



Financial Statements
December 31, 2020

Longmont Housing Authority

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Independent Auditor's Report

The Board of Commissioners
Longmont Housing Authority
Longmont, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of the Longmont Housing Authority (the Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units, of Longmont Housing Authority as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Longmont Housing Authority's basic financial statements. The accompanying supplementary schedules on pages 57 - 59 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The supplementary schedules on pages 57 - 59 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2021, on our consideration of Longmont Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Longmont Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Longmont Housing Authority's internal control over financial reporting and compliance.

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

Fargo, North Dakota
June 30, 2021

As management of the Longmont Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2020. The Management Discussion and Analysis is designed to assist the reader in focusing on significant financial issues, to provide an overview of the Authority's financial activity and position, and to identify financial trends and concerns. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements and the additional information that we have furnished in our notes to the financial statements to obtain a full understanding of its financial position.

Using the Financial Statements

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

The Statement of Net Position presents information on all the Authority's assets and liabilities. Under GASB 34, the difference between a Public Housing Authority's assets and liabilities is Net Position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position show the reader operating revenues and expenses by funds and by the Authority as a total. This is reported on a full accrual basis where income is reported when earned and expenses are reported as incurred. This report shows the reader net operating income/loss. Operating income is made up of tenant rents, management fees, HUD operating subsidies, and other income. Operating expenses are Housing Assistance Payments, salaries and benefits, office expenses, tenant services, insurance, utilities, maintenance, and depreciation. The next section shows non-operating revenues and expenses to arrive at the Change in Net Position (profit/loss) for the year just ended. Non-operating revenues/expenses are capital grants, interest income, gain/loss on sale of property, and mortgage

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

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and can be found immediately after them in the audit report.

Programs and Services

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

General Fund / Development - The Authority oversees the management of the Longmont Housing Development Corporation day-to-day operations and their real estate portfolio which provides 292 units of low income and moderate income housing in the Longmont area. This program is also responsible for developing new units of housing in Longmont.

Housing Choice Vouchers - Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low income families in the private market and earns an administrative fee to cover the program's operating costs. In 2020, the Authority received funding for an average of 400 vouchers per month.

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

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

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

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

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

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

Aspen Meadows Senior Apartments - (DPCU) This property has 50 one and two bedroom apartments which provide housing for low and moderate elderly households. LHA is the managing general partner and is wholly owned by Longmont Housing Authority.

Financial Highlights

The Authority finished the year with Net Position of \$13,054,692

The Authority earned \$5,276,027 in grant income in 2020 for admin and voucher funding.

Cash and investments totaled \$3,188,260 at year end.

The current ratio (which shows liquidity) was 3.39 and months expendable funds balance (showing ability to pay monthly expenses) was 5.34 both of which are lower than the prior year ratios.

Financial Analysis

Condensed Statement of Net Position

	2020	2019
ASSETS AND DEFERRED OUTFLOWS		
Current Assets	\$ 3,911,421	\$ 2,978,271
Non-Current Assets	12,132,505	11,327,396
Net Capital Assets	<u>1,222,678</u>	<u>1,275,367</u>
Total Assets	17,266,604	15,581,034
Deferred Outflow of Resources	<u>343,079</u>	<u>455,904</u>
Total Assets and Deferred Outflows	<u>\$ 17,609,683</u>	<u>\$ 16,036,938</u>
LIABILITIES AND DEFERRED INFLOWS		
Current Liabilities	\$ 1,153,387	\$ 297,707
Long-Term Liabilities	<u>2,851,522</u>	<u>3,464,528</u>
Total Liabilities	<u>4,004,909</u>	<u>3,762,235</u>
Deferred Inflow of Resources	<u>550,082</u>	<u>197,340</u>
NET POSITION		
Net Investment in Capital Assets	747,864	778,643
Restricted	30,748	30,748
Unrestricted	<u>12,276,080</u>	<u>11,267,972</u>
Total Net Position	<u>13,054,692</u>	<u>12,077,363</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 17,609,683</u>	<u>\$ 16,036,938</u>

Financial Analysis (Continued)

Current assets increased as compared to the prior year by \$933,150 during 2020. The major contributors towards the increase are as follows:

- (1) \$411,623 - Developer fees received across three separate properties
- (2) \$242,200 - Forgivable payroll protection loan
- (3) \$150,889 - CARES-ACT Funding for administration of the section 8 voucher program
- (4) Remaining differences resides in the due from other agencies and current developer fees

Non-current assets increased as compared to the prior year by \$805,109, this increase is due to accrued interest on notes receivable, new notes for Aspen Meadow Senior Apartments, and non-current developer fees.

Net capital assets decreased by \$52,689 from the prior year due to current year depreciation.

Current liabilities increased as compared to the prior year by \$855,680 during 2020. The major contributors towards the increase are as follows:

- (1) \$148,490 - Due to other agencies
- (2) \$163,693 - Due to City of Longmont for City assistance provided in 2020
- (3) \$242,200 - Forgivable payroll protection loan
- (4) \$150,889 - CARES-ACT Funding for administration of the section 8 voucher program
- (5) Remaining differences reside accounts payable and accrued payroll

Long-term liabilities decreased by \$613,006 in part due to regular principal payments on long-term debt and a decrease in the pension and OPEB liabilities by approximately \$560,000.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2020	2019
Operating Revenues	\$ 7,089,182	\$ 5,994,105
Operating Expenses	(6,134,719)	(5,504,752)
Net Operating Income (Loss)	954,463	489,353
Net Nonoperating Revenues (Expenses)	22,866	417,440
Change in Net Position	\$ 977,329	\$ 906,793

Operating revenues increased by \$1,095,077. This majority of this increase is due to developer fees earned for the Aspen Meadow Senior Apartments Project totaling \$616,000 and a CDBG grant received for the Aspen Meadow Senior Apartments project for \$475,000.

Operating expenses in 2020 increased by \$629,967 as compared to 2019. The major contributors include:

(1) Increase in Administrative expenditures of approximately \$260,000, this includes an increase in consultant costs for the following agencies (City of Longmont, Dashboard Solutions (YARDI support specialist) and AH Forward (accounting consultant)

(2) Approximately \$324,000 - Increase in housing assistance payments

Net nonoperating revenue (expense) decreased by \$394,574. The decrease is due to the forgiveness of multiple note receivables associated with the Aspen Meadow Associates resyndication project.

