreciation) during 2019.
- Non-current liabilities decreased by \$70,302 to \$418,016 in 2020 due to a decrease in the PERA pension and OPEB liabilities.

USING THIS ANNUAL REPORT

The Garfield County Housing Authority was established in May 1985 under State of Colorado Statute and is governed by a five-member Board of Commissioners. As required by US GAAP, these financial statements present the activities of the Authority. The following statements and schedules are included:

- Statement of Net Assets—reports GCHA’s current financial resources (short-term spendable resources with capital assets and long-term obligations. (See page 8)
- Statement of Revenues, Expenses, and Changes in Net Assets—reports GCHA’s operating and non-operating revenues by major source along with operating and non-operating expenses. (See page 9)
- Statement of Cash Flows—reports GCHA’s cash flows from operating, investing, capital and non-capital activities. (See page 10)

STATEMENT OF NET ASSETS

The following table shows the condensed statement of net assets for the past two (2) years.

Years ended December 31,	2020	2019
Current assets	\$912,232	\$596,903
Restricted assets	194,943	112,911
Note receivable	248,916	248,680
Capital assets (net of depreciation)	230,770	240,752
Deferred outflows of resources	72,811	161,867
Total assets	\$1,586,861	\$1,361,113

Years ended December 31,	2020	2019
Current liabilities	\$72,874	\$38,976
Non-current liabilities	898,047	488,318
Total liabilities before pension and OPEB	479,558	527,294
Pension liabilities pension and OPEB	418,489	709,847
Total liabilities	\$970,921	\$1,237,141
Net assets		
Invested in capital assets, net of related debt	\$(209,501)	\$(195,406)
Restricted for debt service and foundation expense	390,086	306,470
Unrestricted	329,451	9,561
Total net assets	\$510,036	\$120,625

The net position of GCHA increased to \$510,036 during 2020, an increase of ~3.23% compared to 2019. The increase is reflective of a decrease in the pension and OPEB costs and additional funding from HUD for both the Housing Choice Vouchers Program and Administrations fees related to the COVID-19 pandemic.

The net position restricted is for: debt service related to USDA RD; reserve for the nonprofit Uncle Bob Foundation, a blended component unit now including loans in the Down Payment Assistance program; and Housing Choice Voucher program HAP payments.

REVIEW OF REVENUES

Years ended December 31,	2020	2019
Operating revenues		
Tenant rent income	\$46,439	\$45,388
Rent income – HUD	4,121,703	3,653,731
Other administrative income	247,614	254,266
Other operating income	15,451	34,064
Total operating revenues	\$4,431,207	\$3,987,499
Non-operating revenues		
Interest income	\$7,763	\$6,127
Interest subsidy	34,439	34,439
Contributions	102,587	-
Total non-operating revenues	\$144,789	\$40,566
Total revenues	\$4,575,996	\$4,028,015

In 2020, revenues were up by \$443,708 (or ~1.12%) from 2019. The increase in operating revenue is attributed to increases in rental income from HUD and Administration fees during COVID-19. Revenue for Valley Senior Housing continues to be negatively affected with the ADA unit off-line; however, it did increase somewhat in 2020 over 2019.

Non-operating revenues increased \$104,223 (or ~2.59 %) from 2019. The increase in non-operating revenues is attributed to, in most part by passthrough contributions to other non-profits for rental assistance to families affected by COVID-19.

REVIEW OF EXPENSES

Years ended December 31,	2020	2019
Operating expenses		
General and administration	\$722,831	\$604,856
Housing assistance payments	3,342,879	3,238,165
Maintenance and operations	43,025	65,036
Depreciation	35,742	33,456
Total operating expenses	\$4,144,477	\$3,941,513
Non-operating expenses		
Interest expense	39,071	39,322
Total expenses	\$4,183,548	\$3,980,835
Change in net position	392,448	47,180
Beginning net position, restated	117,588	73,445
Ending net position	\$510,036	\$120,625

Operating expenses for GCHA increased \$389,411 (or ~5.10%) from 2019 to 2020 due to increases in general and administration expenses and increases for housing assistance payments due to lower lease up rates at a lower payment standard, and additional expenses for families effected by COVID-19 layoffs and business closures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets decreased (net of accumulated depreciation) \$9,982 from 2019 to 2020.

Years ended December 31,	2020	2019
Land (non-depreciable)	\$21,286	\$21,286
Construction in progress (non-depreciable)	-	-
Buildings and improvements	681,580	655,820
Furniture and equipment	64,539	64,539
Total accumulated depreciation	(536,635)	(500,893)
Total	\$230,770	\$240,752

Change (decrease) in capital assets is due primarily to the increase in building improvements and the decrease in furniture and equipment with associated increases in total accumulated depreciation.

DEBT OUTSTANDING

The Authority has two mortgages payable to the U.S. Department of Agriculture, Office of Rural Development (formerly FMHA). The first mortgage has a monthly installment due of \$320, including subsidized interest at \$235 per month, with an annual interest rate at 9.5%. This mortgage is collateralized by a lien on the apartments, on the real property and a security interest in rents, profits, and reserve

accounts. The second mortgage has a monthly installment due of \$3,658, including subsidized interest at \$2,635 per month, with an annual interest rate of 9%. This mortgage is collateralized by a lien on the apartment, on the real property and a security interest in rents, profits, and reserve accounts.