Capital Assets

As of December 31, 2020, the Authority had \$1,222,678 in capital assets, including land, buildings and improvements and equipment, net of accumulated depreciation expense. A summary of capital assets is as follows:

	2020	2019
Non Depreciable Assets:		
Land	\$ 420,522	\$ 420,522
Total Non Depreciable Assets	420,522	420,522
Depreciable Assets:		
Buildings	1,404,360	1,404,360
Equipment	85,268	85,268
Total Depreciable Assets	1,489,628	1,489,628
Less: Accumulated Depreciation:		
Buildings	(608,821)	(560,888)
Equipment	(78,651)	(73,895)
Total Accumulated Depreciation	(687,472)	(634,783)
Total Capital Assets (Net)	\$ 1,222,678	\$ 1,275,367

The net balance of capital assets experienced a decreased from 2020 to 2019 by \$52,689 due to depreciation for buildings and furniture and equipment.

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

Long Term Debt

As of December 31, 2020, the Authority had \$1,673,949 of outstanding notes and mortgages payable. A summary of long term debt is below:

	2020	2019	Change
Notes and Mortgages Payable -			
Current Portion	\$ 87,087	\$ 53,153	\$ 33,934
Notes and Mortgages Payable	1,586,862	1,639,634	(52,772)
 Total Long Term Debt	 \$ 1,673,949	 \$ 1,692,787	 \$ (18,838)

Long term debt experienced a small decrease from 2019. The majority of this change was due to the following:

Regular principal payments made on the Briarwood mortgage for approximately \$23,260.

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

Authority Fund Analysis and Highlights

General Fund Development

Net position increased \$1,280,435 in the General Fund Development for 2020 primarily from developer fee income earned totaling \$616,000 and grant income received of \$475,000. Net position was \$11,611,661 at December 31, 2020.

Housing Choice Vouchers

The Housing Choice Vouchers program administered an average of 400 rental vouchers per month to low-income residents in Longmont and surrounding communities. The Longmont Housing Authority receives administrative fees in addition to housing assistance payments from HUD as part of this program. For the year ended December 31, 2020, the program had a decrease in net position of \$257,728 due to the change in pension liability, deferred inflows related to pension, and change in interprogram-due to.

The HUD Moderate Rehab program had a decrease in net position of \$17,645 for the year and ended the year with a net position of \$34,022.

Briarwood

For the year ended December 31, 2020, the Briarwood Apartments and Office Building had a decrease in net position of \$24,118 and ended the year with a net position of \$309,499.

615 Main Street

This commercial office building is managed by the Longmont Housing Authority. The building had a decrease in net position of \$3,365 and ended the year with a net position of \$358,997, the majority of which is invested in the building.

Longmont Suites

This is a parcel of land, 1.477 acres, located at 2000 Sunset Way. Longmont Suites had a decrease in net position of \$250 and ended the year with a net position of \$1,263,871.

Currently Known Facts and Expectations

In 2019 the Authority was pursuing the re-syndication of Aspen Meadows Associates, LLLP. A new entity was formed on September of 2020. Aspen Meadow Senior Apartments started construction in late 2020 and is expected for completion in the fall of 2021.

The master lease of seven units located at Briarwood Apartments at 1228 Main St expired on June 30, 2020. The units are going to go under a master leasing agreement with the City or Homeless Solutions for Boulder County under a locally funded voucher program to begin in late summer 2021.

A Fair Housing and Equal Opportunity review of all Authority managed properties was conducted by the Department of Housing and Urban Development regarding the accessibility of all units. The LHA entered into a Voluntary Compliance Agreement with HUD to eventually inspect all of the ADA units and the public areas of each property to determine what additional improvements, if any need to be made to be Uniform Federal Accessibility Standards (UFAS) compliant. This will be done by the end of 2021.

In an effort to continue to sustain and further the mission of affordable housing in Longmont, Co, the Authority is pursuing a partnership with MGL Partners for a turn-key family (mixed age) rental housing project called Crisman II. LIHTCs have been awarded and the project is likely to close in early 2022.

Requests for Information

This financial report is designed to provide a general overview of the Longmont Housing Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Longmont Housing Authority
350 Kimbark Street
Longmont, Colorado 80501

Longmont Housing Authority
Statement of Net Position
December 31, 2020

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Assets and Deferred Outflows of Resources		
Current Assets		
Cash	\$ 2,960,107	\$ 212,155
Restricted cash	228,153	1,404,749
Accounts receivable		
Tenants	22,820	79,515
Due from other agencies	526,601	7,906
Developer fees, current portion	150,000	-
Related party	-	44,193
Other	-	41,320
Prepaid expenses	<u>23,740</u>	<u>60,535</u>
Total Current Assets	<u>3,911,421</u>	<u>1,850,373</u>
Capital Assets		
Non-depreciable	420,522	4,935,798
Depreciable, net	<u>802,156</u>	<u>21,549,409</u>
Total Capital Assets	<u>1,222,678</u>	<u>26,485,207</u>
Other Assets		
Accounts receivable - developer fees	1,013,835	-
Related notes receivable and accrued interest	11,118,670	-
Other assets	<u>-</u>	<u>284,117</u>
Total Other Assets	<u>12,132,505</u>	<u>284,117</u>
Deferred Outflows		
OPEB	30,301	-
Pension	<u>312,778</u>	<u>-</u>
Total Deferred Outflows	<u>343,079</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 17,609,683</u></u>	<u><u>\$ 28,619,697</u></u>

Longmont Housing Authority
Statement of Net Position
December 31, 2020

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Accounts payable	\$ 563,370	\$ 101,699
Accounts payable - HUD	41,124	-
Accounts payable- construction	-	552,334
Accrued payroll	5,726	-
Accrued compensated absences	9,073	-
Accrued partnership fees	-	19,851
Accrued interest, current portion	45,237	25,704
Unearned revenue	3,289	14,364
Tenant security deposits payable	5,392	107,561
Deferred revenue - CARES Act	150,889	-
Developer fee payable, current portion	-	150,000
Notes and mortgages payable, current portion	87,087	48,514
PPP note payable	242,200	-
Total Current Liabilities	<u>1,153,387</u>	<u>1,020,027</u>
Long-Term Liabilities		
Developer fee payable	-	1,013,835
Construction bond payable	-	3,887,187
Net pension liability	1,131,484	-
Net OPEB liability	133,176	-
Notes and mortgages payable, net of current portion	1,586,862	14,489,772
Accrued interest, net of current portion	-	1,104,639
Total Long-Term Liabilities	<u>2,851,522</u>	<u>20,495,433</u>
Total Liabilities	<u>4,004,909</u>	<u>21,515,460</u>
Deferred Inflows		
OPEB	41,556	-
Pension	508,526	-
Total Deferred Inflows	<u>550,082</u>	<u>-</u>
Net Position		
Net investment in capital assets	747,864	6,955,095
Restricted	30,748	-
Unrestricted	12,276,080	149,142
Total Net Position	<u>13,054,692</u>	<u>7,104,237</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 17,609,683</u>	<u>\$ 28,619,697</u>

Longmont Housing Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	Primary Government	Discretely Presented Component Units
Operating Revenues		
HUD PHA grants	\$ 5,276,027	\$ -
Other grants	475,000	-
Rental income	167,720	1,482,650
Administrative	462,034	-
Developer fee income	616,000	-
Other revenue	92,401	19,741
Total Operating Revenues	<u>7,089,182</u>	<u>1,502,391</u>
Operating Expenses		
Housing assistance payments	5,041,955	-
Tenant services	80,592	2,849
Administrative salaries and benefits	379,917	99,270
Other administrative	469,513	243,904
Maintenance salaries	15,081	77,705
Regular and extraordinary maintenance	26,854	279,707
Depreciation and amortization	52,689	662,611
Utilities	17,392	176,330
Insurance	50,726	72,123
Total Operating Expenses	<u>6,134,719</u>	<u>1,614,499</u>
Operating Income (Loss)	<u>954,463</u>	<u>(112,108)</u>
Non-Operating Revenues (Expenses)		
Note receivable forgiveness	(417,489)	-
Interest income	459,333	530
Interest expense	(18,978)	(524,049)
Total Non-Operating Revenues (Expenses)	<u>22,866</u>	<u>(523,519)</u>
Change in Net Position	977,329	(635,627)
Net Position, Beginning of Year	<u>12,077,363</u>	<u>6,944,077</u>
Contributions	-	845,787
Syndication costs	-	(50,000)
Net Position, End of Year	<u>\$ 13,054,692</u>	<u>\$ 7,104,237</u>
	-	-

Longmont Housing Authority
Statement of Cash Flows
Year Ended December 31, 2020

	<u>Primary Government</u>
Operating Activities	
HUD PHA grants	\$ 5,236,911
Other grants	475,000
Receipts from tenants	167,982
Management fee receipts	462,034
Developer fees received	411,623
Other income	92,401
Housing assistance payments	(5,091,513)
Cash paid to vendors	(280,628)
Cash paid to employees	(522,800)
	<u>951,010</u>
Net Cash from Operating Activities	<u>951,010</u>
Capital and Related Financing Activities	
Proceeds from issuance of notes and mortgages	242,200
Principal payments on notes and mortgages	(18,838)
Interest payments on notes and mortgages	(18,084)
	<u>205,278</u>
Net Cash from Capital and Related Financing Activities	<u>205,278</u>
Investing Activities	
Net reimbursement for investment in future developments	292,224
Interest income	3,111
Issuance of notes receivable	(1,425,000)
Payments received on notes receivable	813,001
	<u>(316,664)</u>
Net Cash used for Investing Activities	<u>(316,664)</u>
Net Change in Cash	839,624
Cash, Beginning of Year	<u>2,348,636</u>
Cash, End of Year	<u>\$ 3,188,260</u>
Reconciliation of Cash	
Cash	\$ 2,960,107
Restricted cash	228,153
	<u>\$ 3,188,260</u>

Longmont Housing Authority
Statement of Cash Flows
Year Ended December 31, 2020

	<u>Primary Government</u>
Reconciliation of Change in Net Position to Net	
Cash from Operating Activities	
Operating income	\$ 954,463
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation	52,689
Pension and OPEB expense	(94,667)
Changes in operating assets and liabilities	
Accounts receivable	(398,909)
Prepaid expenses	7,272
Accounts payable	276,585
Accounts payable - HUD	31,034
Accrued payroll	(16,255)
Accrued compensated absences	(16,880)
Tenant security deposits payable	1,500
Unearned revenue	154,178
	<hr/>
Total adjustments	(3,453)
	<hr/>
Net Cash from Operating Activities	<u><u>\$ 951,010</u></u>
Supplemental Disclosure of Noncash Investing and Financing Activities	
Decrease in notes receivable due to forgiveness	<u><u>\$ 417,489</u></u>

Longmont Housing Authority
Statement of Net Position – Discretely Presented Component Units
December 31, 2020

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Discretely Presented Component Unit-AMSA	Total
Assets				
Current Assets				
Cash	\$ 17,494	\$ 185,796	\$ 8,865	\$ 212,155
Restricted cash	143,315	511,434	750,000	1,404,749
Accounts receivable				
Tenants, net	1,168	73,156	5,191	79,515
Due from other agencies	7,906	-	-	7,906
Related party	-	-	44,193	44,193
Other	-	-	41,320	41,320
Prepaid expenses	12,072	32,618	15,845	60,535
Total Current Assets	181,955	803,004	865,414	1,850,373
Capital Assets				
Non-depreciable	317,000	800,000	3,818,798	4,935,798
Depreciable, net	4,196,843	11,025,733	6,326,833	21,549,409
Total Capital Assets	4,513,843	11,825,733	10,145,631	26,485,207
Other Assets				
Other assets	23,211	260,906	-	284,117
Total Other Assets	23,211	260,906	-	284,117
Total Assets and Deferred Outflows	\$ 4,719,009	\$ 12,889,643	\$ 11,011,045	\$ 28,619,697

Longmont Housing Authority
Statement of Net Position – Discretely Presented Component Units
December 31, 2020

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Discretely Presented Component Unit-AMSA	Total
Liabilities and Net Position				
Current Liabilities				
Accounts payable	\$ 12,948	\$ 77,453	\$ 11,298	\$ 101,699
Accounts payable- construction	-	-	552,334	552,334
Accrued partnership fees	-	12,153	7,698	19,851
Accrued interest, current portion	6,182	9,149	10,373	25,704
Unearned revenue	118	14,216	30	14,364
Tenant security deposits payable	16,259	64,096	27,206	107,561
Developer fee payable, current portion	-	150,000	-	150,000
Notes and mortgages payable, current portion	7,980	40,534	-	48,514
Total Current Liabilities	43,487	367,601	608,939	1,020,027
Long-Term Liabilities				
Developer fee payable	34,496	613,339	366,000	1,013,835
Construction bond payable	-	-	3,887,187	3,887,187
Notes and mortgages payable, net of current portion	2,681,877	6,417,166	5,390,729	14,489,772
Accrued interest, net of current portion	234,847	795,681	74,111	1,104,639
Total Long-Term Liabilities	2,951,220	7,826,186	9,718,027	20,495,433
Total Liabilities	2,994,707	8,193,787	10,326,966	21,515,460
Net Position				
Net investment in capital assets	1,589,139	4,572,352	793,604	6,955,095
Restricted	-	-	-	-
Unrestricted	135,163	123,504	(109,525)	149,142
Total Net Position	1,724,302	4,695,856	684,079	\$ 7,104,237
Total Liabilities, Deferred Inflows and Net Position	\$ 4,719,009	\$ 12,889,643	\$ 11,011,045	\$ 28,619,697