ECONOMIC AND OTHER FACTORS

Occupancy in 2020 was at 98.9%. The latest population figures for Garfield County, Colorado, are estimated at ~60,061 for 2019 and has slowed to a modest growth of 6.5% since 2010: however, according to the Colorado State Demographer, the transitions affecting the county for the next few years include an aging population, a slowing labor force growth, and increase in racial/ethnic diversity, and slowing income growth. In Garfield County, 40% of residents are in the low wage-earning group (\$21,700 to \$37,800). The poverty rate is ~9.60%.

From 2018 to 2019, employment in Garfield County grew at a rate of 5.4%. Garfield County has an unemployment rate of 6.3% while the US average is 5.4%. The most common employment sectors for those who live in Garfield County are Construction, Health Care and Social Assistance, and Retail Trade.

Fair Market Rent prices in Garfield County are very high compared to the national average. This FMR are more expensive than 95% of other FMR area. Fair Market Rents for a two-bedroom apartment in Garfield County range in price from \$708 a month in Rifle, Colorado to \$2,800 a month in Carbondale, Colorado.

Compared to the rest of Colorado, the Garfield County FMR area is more expensive than 82% of the state. With a Payment Standard of 10% higher than FMR, Garfield County Housing Authority (GCHA) voucher holders dropped to a 73.6% lease up rate. By managing to the drop-in success rate, GCHA was able to achieve a 98.9% Housing Choice Voucher utilization. GCHA average subsidy increased from \$622 to \$646 per unit night for all types. This increase is potentially due to the increase in the rental market because housing in Garfield County was in a homeowners' "seller" market in 2020.

According to Sperling's Best Places, renters make up 30.2% of Garfield County population and only 1.0% of houses and apartments are available to rent. This is due to low turnover rate, lagging construction growth, and construction discontinuing due to the COVID-19 pandemic. The 2019 regional housing study showed that the region has a deficit of housing for both low-and-moderate income households. This deficit is being met in part by housing "affordability" migrating to towns in western Garfield County, where there are fewer services. Approximately 41% of GCHA vouchers are in Rifle, Colorado; 24% in Parachute, Colorado, due to affordability; 3% in Carbondale, Colorado; 18% in Glenwood Springs, Colorado; 7% in New Castle, Colorado, and 8% in Silt, Colorado.

FINANCIAL CONTACT

The Housing Authority's financial statements are designed to present interested parties (landlords, tenants, creditors, and the community) with a general overview of the Housing Authority's finances and to demonstrate its accountability to all interested parties. If you have any questions concerning this report or need additional financial information, please contact the Garfield County Housing Authority, 1430 Railroad Avenue, Unit F, Rifle, CO 81650 or at (970) 625-3589.

Basic Financial Statements

Garfield County Housing Authority
Statement of Net Position
December 31, 2020

Assets	
Current Assets	
Cash and investments	\$ 892,652
Accounts receivable, less allowance of \$63,139	13,580
Prepaid and deposits	6,000
Total current assets	912,232
Noncurrent assets	
Restricted assets	
Tenant security deposits	8,274
Loan reserves	29,612
Other	157,057
Total restricted assets	194,943
Capital assets	230,770
Notes receivable, less allowance of \$4,950	248,916
Total noncurrent assets	479,686
Total assets	1,586,861
Deferred Outflow of Resources	
Pension related deferred outflows	68,738
OPEB related deferred outflows	4,073
Total Deferred Outflow of Resources	72,811
Liabilities	
Current liabilities	
Accounts payable	34,195
Security deposits held	8,054
Compensated absences, current portion	21,144
Current maturity of long-term debt	9,481
Total current liabilities	72,874
Noncurrent liabilities	
Unearned revenue	45,499
Compensated absences	16,043
Long-term debt	418,016
Net pension liability	374,420
Net OPEB liability	44,069
Total noncurrent liabilities	898,047
Total liabilities	970,921
Deferred Inflows of Resources	
Pension related deferred inflows	168,404
OPEB related deferred inflows	10,310
Total deferred inflows of resources	178,714
Net position	
Net investment in capital assets	(209,501)
Restricted for debt services, housing expenses, vouchers, and revolving loans	390,086
Unrestricted	329,451
Total net position	\$ 510,036

The accompanying notes are an integral part of these financial statements

Garfield County Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2020

Operating Revenues	
Tenant rent income	\$ 46,439
Rent income- HUD/USDA	4,121,703
Other administrative income	247,614
Other operating income	15,451
Total operating revenues	<u>4,431,207</u>
Operating expenses	
General and administrative	722,831
Housing assistance payments	3,342,879
Maintenance and operations	43,025
Depreciation	35,742
Total operating expense	<u>4,144,477</u>
Net Operating income (loss)	286,730
Nonoperating revenues (expenses)	
Contributions	102,587
Interest income	7,763
Interest expense	(39,071)
Interest subsidy	34,439
Total non-operating revenue (expense)	<u>105,718</u>
Change in net position	<u>392,448</u>
Net position at beginning of year	<u>117,588</u>
Net position at end of year	<u><u>\$ 510,036</u></u>