Longmont Housing Authority

Statement of Revenues, Expenses and Changes in Net Position – Discretely Presented Component Units Year Ended December 31, 2020

	Discretely Presented Component Unit-AMN	Discretely Presented Component Unit-SA	Discretely Presented Component Unit-AMSA	Total
Operating Revenues				
Rental income, net	\$ 304,397	\$ 1,050,526	\$ 127,727	\$ 1,482,650
Other revenue	390	17,964	1,387	19,741
Total Operating Revenues	304,787	1,068,490	129,114	1,502,391
Operating Expenses				
Tenant services	-	1,731	1,118	2,849
Administrative salaries and benefits	24,392	66,282	8,596	99,270
Other administrative	33,568	152,034	58,302	243,904
Maintenance salaries	17,434	51,160	9,111	77,705
Regular and extraordinary maintenance	45,373	224,736	9,598	279,707
Depreciation and amortization	211,741	397,703	53,167	662,611
Utilities	31,828	134,216	10,286	176,330
Insurance	17,066	46,456	8,601	72,123
Total Operating Expenses	381,402	1,074,318	158,779	1,614,499
Operating Income (Loss)	(76,615)	(5,828)	(29,665)	(112,108)
Non-Operating Revenues (Expenses)				
Interest income	83	447	-	530
Interest expense	(97,010)	(344,996)	(82,043)	(524,049)
Total Non-Operating Revenues (Expenses)	(96,927)	(344,549)	(82,043)	(523,519)
Change in Net Position	(173,542)	(350,377)	(111,708)	(635,627)
Net Position, Beginning of Year	1,897,844	5,046,233	-	6,944,077
Contributions	-	-	845,787	845,787
Syndication costs	-	-	(50,000)	(50,000)
Net Position, End of Year	\$ 1,724,302	\$ 4,695,856	\$ 684,079	\$ 7,104,237

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

The Longmont Housing Authority (the Authority) commenced operations in 1975 to provide affordable housing in the City of Longmont, Colorado (the City). The Authority's mission is to provide housing and related services to low and moderate income families, elderly and disabled households, and to relieve the community of substandard housing. The Authority owns and operates 10 units, has ownership in and operates 131 affordable apartments and 28 family townhomes, and is a third-party property management agent for 292 affordable units. The Authority also administers approximately 401 Section 8 Housing Choice Vouchers and 8 Moderate Rehabilitation Section 8 units.

Reporting Entity

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

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

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

Blended Component Units

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

Discretely Presented Component Units

The component unit columns in the combined financial statements include the financial data of the Authority's discretely presented component units as of December 31, 2020. These units are reported in a separate column to emphasize that they are legally separate from the Authority.

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

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

Aspen Meadows Senior Apartments, LLC (AMSA, LLC) was formed for the purpose of owning and operating a 50-unit low-income housing project in Longmont, Colorado. As mentioned above, Aspen Meadows Senior Apartments Manager LLC is the managing member of AMSA, LLC. Aspen Meadows Senior Apartments Manager LLC has an ownership percentage of 0.009% in AMSA, LLC.

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

Program Accounting

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

Basis of Accounting and Measurement Focus

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

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

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

Cash

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

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

Capital Assets

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

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

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

Long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment loss has been recognized for the year ended December 31, 2020.

Business and Credit Risk

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

Receivables and Credit Policy

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

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

Notes Receivables

Notes and other receivables are carried at amounts advanced, net of a reserve for uncollectible accounts, if any. As of December 31, 2020, the Authority considered all notes and other receivables to be fully collectible.

Developer Fees Receivable

Developer fees are uncollateralized obligations due from related entities with payments due based on the development agreements and subject to cash flow of the projects. The Authority evaluates the collectability of the balance based upon specific circumstances of the agreement and an allowance for uncollectible amounts being recorded if necessary. As of December 31, 2020, the Authority considered all developer fees to be fully collectable.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority's Deferred Outflows for Pensions and OPEB represents the amount of pension and health care trust fund contributions made to the State plans subsequent to the December 31, 2019 measurement date, the deferred variance in expected to actual investment earnings, the deferred experience gains and losses, changes in employer proportion and differences between contributions recognized and proportionate share of contributions and changes in assumptions.

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

Compensated Absences

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

Basis of Presentation

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fraud Recovery

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

Operating Revenues and Expenses

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

Restricted and Unrestricted Resources

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

Budgetary

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

Pensions

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

Other Post-Employment Benefits (OPEB)

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

Note 2 - Deposits and Credit Risk**Primary Government****Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at equal to 102% of the uninsured deposits. The general depository agreement required by annual contract with HUD has additional collateral requirements, which the Authority met in 2020.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. As of December 31, 2020, the Authority's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) and collateralized with securities held by a pledging financial institution in accordance with PDPA.

At December 31, 2020, the Authority's carrying amount of deposits was \$3,188,260 and the bank balance was \$3,501,794. Of the bank balances, \$250,000 was covered by Federal Depository Insurance. Of the remaining balances for 2020, \$3,251,794 was collateralized with securities held by a pledging financial institution's agent in the government's name.

Investments

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

- Obligations of the United States and certain U.S. government agency securities
- Insured Money Market Deposit Accounts
- Municipal Depository Fund

- Super NOW Accounts
- Certificates of Deposit
- Repurchase Agreements
- Sweep Accounts
- Separate Trading of Registered Interest and Principal of Securities (STRIPS)
- Mutual Funds that meet HUD criteria

Discretely Presented Component Units

Credit Risk

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

As of December 31, 2020, AMN, LLLP's deposits were not exposed to custodial credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) and collateralized in accordance with PDPA.

As of December 31, 2020, SA LLLP had carrying amounts and bank balances in excess of the federally insured limits of \$250,000. Partnership management monitors the financial ratings of such financial institutions and does not believe that the deposits are exposed to a significant level of risk.

As of December 31, 2020, AMSA, LLC had carrying amounts and bank balances in excess of the federally insured limits of \$250,000. Partnership management monitors the financial ratings of such financial institutions and does not believe that the deposits are exposed to a significant level of risk.

Note 3 - Restricted Cash

Primary Government

Restricted cash consists of \$5,392 in tenant security deposits, \$41,124 for cash in the Mod Rehab program owed back to HUD, \$150,889 of unspent CARES Act grant revenue, and \$30,748 for mod rehab vouchers received but unspent. Total restricted cash as of December 31, 2020, was \$228,153.