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

Garfield County Housing Authority
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities	
Cash received from housing assistance and rent payments	\$ 4,168,142
Other operating receipts	262,308
Tenant security deposits received/refunded	1,750
Cash paid to suppliers	(3,727,978)
Cash paid to employees	(373,228)
Net cash provided (used) in operating activities	330,994
 Cash flows from capital and related financing activities	
Interest subsidy received	34,439
Net cash provide by noncapital financing activities	34,439
 Cash flows from noncapital and related financing activities	
Principal payments on debt	(8,661)
Contributions	102,587
Purchase of capital assets	(25,760)
Interest paid	(39,071)
Net cash provided (used) by capital and related financing activities	29,095
 Cash flows from investing activities	
Interest received	7,763
Net cash provided (used) in investing activities	7,763
Increase (decrease) in cash and cash equivalents	402,291
Cash and cash equivalents at beginning of year	685,304
Cash and cash equivalents at end of year	\$ 1,087,595
 Reconciliation of operating income (loss) to net cash used in operating activities:	
Net operating income (loss)	\$ 286,730
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	35,742
(Increase) decrease in accounts receivable	(757)
(Increase) decrease in prepaids and deposits	5,687
Increase (decrease) in accounts payable	23,295
Increase (decrease) in compensated absences	5,482
Increase (decrease) in pension and OPEB related items	(26,935)
Increase (decrease) in security deposits	1,750
Total adjustments	44,264
Net cash provided (used) in operating activities	\$ 330,994

The accompanying notes are an integral part of these financial statements

Note A - Summary of Significant Accounting Policies

The accounting policies of the Garfield County Housing Authority, Rifle, Colorado (Authority), conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

Reporting Entity

The Garfield County Housing Authority was established in May 1985 under State of Colorado statute and is governed by a five-member Board of Commissioners. As required by US GAAP, these financial statements present the activities of the Authority.

The Authority provides for low and moderate income housing within Garfield County, Colorado and surrounding counties. The Authority operates Valley Senior Housing, a 12-unit low income project; administers vouchers under the HUD Rental Assistance Program; administers a housing rehabilitation loan; administers affordable housing programs; administers a contract for the Valley Senior Center and administers a down payment assistance loan program.

The Authority also maintains the day-to-day operations of the Uncle Bob Foundation. This is a not-for-profit organization under Internal Revenue Code Section 501(c)(3). The Authority created this nonprofit corporation in 1995 to solicit grants and donations to aid low and moderate income families to purchase housing, to facilitate the development of low and moderate income housing. The Foundation is a blended component unit of the Authority.

The Board of Commissioners is appointed by the Garfield County Board of Commissioners and has total control of financial resources, can buy or sell property, enter into contracts and acquire indebtedness on behalf of the Authority. The Authority is the primary government.

Measurement Focus. Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized and operated on the basis of a proprietary fund. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Since the operations of the Authority are accounted for on a fund basis in a single enterprise fund, it is the only fund presented. A description of the fund type used by the Authority follows:

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

Note A - Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Cash and cash equivalents

The Authority's considers all unrestricted and restricted demand deposits with an initial maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The Authority's financial instruments include cash and cash equivalents, prepaid expenses, accounts and notes receivable, accounts payable, and debt. The Authority estimates that the fair value of all financial instruments at December 31, 2020, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments or the nature of the debt.

Restricted Assets - Cash and Cash Equivalents

Certain cash accounts of the Authority are classified as restricted since their use requires the permission of the U.S. Department of Agriculture, Rural Development Administration (RDA), is donor restricted, represents security deposits, or represents escrows.

Note A - Summary of Significant Accounting Policies

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Accounts Receivable

Management of the Authority considers accounts receivable to be fully collectible, except for fraud recovery receivables in the Voucher program and certain notes receivable in the Uncle Bob Down Payment Assistance (DPA) program; accordingly, the allowance for doubtful accounts is \$0 for all receivables, except those in the Voucher program for which the allowance is \$63,643 and in the DPA program for which the allowance is \$4,950. If amounts become uncollectible, they will be charged to operations when that determination is made for all other receivables.

Capital Assets

Capital assets of the Authority are recorded at cost if purchased or constructed. Capital assets per the Authority's capitalization policy have a life greater than one year and an original value of greater than \$5,000. Donated assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives of 3 to 40 years.

Compensated Absences

The Authority's policy is to allow employees to accumulate up to 45 days (360 hours) of earned but unused consolidated annual leave (CAL), which will be taken after the year end or paid upon termination.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Settled claims have not exceeded this commercial coverage in any of the past three years.

Estimates

The preparation of financial statements in accordance with US GAAP involves the use of management's estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported revenues and expenditures during the reporting period. These estimates are based upon management's best judgment, after considering past and current events and assumptions about future events. Actual results could differ from those estimates.

Note A - Summary of Significant Accounting Policies

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

Pensions

Garfield County Housing Authority (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.

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. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of *December 31, 2019*.

Defined Benefit Other Post Employment Benefit Plan (OPEB)

The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the 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 B - Cash and Investments

Cash

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

Note B - Cash and Investments - Continued

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest. The Authority is authorized to invest in obligations of the (1) U.S. Treasury, (2) obligations unconditionally guaranteed by U.S. agencies, (3) certain international agency securities, (4) types of bonds of U.S. local government entities, (5) bankers' acceptances of certain banks, (6) commercial paper, (7) written repurchase agreements collateralized by certain authorized securities, (8) certain money market funds, and (9) guaranteed investment contracts.

Cash and investments consist of the following at December 31, 2020:

Cash in banks	\$1,086,474
Cash on hand	<u>1,121</u>
	1,087,595
Less amounts restricted for tenant deposits, specific expenditures, loan reserve, and revolving loan funds	<u>194,943</u>
	<u>\$ 892,652</u>

Restricted loan reserves

In accordance with the terms of the mortgage loans received by the Authority, 10% of the original face amount of the loans was required to be funded into a cash reserve within ten years. The reserve requirement of \$52,150 was originally met. Through approved uses of the reserve, the amount is \$29,612 on December 31, 2020.

Note C – Restricted Net Position

Debt service, housing expenses, unused HAP, down payment revolving loan funds - the amounts represent the current balance of reserves mandated by the US Department of Agriculture (USDA) for debt service, donors for specific Foundation expenses, HUD for the Vouchers program unused HAP, and donors for a revolving loan fund for down payment assistance.

Note D- Notes Receivable

The Authority has a \$45,499 note receivable from an individual, with interest on the unpaid principal balance at 7% compounded annually. Payments are due monthly based on a percentage of the individual's income, not to exceed the amount due under an amortization of the note. The principal balance and any unpaid accrued interest are due July 1, 2025. The note is collateralized with a deed of trust.

The Authority received funds to provide a down payment assistance revolving loan program. The funds are loaned to eligible participants, not to exceed \$10,000 per loan. \$208,367 in loans are outstanding at December 31, 2020 and there is an allowance for doubtful accounts of \$4,950. Interest is to be determined based on the appreciation in the value of the purchased property. The notes and any accrued interest are due and payable in 15 years from the date of the notes, unless certain events occur that would accelerate the payments.

Garfield County Housing Authority
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December 31, 2020

Note-E – Capital Assets

At December 31, 2020 capital asset transactions and balances include the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets:				
Land	\$ 21,286	\$ -	\$ -	\$ 21,286
Total capital assets, not being depreciated	21,286	-	-	21,286
Depreciable assets:				
Buildings and improvements	655,820	25,760	-	681,580
Furniture and equipment	64,539	-	-	64,539
Total capital assets, being depreciated	720,359	25,760	-	746,119
Less accumulated depreciation for:				
Buildings and improvements	(465,403)	(28,753)	-	(494,156)
Furniture and equipment	(35,490)	(6,989)	-	(42,479)
Total accumulated depreciation	(500,893)	(35,742)	-	(536,635)
Total capital assets, being depreciated	219,466	(9,982)	-	209,484
Total capital assets, net	<u>\$ 240,752</u>	<u>\$ (9,982)</u>	<u>\$ -</u>	<u>\$ 230,770</u>

Note F- Long-Term Debt

The Authority has two mortgages payable to the U. S. Department of Agriculture, Office of Rural Development (formerly FMHA). The first mortgage has a monthly installment due of \$320, including subsidized interest at \$235 per month, with an annual interest rate at 9.5%. This mortgage is collateralized by a lien on the apartments, on the real property and a security interest in rents, profits and reserve accounts. The second mortgage has a monthly installment due of \$3,658, including subsidized interest at \$2,635 per month, with an annual interest rate at 9%. This mortgage is collateralized by a lien on the apartments, on the real property and a security interest in rents, profits and reserve accounts.

	Loan Balance December 31, 2019	Additions	Reductions	Loan Balance December 31, 2020	Due in one year
84-001	\$ 402,188	\$ -	\$ 8,022	\$ 394,166	\$ 8,777
84-002	33,970	-	639	33,331	704
Totals	<u>\$ 436,158</u>	<u>\$ -</u>	<u>\$ 8,661</u>	<u>\$ 427,497</u>	<u>\$ 9,481</u>

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note F- Long-Term Debt - continued

Maturities of the mortgage notes are as follows:

Year ending December 31,

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 9,481	\$ 38,255	\$ 47,736
2022	10,375	37,361	47,736
2023	11,351	36,385	47,736
2024	12,421	35,315	47,736
2025	13,591	34,145	47,736
2026-2030	89,755	148,925	238,680
2031-2035	140,799	97,882	238,681
2035-2040	139,725	23,180	162,905
Total	<u>\$ 427,498</u>	<u>\$ 451,448</u>	<u>\$ 878,946</u>

Note G- Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

Note H – Operating Subsidy- HUD

Existing Section 8 Voucher projects operate under annual contribution contracts with HUD whereby HUD reimburses the project for rent subsidy payments made for eligible participants and certain administrative expenses. Rent subsidy payments are determined under HUD guidelines, which require that an eligible participant pay rent only equal to a percentage of their income. The difference between the participant's actual cost of rent and the calculated maximum is paid by HUD through the project.