Discretely Presented Component Units

Restricted cash consists of tenant security deposits and various reserves as required by the partnership agreements. Total restricted cash as of December 31, 2020, was \$1,404,749.

Note 4 - Capital Assets

Primary Government

The following is a summary of property, structures, and equipment for the year ended December 31, 2020:

	Balance 1/1/20	Additions	Transfers	Deletions	Balance 12/31/20
Non-Depreciable					
Land	\$ 420,522	\$ -	\$ -	\$ -	\$ 420,522
Total non-depreciable capital assets	<u>420,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,522</u>
Depreciable					
Buildings and improvements	1,404,360	-	-	-	1,404,360
Furniture and equipment	85,268	-	-	-	85,268
Total depreciable capital assets	<u>1,489,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,489,628</u>
Less: Accumulated Depreciation for:					
Buildings and improvements	(560,888)	(47,933)	-	-	(608,821)
Furniture and equipment	(73,895)	(4,756)	-	-	(78,651)
Total accumulated depreciation	<u>(634,783)</u>	<u>(52,689)</u>	<u>-</u>	<u>-</u>	<u>(687,472)</u>
Net Depreciable Capital Assets	<u>854,845</u>	<u>(52,689)</u>	<u>-</u>	<u>-</u>	<u>802,156</u>
Net capital assets	<u>\$ 1,275,367</u>	<u>\$ (52,689)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222,678</u>

Discretely Presented Component Units

The following is a summary of property, structures, and equipment for the year ended December 31, 2020.

AMN, LLLP

	Balance 1/1/20	Additions	Transfers	Deletions	Balance 12/31/20
Non-Depreciable					
Land	\$ 317,000	\$ -	\$ -	\$ -	\$ 317,000
Total non-depreciable capital assets	<u>317,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,000</u>
Depreciable					
Land improvements	699,460	-	-	-	699,460
Buildings and improvements	5,557,662	-	-	-	5,557,662
Furniture and equipment	82,838	-	-	-	82,838
Total depreciable capital assets	<u>6,339,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,339,960</u>
Less: Accumulated Depreciation for					
Land improvements	(204,010)	(23,316)	-	-	(227,326)
Buildings and improvements	(1,647,698)	(185,255)	-	-	(1,832,953)
Furniture and equipment	(82,838)	-	-	-	(82,838)
Total accumulated depreciation	<u>(1,934,546)</u>	<u>(208,571)</u>	<u>-</u>	<u>-</u>	<u>(2,143,117)</u>
Net Depreciable Capital Assets	<u>4,405,414</u>	<u>(208,571)</u>	<u>-</u>	<u>-</u>	<u>4,196,843</u>
Net capital assets	<u>\$ 4,722,414</u>	<u>\$ (208,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,513,843</u>

Longmont Housing Authority
Notes to Financial Statements
December 31, 2020

SA, LLLP

	Balance 1/1/20	Additions	Transfers	Deletions	Balance 12/31/20
Non-Depreciable					
Land	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000
Total non-depreciable capital assets	800,000	-	-	-	800,000
Depreciable					
Land improvements	157,100	-	-	-	157,100
Buildings and improvements	11,799,758	-	-	-	11,799,758
Furniture and equipment	494,547	12,710	-	-	507,257
Total depreciable capital assets	12,451,405	12,710	-	-	12,464,115
Less: Accumulated Depreciation for					
Land improvements	(26,182)	(10,474)	-	-	(36,656)
Buildings and improvements	(860,743)	(294,994)	-	-	(1,155,737)
Furniture and equipment	(174,845)	(71,144)	-	-	(245,989)
Total accumulated depreciation	(1,061,770)	(376,612)	-	-	(1,438,382)
Net Depreciable Capital Assets	11,389,635	(363,902)	-	-	11,025,733
Net capital assets	\$ 12,189,635	\$ (363,902)	\$ -	\$ -	\$ 11,825,733

AMSA, LLC

	Balance 1/1/20	Additions	Transfers	Deletions	Balance 12/31/20
Non-Depreciable					
Land	\$ -	\$ 845,000	\$ -	\$ -	\$ 845,000
Construction in progress	-	2,973,798	-	-	2,973,798
Total non-depreciable capital assets	-	3,818,798	-	-	3,818,798
Depreciable					
Buildings and improvements	-	6,380,000	-	-	6,380,000
Total depreciable capital assets	-	6,380,000	-	-	6,380,000
Less: Accumulated Depreciation for:					
Buildings and improvements	-	(53,167)	-	-	(53,167)
Total accumulated depreciation	-	(53,167)	-	-	(53,167)
Net Depreciable Capital Assets	-	6,326,833	-	-	6,326,833
Net capital assets	\$ -	\$ 10,145,631	\$ -	\$ -	\$ 10,145,631

Note 5 - Notes Receivable

The following is a summary of the notes receivable for the year ended December 31, 2020.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Aspen Meadows Senior Apartments, LLC	\$ 200,000	\$ 1,000	\$ 201,000
Aspen Meadows Senior Apartments, LLC	750,000	11,250	761,250
Aspen Meadows Senior Apartments, LLC	475,000	2,375	477,375
Village Place Associates, LLLP	600,000	244,685	844,685
Village Place Associates, LLLP	373,111	239,137	612,248
Village Place Associates, LLLP	800,000	797,032	1,597,032
Village Place Associates, LLLP	400,000	225,640	625,640
Village Place Associates, LLLP	150,687	-	150,687
Aspen Meadows Neighborhood, LLLP	1,225,000	142,821	1,367,821
Aspen Meadows Neighborhood, LLLP	139,923	-	139,923
Suites Apartments LLLP	395,000	89,130	484,130
Suites Apartments LLLP	2,520,374	564,355	3,084,729
Suites Apartments LLLP	630,000	142,150	772,150
	<u>\$ 8,659,095</u>	<u>\$ 2,459,575</u>	11,118,670
Less current portion			<u>-</u>
			<u>\$ 11,118,670</u>

The Authority provided two loans to Aspen Meadows Senior Apartments, LLC, in the amounts of \$200,000 and \$475,000. Interest accrues on the loans at the rate of 2% per year and compounds annually. Payments are made solely from available excess cash flow. The loans are due in full in October 2055. The Authority wholly owns the managing member in Aspen Meadows Senior Apartments, LLC, a low-income housing unit tax credit project (Note 9).

The Authority provided one loan to Aspen Meadows Senior Apartments, LLC in the amount of \$750,000. Interest accrues on the loan at the rate of 6% per year and compounds annually. Payments are made solely from available excess cash flow. The loan is due in full in October 2055.