Note I – Defined Benefit Pension Plan

General Information about the Pension Plan

Plan description. Eligible employees of the Garfield County Housing Authority (Authority) are provided with pensions through the 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.

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

Benefits provided as of December 31, 2019. 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.

As of December 31, 2019, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, the annual increase for 2019 is 0.00 percent for all benefit recipients. 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 of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment on or after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

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 lifetime retirement benefit formula(s) 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, 2020: Eligible employees and Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2020 are summarized in the table below:

	January 1, 2019 Through December 31 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employee contribution (all employees except State Troopers)	8.00%	8.00%	8.50%
State Troopers Only	N/A	10.00%	10.50%

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

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2019 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	10.00%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	8.98%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Total employer contribution rate to the LGDTF	12.68%	13.18%

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

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

The employer contribution requirements for State Troopers are summarized in the table below:

	January 1, 2019 Through December 31, 2019	January 1, 2020 Through June 30, 2020	July 1, 2020 Through December 31, 2020
Employer contribution rate	N/A	12.00%	12.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	N/A	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	N/A	10.98%	11.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	N/A	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	N/A	1.50%	1.50%
Total employer contribution rate to the LGDTF	N/A	14.68%	15.18%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Authority were \$44,236 for the year ended December 31, 2020.

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

At December 31, 2020, the Authority reported a liability of \$374,420 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total pension liability to December 31, 2019. The Authority proportion of the net pension liability was based on Authority contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2019, the Authority proportion was .05119 percent, which was a decrease of .00090 from its proportion measured as of December 31, 2018.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

For the year ended December 31, 2020, the Authority recognized pension expense of \$(26,159). At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$24,501	\$-
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	-	\$153,180
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$15,224
Contributions subsequent to the measurement date	\$44,236	-
Total	\$68,737	\$168,404

\$44,236 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, 2021. 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	
2021	\$(25,907)
2022	\$(43,993)
2023	\$(6,513)
2024	\$(52,265)
2025	-
Thereafter	-

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 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) ¹	1.25 percent compounded annually
PERA benefit structure hired after 12/31/06 (ad hoc, substantively automatic) ¹	Financed by the Annual Increase Reserve

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

Post-retirement non-disabled mortality assumptions 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.

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, 2018, 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 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.

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

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 Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial 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 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the additional 0.50 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Note I – Defined Benefit Pension Plan - Continued

General Information about the Pension Plan

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the additional 0.50 percent, resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020, Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect 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.
- The projected benefit payments reflect the lowered annual increase cap, from 1.50 percent to 1.25 percent resulting from the 2018 AAP assessment, statutorily recognized July 1, 2019, and effective July 1, 2020.
- Benefit payments and contributions were assumed to be made at the middle of the year.

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.

Sensitivity of the Authority 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	\$687,781	\$374,420	\$110,886

Pension plan fiduciary net position. Detailed information about the LGDTF’s fiduciary net position is available in PERA’s CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note J – Defined Contribution Pension Plans

Voluntary Investment Program

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 C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available CAFR which includes additional information on the Voluntary Investment 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. In addition, the Authority has agreed to match employee contributions up to 5 percent or 8 percent of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2020, program members contributed \$15,680 and Authority recognized pension expense and a liability of \$14,438 for the Voluntary Investment Program.

Note K – Other Post-Employment Benefits- Health Care Trust Fund

General Information about the OPEB Plan

Plan description. Eligible employees of the Authority are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 the premium subsidies. 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.

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.

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

General Information about the OPEB Plan

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

PERA Benefit Structure

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

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

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. 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.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

General Information about the OPEB Plan

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Authority were \$3,561 for the year ended December 31, 2020.

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

At December 31, 2020, the Authority reported a liability of \$44,069 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2018. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2019. The Authority proportion of the net OPEB liability was based on Authority contributions to the HCTF for the calendar year 2019 relative to the total contributions of participating employers to the HCTF.

At December 31, 2019, the Authority proportion was .003920 percent, which was a decrease of .00012 from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized OPEB expense of \$(775). At December 31, 2020, 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>
Difference between expected and actual experience	\$146	\$7,405
Changes of assumptions or other inputs	\$366	\$736
Net difference between projected and actual earnings on OPEB plan investments	-	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	\$2,169
Contributions subsequent to the measurement date	\$3,561	N/A
Total	\$4,073	\$10,310

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

\$3,561 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2021. 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	
2021	\$(1,563)
2022	\$(1,563)
2023	\$(1,350)
2024	\$(1,630)
2025	\$(1,435)
Thereafter	\$(86)

Actuarial assumptions. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 percent in aggregate
Long-term investment rate of return, net of OPEB	
plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent in 2019, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent in 2019, gradually increasing to 4.50 percent in 2029
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, 2018, 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 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.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

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 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$601	\$240
Kaiser Permanente Medicare Advantage HMO	605	237

The 2019 Medicare Part A premium is \$437 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:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$562
Kaiser Permanente Medicare Advantage HMO	571

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 industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2018, 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
2019	5.60%	3.50%
2020	8.60%	3.50%
2021	7.30%	3.50%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	3.75%
2025	5.30%	4.00%
2026	5.10%	4.00%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

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.

Post-retirement non-disabled 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.

Post-retirement non-disabled 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 2019 plan year.
- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- 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.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note K – Other Post-Employment Benefits- Health Care Trust Fund - continued

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

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

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 Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

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

Sensitivity of the Authority proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	4.60%	5.60%	6.60%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$43,022	\$44,069	\$45,279

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note K – Other Post-Employment Benefits- Health Care Trust Fund - 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, 2019, 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 percent.
- 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.
- 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 proportionate share of the net OPEB liability to changes in the discount rate. The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$49,829	\$44,069	\$39,143

OPEB plan fiduciary net position. Detailed information about the HCTF's fiduciary net position is available in PERA's CAFR which can be obtained at www.copera.org/investments/pera-financial-reports.

Note L- Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations of the amendment's language in order to determine its compliance.

Garfield County Housing Authority
Notes to Financial Statements
December 31, 2020

Note M- Contingency and Commitments

In August 2005 the Uncle Bob Foundation, acting as a pass-through entity, borrowed \$98,600 from Commercial Federal Bank, through The Federal Home Loan Bank of Topeka's Affordable Housing Program. These funds were then loaned to White River Village LLP. The loan carries a zero-interest rate, and the loan will be forgiven after fifteen years (2020) as long as there is no default as identified in the loan agreement. The loan to the Uncle Bob Foundation and subsequent note receivable from the LLP are not recorded on the books of the Foundation due to the pass-through nature of the loan and the remote possibility of a default.

Note M- Restatement of Financial Statements

The Financial statements for year end December 31, 2019, were reinstated for additional accounts payable of \$3,037 in the Section 8 Voucher Program.

Garfield County Housing Authority
Schedule of Activity- Net Pension Liability
December 31, 2020

<u>Measurement date:</u>	Employer Proportion of NPL	Employer proportionate share of NPL	Employer covered payroll	Employer share of NPL as a percentage of covered payroll	Pension plan's fiduciary net position as a percentage of total pension liability
December 31, 2014	0.05471%	\$ 490,411	\$ 299,812	164%	59.8%
December 31, 2015	0.05460%	601,478	310,093	194%	76.9%
December 31, 2016	0.05332%	719,968	323,169	223%	73.6%
December 31, 2017	0.05238%	538,204	330,432	163%	79.4%
December 31, 2018	0.05209%	654,886	341,657	192%	76.0%
December 31, 2019	0.05119%	374,420	352,537	106%	86.3%

The accompanying notes are an integral part of this statement.

Garfield County Housing Authority
Schedule of Activity- Employer Pension Contributions
December 31, 2020

	Required employer contribution	Employer contribution s recognized by the plan	Difference	Employer covered payroll	Contributions as a percentage of employer covered payroll
December 31, 2015	\$ 39,320	\$ 39,320	\$ -	\$ 310,093	12.68%
December 31, 2016	40,978	40,978	\$ -	323,169	12.68%
December 31, 2017	41,899	41,899	\$ -	330,432	12.68%
December 31, 2018	43,332	43,332	\$ -	341,657	12.68%
December 31, 2019	44,702	44,702	\$ -	352,537	12.68%
December 31, 2020	44,236	44,236	\$ -	348,864	12.68%

Notes to the Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

The accompanying notes are an integral part of this statement.

Garfield County Housing Authority
Schedule of Activity-Net OPEB Liability
For the Year Ended December 31, 2020

Measurement date:	Employer proportion of NOPEBL	Employer proportionate share of NOPEBL	Employer covered payroll	Employer proportionate share of NOPEBL as a percentage of covered payroll	OPEB plan's fiduciary net position as a percentage of total OPEB liability
December 31, 2017	0.407%	\$ 52,895	\$ 330,432	16%	17.5%
December 31, 2018	0.404%	54,961	341,657	16%	17.0%
December 31, 2019	0.000%	44,069	352,537	13%	24.5%

Notes to the Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

The accompanying notes are an integral part of this statement.

Garfield County Housing Authority
Schedule of Activity-Employer OPEB Contributions
December 31, 2020

	2020	2019	2018
Required employer contribution	\$ 3,561	\$ 3,596	\$ 3,485
Employer contributions recognized by the plan	3,561	3,596	3,485
Difference	\$ -	\$ -	\$ -
Employer covered payroll	\$ 349,118	\$ 352,537	\$ 341,657
Contributions as a percentage of employer covered payroll	1.02%	1.02%	1.02%

Notes to the Required Supplementary Information:

There have not been any changes to benefit terms.

There have not been any changes in assumptions.

The accompanying notes are an integral part of this statement.