The Authority provided two loans to Village Place Associates, LLLP, in the amounts of \$600,000 and \$373,111. Interest accrues on the loans at the rate of 3.5% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loans are due in full in December 2031. The Authority is the administrative limited partner in Village Place Associates, LLLP, a low-income housing unit tax credit project (Note 9).

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

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

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

The Authority has loaned \$1,225,000 to Aspen Meadows Neighborhood, LLLP. Interest accrues on the loan at the rate of 1% per annum and compounds annually. Payments are made solely from available excess cash flow. The loan is due in full in November 2039. The Authority is the general partner in Aspen Meadows Neighborhood, LLLP, a low-income housing unit tax credit project (Note 9).

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

The Authority provided two loans to Suites Apartments, LLLP, in the amounts of \$395,000 and \$630,000. Interest accrues on the loans at the rate of 5% per annum and compounds annually. Payments are made solely from the distribution of net operating income. The loans are due in full in December 2033. The Authority is the general partner in Suites Apartments, LLLP, a low-income housing unit tax credit project (Note 9).

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

All notes receivable are secured by the related property.

Note 6 - Long-Term Debt

Primary Government

For the year ended December 31, 2020, the following changes occurred in long-term debt:

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20	Due Within One Year
Notes Payable	\$ 1,692,787	\$ -	\$ (18,838)	\$ 1,673,949	\$ 87,087

Longmont Housing Authority

Notes to Financial Statements

December 31, 2020

Long-term debt as of December 31, 2020, consists of the following:

2.00%, \$600,000 mortgage note payable to City of Longmont, due in annual installments of \$40,513, including interest, due in full July 2031, secured by a deed of trust, used for improvements at Village Place	\$ 394,135
0%, \$175,000 mortgage note payable to the City of Longmont, due in full in November 2029, secured by a deed of trust, used for Aspen Meadows Neighborhood	175,000
0%, \$630,000 mortgage note payable to the City of Longmont (AHF funds), due in full September 2036, secured by a deed of trust, used for the Suites Apartments LLP	630,000
3.05%, \$641,055 mortgage note payable from FirstBank, due in monthly installments of \$3,068 including interest, due in March 2022, secured by a deed of trust, used for Briarwood	474,814
	<u>1,673,949</u>
Less current portion	<u>(87,087)</u>
	<u>\$ 1,586,862</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 87,087	\$ 29,436	\$ 116,523
2022	480,245	10,207	490,452
2023	30,704	5,999	36,703
2024	31,318	5,309	36,627
2025	31,944	4,605	36,549
2026-2030	344,565	11,962	356,527
2031-2035	38,086	794	38,880
2036-2040	630,000	-	630,000
	<u>\$ 1,673,949</u>	<u>\$ 68,312</u>	<u>\$ 1,742,261</u>

Discretely Presented Component Units

For the year ended December 31, 2020, the following changes occurred in long-term debt:

AMN LLLP

	<u>Balance 01/01/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/20</u>	<u>Due Within One Year</u>
Notes Payable	<u>\$ 2,697,060</u>	<u>\$ -</u>	<u>\$ (7,203)</u>	<u>\$ 2,689,857</u>	<u>\$ 7,980</u>

Longmont Housing Authority
Notes to Financial Statements
December 31, 2020

SA LLLP

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20	Due Within One Year
Notes Payable	\$ 6,501,894	\$ -	\$ (44,194)	\$ 6,457,700	\$ 40,534

AMSA LLC

	Balance 01/01/20	Increases	Decreases	Balance 12/31/20	Due Within One Year
Notes Payable	\$ -	\$ 5,390,729	\$ -	\$ 5,390,729	\$ -

Long-term debt as of December 31, 2020, consists of the following:

AMN LLLP

7.5%, \$1,000,000 mortgage note payable to FirstBank of Longmont, due in monthly payments of \$6,661, including interest, unpaid principal and interest due January 2030, secured by a first mortgage on property and equipment and an assignment of rents and leases	\$ 949,934
2%, \$375,000 mortgage note payable to Longmont Housing Development Corporation (LHDC), due in annual installments, including interest, from net cash flow as permitted, unpaid principal and interest due November 2039, secured by a second mortgage on the property and equipment	375,000
1%, \$1,225,000 mortgage note payable to the Longmont Housing Authority (LHA), due in annual installments, including interest, from net cash flow as permitted, through November 2039, secured by a third mortgage on the property and equipment	1,225,000
0%, \$139,923 mortgage note payable to the LHA due in annual installments from net cash flow as permitted, through November 2039, secured by a fourth mortgage on the property and equipment	139,923
	2,689,857

SA LLLP

4.04%, \$2,800,000 Series 2016A bonds payable to CitiBank, due in monthly installments of \$12,465, including interest, beginning November 2018, through September 2033, secured by a deed of trust, assignment of rent, security agreement, and fixture filing	\$ 2,717,589
5%, \$395,000 mortgage note payable to the Longmont Housing Authority (LHA) from CDBG funds, unpaid principal and interest due the earlier of December 2033, the sale of the property or the date the note is refinanced, secured by a deed of trust	395,000
6%, \$2,520,374 mortgage note payable to the LHA, unpaid principal and interest due the earlier of December 2033, the sale of the property or the date the note is refinanced, secured by a deed of trust	2,520,374
5%, \$630,000 mortgage note payable to the LHA, unpaid principal and interest due at maturity, December 2033, secured by a deed of trust, security agreement, financing statement, and fixture filing	630,000
0%, \$200,000 mortgage note payable to the State of Colorado, due in annual installments of \$5,263, payable solely from 50% of cash flow, beginning June 2019, through December 2056, secured by a deed of trust	194,737
	6,457,700

Longmont Housing Authority

Notes to Financial Statements

December 31, 2020

AMSA LLC

2%, \$475,000 mortgage note payable to Longmont Housing Authority (CDBG loan), due in annual payments, including interest, from cash flow as permitted, through October 2055, secured by a deed of trust on all property and equipment	\$ 475,000
2%, \$200,000 mortgage note payable to Longmont Housing Authority (Sponsor Capital loan), due in annual payments, including interest, from cash flow as permitted, through October 2055, secured by a deed of trust on all property and equipment	200,000
6%, \$3,965,729 mortgage note payable to Aspen Meadows Associates, LLLP (Seller Carryback loan), due in annual payments, including interest, from cash flow as permitted, through October 2055, secured by a deed of trust on all property and equipment	3,965,729
6%, \$750,000 mortgage note payable to Longmont Housing Authority (Sponsor Completion loan), due in annual payments, including interest, from cash flow as permitted, through October 2055, secured by a deed of trust on all property and equipment	<u>750,000</u>
	<u>5,390,729</u>
	14,538,286
Less current portion	<u>(48,514)</u>
	<u><u>\$ 14,489,772</u></u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 48,514	\$ 752,674	\$ 801,188
2022	50,811	782,449	833,260
2023	53,226	813,974	867,200
2024	55,563	847,555	903,118
2025	58,421	882,708	941,129
2026-2030	1,172,673	4,958,720	6,131,393
2031-2035	5,773,689	4,738,725	10,512,414
2036-2040	1,739,923	4,091,118	5,831,041
2041-2045	-	5,296,964	5,296,964
2046-2050	-	7,063,967	7,063,967
2051-2055	5,390,729	9,426,059	14,816,788
2056-2060	194,737	-	194,737
	<u>\$ 14,538,286</u>	<u>\$ 39,654,913</u>	<u>\$ 54,193,199</u>