Garfield County Housing Authority
Schedule of Net Position-All Programs
December 31, 2020

Assets	General Administration	Uncle Bob Foundation	Valley Senior Housing	Section 8 Vouchers	Rehabilitation	Valley Senior Center	Eliminating Entries	Total
Current Assets								
Cash and Investments	\$ 600,267	\$ -	\$ 16,696	\$ 257,974	\$ 16,283	\$ 1,432	\$ -	\$ 892,652
Accounts receivable	9,375	-	3,675	530	-	-	-	13,580
Due from other funds	9,775	-	-	15,959	-	-	(25,734)	-
Prepaid expenses and deposits	6,000	-	-	-	-	-	-	6,000
Total current assets	<u>625,416</u>	<u>-</u>	<u>20,371</u>	<u>274,463</u>	<u>16,283</u>	<u>1,432</u>	<u>(25,734)</u>	<u>912,232</u>
Restricted Assets								
Tenant security deposits	-	-	8,274	-	-	-	-	8,274
Restricted cash and investments	-	-	-	-	-	-	-	-
Loan reserves	-	-	29,612	-	-	-	-	29,612
Other	-	157,057	-	-	-	-	-	157,057
Total restricted assets	<u>-</u>	<u>157,057</u>	<u>37,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,943</u>
Capital assets	45,874	-	141,161	12,774	-	30,961	-	230,770
Notes receivable	-	203,417	-	-	45,499	-	-	248,916
Total assets	<u>671,290</u>	<u>360,474</u>	<u>199,418</u>	<u>287,237</u>	<u>61,782</u>	<u>32,393</u>	<u>(25,734)</u>	<u>1,586,861</u>
Deferred Outflows of Resources								
Pension related deferred outflows	68,738	-	-	-	-	-	-	68,738
OPEB related deferred outflows	4,073	-	-	-	-	-	-	4,073
Total Deferred Outflow of Resources	<u>72,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,811</u>
Liabilities								
Current Liabilities								
Accounts payable	7,545	-	3,582	23,068	-	-	-	34,195
Security deposits held	-	-	8,054	-	-	-	-	8,054
Due to other funds	15,959	-	-	9,775	-	-	(25,734)	-
Compensated absences, current portion	21,144	-	-	-	-	-	-	21,144
Current portion of long-term debt	-	-	9,481	-	-	-	-	9,481
Total current liabilities	<u>44,648</u>	<u>-</u>	<u>21,117</u>	<u>32,843</u>	<u>-</u>	<u>-</u>	<u>(25,734)</u>	<u>63,393</u>
Unearned revenue	-	-	-	-	45,499	-	-	45,499
Compensated absences, long term	16,043	-	-	-	-	-	-	16,043
Long-term debt, net of current portion	-	-	418,016	-	-	-	-	418,016
Net pension liability	374,420	-	-	-	-	-	-	374,420
Net OPEB liability	44,069	-	-	-	-	-	-	44,069
Total Liabilities	<u>434,532</u>	<u>-</u>	<u>418,016</u>	<u>-</u>	<u>45,499</u>	<u>-</u>	<u>-</u>	<u>898,047</u>
Deferred Inflows of Resources								
Pension related deferred inflows	168,404	-	-	-	-	-	-	168,404
OPEB related deferred inflows	10,310	-	-	-	-	-	-	10,310
Total deferred inflows of resources	<u>178,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,714</u>
Net Position								
Net investment in capital assets	45,874	-	(286,336)	-	-	30,961	-	(209,501)
Restricted for debt service, housing expenses, vouchers, and revolving loans	-	360,474	29,612	-	-	-	-	390,086
Unrestricted	40,333	-	17,009	254,394	16,283	1,432	-	329,451
Total net position	<u>\$ 86,207</u>	<u>\$ 360,474</u>	<u>\$ (239,715)</u>	<u>\$ 254,394</u>	<u>\$ 16,283</u>	<u>\$ 32,393</u>	<u>\$ -</u>	<u>\$ 510,036</u>

Garfield County Housing Authority
Schedule of Revenues, Expenses and Changes in Net Position-All Programs
Year Ended December 31, 2020

	General Administration	Uncle Bob Foundation	Valley Senior Housing	Section 8 Vouchers	Rehabilitation	Valley Senior Center	Eliminating Entries	Total
Operating Revenues								
Tenant rent income	\$ -	\$ -	\$ 46,439	\$ -	\$ -	\$ -	\$ -	\$ 46,439
Rent income - HUD/USDA	-	-	58,442	4,063,261	-	-	-	4,121,703
Other administrative income	273,740	-	-	-	-	-	(26,126)	247,614
Other operating income	1,434	-	886	11,715	1,416	-	-	15,451
Total operating revenues	<u>275,174</u>	<u>-</u>	<u>105,767</u>	<u>4,074,976</u>	<u>1,416</u>	<u>-</u>	<u>(26,126)</u>	<u>4,431,207</u>
Operating expenses								
General and administrative	131,672	23,620	36,391	544,631	-	-	(13,483)	722,831
Housing assistance payments	-	-	-	3,342,879	-	-	-	3,342,879
Maintenance and operations	-	-	51,324	844	-	3,500	(12,643)	43,025
Depreciation	15,793	-	18,017	107	-	1,825	-	35,742
Total operating expense	<u>147,465</u>	<u>23,620</u>	<u>105,732</u>	<u>3,888,461</u>	<u>-</u>	<u>5,325</u>	<u>(26,126)</u>	<u>4,144,477</u>
Net operating income (loss)	<u>127,709</u>	<u>(23,620)</u>	<u>35</u>	<u>186,515</u>	<u>1,416</u>	<u>(5,325)</u>	<u>-</u>	<u>286,730</u>
Nonoperating revenues (expenses)								
Grants and contributions (out)	(44,600)	100,450	-	44,600	-	2,137	-	102,587
Interest income	681	6,972	5	94	11	-	-	7,763
Interest expense	-	-	(39,071)	-	-	-	-	(39,071)
Interest subsidy	-	-	34,439	-	-	-	-	34,439
Total non-operating revenue (expenses)	<u>(43,919)</u>	<u>107,422</u>	<u>(4,627)</u>	<u>44,694</u>	<u>11</u>	<u>2,137</u>	<u>-</u>	<u>105,718</u>
Change in net position	83,790	83,802	(4,592)	231,209	1,427	(3,188)	-	392,448
Net position at beginning of year	<u>2,417</u>	<u>276,672</u>	<u>(235,123)</u>	<u>23,185</u>	<u>14,856</u>	<u>35,581</u>	<u>-</u>	<u>117,588</u>
Net position at end of year	<u>\$ 86,207</u>	<u>\$ 360,474</u>	<u>\$ (239,715)</u>	<u>\$ 254,394</u>	<u>\$ 16,283</u>	<u>\$ 32,393</u>	<u>\$ -</u>	<u>\$ 510,036</u>

GARFIELD COUNTY HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

C.F.D.A. PROGRAM TITLE	C.F.D.A PROGRAM NUMBER	AMOUNT OF EXPENDITURES
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Section 8 Housing Choice Vouchers (Housing Voucher Cluster)	14.871	\$ 4,063,259
U.S. DEPARTMENT OF AGRICULTURE		
Rural Rental Housing Loans (includes interest subsidy of \$34,439)	10.415	461,935
Rural Rental Assistance Payments	10.427	58,442
Total Federal Financial Assistance Expended		<u>\$ 4,583,636</u>

The accompanying notes are an integral part of this statement.

GARFIELD COUNTY HOUSING AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ended December 31, 2020

NOTE A - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activities of the Garfield County Housing Authority. The schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

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

NOTE C – FEDERAL LOAN AND INSURANCE PROGRAMS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Balance of Direct Loans</u>
Rural Rental Housing Loans (balance at December 31, 2019)	10.415	\$427,496

NOTE D – INDIRECT COST RATE

The Authority has elected to not use the 10% de minimus indirect cost rate, as allowed under the Uniform Guidance.



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

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Garfield County Housing Authority
Rifle, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Garfield County Housing Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Blair and Associates, P.C.

Cedaredge, Colorado
February 11, 2021



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

INDEPENDENT AUDITOR'S

Board of Commissioners
Garfield County Housing Authority
Rifle, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Garfield County Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Garfield County Housing Authority's major federal programs for the year ended December 31, 2020. Garfield County 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Garfield County 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 Garfield County 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 Garfield County Housing Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Garfield County 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 February 11, 2021.

Report on Internal Control over Compliance

Management of the Garfield County 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 Garfield County 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 Garfield County 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.

Blair and Associates, P.C.

Cedaredge, Colorado
February 11, 2021

**Garfield County Housing Authority
Schedule of Findings and Questioned Costs
Year ended December 31, 2020**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal Control over major programs:	
Material weakness identified	None Noted
Significant deficiency identified	None Noted

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low risk auditee?	Yes
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Garfield County Housing Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS — CONTINUED
Year ended December 31, 2020

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

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

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

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

Garfield County Housing Authority
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2020

SECTION II — FINDINGS RELATED TO FINANCIAL STATEMENTS

None

SECTION III — FINDINGS RELATED TO FEDERAL AWARDS

None



Independent Accountant’s Report on Applying Agreed–Upon Procedure

We have performed the procedure described in the second paragraph of this report, which was agreed to by Garfield County Housing Authority, Colorado, (Housing Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), solely to assist them in determining whether the electronic submission of certain information agrees with related hard copy documents. The Housing Authority is responsible for the accuracy and completeness of the electronic submission. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedure is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the “UFRS Rule Information” column with the corresponding printed document listed in the “Hard Copy Documents” column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged to perform an audit of the financial statements of the Housing Authority as of and for the year ended December 31, 2020 and have issued our report thereon dated February 11, 2021. The information in the “Hard Copy Documents” column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Housing Authority’s Financial Data Schedule (FDS) dated February 11, 2021, was expressed in relation to the basic financial statements of the Housing Authority taken as a whole.

A copy of the financial statement package and the FDS, which included the auditor’s report, is available in its entirety from the Housing Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit report. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC. This report is intended solely for the information and use of the Housing Authority and the U.S. Department of Housing and Urban Development, REAC, and is not intended to be and should not be used by anyone other than these specified parties.

Blair and Associates, P.C.

Cedaredge, Colorado

August 26, 2021

Certified Public Accountants