Note 7 - Paycheck Protection Program (PPP) Loan

The Authority was granted a \$242,200 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Authority is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Authority has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended December 31, 2020. The Authority intends to apply for forgiveness of the PPP loan in 2021. The Authority will be required to repay any remaining balance, plus interest accrued at 1 percent in monthly payments commencing in July 2021, principal and interest payments will be required through the maturity date June 2022. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default.

Note 8 - Annual Contributions Contract

The Authority has an annual contributions contract for Section 8 HAP and adjustments vary based on requirements. The maximum contract was \$5,121,483 for the year ended December 31, 2020.

Note 9 - Related Party Transactions**Notes Receivable**

As disclosed in Note 5, the Authority is owed on various notes receivable from four low-income residential housing tax credit projects with various interest rates. During 2020, the Authority earned interest income of \$456,227 on the notes receivable. As of December 31, 2020, the Authority was owed \$2,459,575 for accrued interest on the notes receivable.

During 2020, the AMA, LLLP project was sold to AMSA, LLC for \$7,225,000. As part of the transaction, the Authority received \$750,000 as a payment on the related notes receivable. The remaining \$417,484 was forgiven and written off.

Developer Fees

The Authority has entered into a development service agreement with AMN, LLLP. Interest is earned on the outstanding balance at a rate of 4.25%. During 2020, the Authority received a payment of \$9,856. As of December 31, 2020, the Authority is owed \$34,497 for unpaid developer fees and interest on unpaid developer fees. The unpaid developer fees and accrued interest are due in full on April 22, 2024.

The Authority has entered into a development service agreement with SA, LLLP to earn a fee of \$1,889,000 in connection with the development and construction of the project. During 2020, the Authority received a payment of \$151,767. As of December 31, 2020, the Authority is owed \$763,338. The remaining fees are expected to be received when the project receives capital contributions or from available cash.

The Authority has entered into a development service agreement with AMSA, LLC to earn a fee of \$1,540,000 in connection with the development and construction of the project. During 2020, the Authority earned \$616,000 based on the developer agreement. During 2020, the Authority received \$250,000. As of December 31, 2020, the Authority was owed \$366,000 for developer fees. The fees will be repaid from capital contributions or from available cash.

Management Fees

The Authority has entered into a management agreement with AMN, LLLP, Aspen Meadows Associates, LLLP (AMA, LLLP), Village Place Associates, LLLP, (VPA, LLLP), Spring Creek Apartments, LLLP (SC, LLLP), SA, LLLP, Fall River Apartments LLLP (FR LLLP), and AMSA, LLC. Terms established under the management agreements call for the payment of management fees to the Authority in exchange for services provided in managing the projects. For the year ended December 31, 2020, the Authority received \$238,358 in management fees from related entities.

Reimbursements

The Authority is reimbursed for various office expenses, payroll, benefits, and other expense associated with the operations of AMN, LLLP, AMA, LLLP, VPA, LLLP, SC, LLC, SA, LLLP, FR LLLP, AMSA, LLC and other entities. During 2020, the Authority was reimbursed approximately \$558,000 for these costs. As of December 31, 2020, the Authority was owed \$228,964 for unreimbursed expenses.

Tenant Services Agreement

During 2018, the Authority entered into a tenant services agreement with SA, LLLP to provide certain supportive services. Under the agreement, the Authority is to pay for the supportive services, which will be reimbursed by SA, LLLP in an amount not to exceed \$15,000 per month, increasing 2% annually, from available cash flow. During 2020, the Authority paid for supportive service costs of \$78,176.

Operating Deficit Guaranty

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

Bond Issuance Costs

During 2020, the Authority received \$75,252 from AMSA, LLC for bond issuance costs.

Note 10 - Management Services

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

The Authority also provides corporate management services, including managing business affairs and developer services, for the Longmont Housing Development Corporation in exchange for a management fee determined annually based on needs. During 2020, the Authority received \$150,000 in corporate management fees.

Note 11 - Compensated Absences

The Authority accrues unused vacation. Employees earn vacation leave at defined, monthly amounts depending on length of service. Total leave accrued at December 31, 2020, was \$9,073. The Authority has estimated the whole liability will be liquidated in the next fiscal year.

Note 12 - Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

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 (COLAs), 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 receive an annual increase of 1.25 percent unless adjusted by the automatic provision (AAP) pursuant to C.R.S. § 24-51-413. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 will receive the lessor of an annual increase of 1.25 percent or the average 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.

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

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

Contributions

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

January 1 through December 31, 2019	Rate*
Employer Contribution Rate	10.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as Specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as Specified in C.R.S. § 24-51-411	2.20%
Supplemental amortization equalization disbursement (SAED) as Specified in C.R.S. § 24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF	12.68%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from Authority were \$118,684 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 \$1,131,483 for its proportionate share of the net pension liability. The net pension liability 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's proportion of the net pension liability was based on Authority's 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's proportion was 0.1547 percent, which was a decrease of 0.0208 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized pension income of \$94,410. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ 74,042	\$ -
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	462,905
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	120,052	45,621
Contributions Subsequent to the Measurement Date	<u>118,684</u>	<u>-</u>
 Total	 <u>\$ 312,778</u>	 <u>\$ 508,526</u>

\$118,684 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:

<u>Year Ended December 31,</u>	
2020	\$ (78,291)
2021	(80,416)
2022	3,786
2023	(159,511)
2024	-
Thereafter	-

Actuarial Assumptions

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

Actuarial Cost Method	Entry age
Price Inflation	2.40 percent
Real Wage Growth	1.10 percent
Wage Inflation	3.50 percent
Salary Increases, Including Wage Inflation	3.50 - 10.45 percent
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25 percent
Discount Rate	7.25 percent
Future Post-Retirement Benefit Increases:	
PERA Benefit Structure (automatic)	1.25 percent
PERA Benefit Structure hired after 12/31/06	Financed by the AIR

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

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

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

The mortality assumption for disabled retirees 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
U.S. Equity - Large Cap	21.20%	4.30%
U.S. Equity - Small Cap	7.42%	4.80%
Non U.S. Equity - Developed	18.55%	5.20%
Non U.S. Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
	<hr/>	
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 cash method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 percent.

- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including 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 used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- 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 end of the month.

Based on the above assumptions and methods, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and, therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share	\$ 2,078,450	\$ 1,131,484	\$ 335,093

Pension Plan Fiduciary Net Position

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 13 - Other Post-Employment Health Care Benefits

General Information about the OPEB Plan

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

Benefits Provided

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

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

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

PERA Benefit Structure

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

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

Contributions

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from Authority were \$8,836 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 \$133,176 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. Authority's proportion of the net OPEB liability was based on the Authority's 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 0.0118 percent, which was an increase of 0.0015 percent from its proportion measured as of December 31, 2018.

For the year ended December 31, 2020, the Authority recognized OPEB income of \$198. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 442	#	\$ 22,378
Changes of Assumptions or Other Inputs	1,105		-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-		2,223
Changes in Proportion and Differences Between Contributions Recognized and Proportionate Share of Contributions	19,918		16,955
Contributions Subsequent to the Measurement Date	8,836		-
Total	\$ 30,301		\$ 41,556

\$8,836 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	\$	(4,004)	
2021		(4,004)	
2022		(4,004)	
2023		(3,620)	
2024		(2,800)	
Thereafter		(1,659)	

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 in aggregate
Long-Term Investment Rate of Return, Net of Pension plan investment expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Health Care Cost Trend Rates	
PERA benefit structure:	
Service-based premium subsidy	0.00 percent
PERACare Medicare plans	5.60 percent for 2098, gradually decreasing to 4.50 percent in 2029
Medicare Part A premiums	3.50 percent for 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, valuations were based on the results of the 2016 experience analysis for the period January 1, 2012 through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by the PERA Board during the November 18, 2016, Board meeting. In addition, certain actuarial assumptions pertaining to per capita health care costs and their related trends are analyzed and reviewed by PERA's actuary, as discussed below.

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums are assumed for 2019 for the PERA Benefit Structure:

	<u>Cost For Members without Medicare Part A</u>	<u>Premiums For Members without Medicare Part A</u>
Self-Funded Medicare Supplement Plans	\$ 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:

	Cost For Members without Medicare Part A
Self-funded Medicare Supplement Plans	\$ 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 heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 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%

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

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

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

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

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

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

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

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

The assumed rates of PERACare participation were revised to reflect more closely actual experience.

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2019 plan year.

- The morbidity assumptions were updated to reflect the assumed standard aging factors.
- The health care cost trend rates for the 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 of five years of PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA’s Board on October 28, 2016.

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

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

Asset Class	Target Allocation	10 Yr 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:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
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	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 130,012	\$ 133,176	\$ 136,831

Discount Rate

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2018, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50 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 used by the plan 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 end of the month.

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate Share of the Net OPEB Liability	\$ 150,582	\$ 133,176	\$ 118,290

OPEB Plan Fiduciary Net Position

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

Note 14 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for these risks of loss, including worker’s compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage have been adjusted annually. As a political subdivision of the State of Colorado, the LHA has immunity protection under the Colorado governmental immunity act CRS 24 10 101.

Note 15 - Conduit Debt

In March of 2011, the Authority arranged for tax exempt financing in the amount of \$2,900,000 for Hover Village, Inc. (“Hover”). Hover utilized the tax-exempt financing to refinance existing debt relating to the purchase and improvement of a 121-unit rental housing facility for seniors, known as Hover Manor. The debt has a final maturity date of April 1, 2026 and is secured by real estate. The Authority in no way guarantees the loan or has any liability for the loan. Accordingly, the loan is not reported as a liability in the Authority’s financial statements. Hover makes the loan payments directly to FirstBank of Longmont. As of December 31, 2020, the outstanding balance of the loan was \$1,252,674.

In June of 2018, the Authority issued private activity bonds in the amount of \$9,131,650 for Fall River Apartments LLLP (Fall River). Fall River utilized the bonds to finance construction of a 60-unit multifamily rental housing development. The bonds have a final maturity date of January 1, 2051 and are secured by a deed of trust, assignment of rents, security agreement, and fixture filing. The Authority in no way guarantees the bonds or has any liability for the loan. Accordingly, the bonds are not reported as liability in the Authority’s financial statements. Fall River makes the bond payments directly to CitiBank, N.A. As of December 31, 2020, the outstanding balance of the bonds was \$4,250,000.

In September of 2020, the Authority issued private activity bonds in the amount of \$9,131,650 for AMSA, LLC. AMSA, LLC utilized the bonds to finance construction of a 50-unit multifamily rental housing development. The bonds have a final maturity date of October 2038 and are secured by a deed of trust, assignment of rents, security agreement, and fixture filing. The Authority in no way guarantees the bonds or has any liability for the loan. Accordingly, the bonds are not reported as liability in the Authority's financial statements. AMSA, LLC makes the bond payments directly to FirstBank. As of December 31, 2020, the outstanding balance of the bonds was \$3,887,187.

Note 16 - Commitments and Contingencies

Claims and Judgments

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

Tabor Amendment

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

Forgivable Loans

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

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

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

Voluntary Compliance Agreement

During 2019, the Authority entered into a Voluntary Compliance Agreement with HUD to make necessary updates to units owned by the Authority. The agreement will remain in effect until all terms of the agreement are completed. The costs to the Authority are unknown as of December 31, 2020.

Note 17 - Intergovernmental Agreement

In November 2020, the Authority entered into an Intergovernmental Agreement with the City of Longmont to provide continuity of leadership and staffing as well as supporting the Authority staff to ensure compliance and deadlines are met. The City is to provide services as outlined in the agreement. As part of the agreement, the Authority shall pay the City \$82,000 per year for information technology services, \$220,000 for accounting services, \$110,000 for services related to AMSA, LLC project, and \$20,000 for building maintenance services. In addition, the Authority shall pay the City an amount up to \$250,000 for consultation and leadership services as well as an amount not to exceed \$250,000 for all services rendered in 2020. The agreement ends December 31, 2021, unless extended or modified by mutual agreement.

Note 18 - Subsequent Event

The Longmont Housing Authority entered into an intergovernmental agreement in late 2020 with the City of Longmont to support the housing needs of the Longmont community. As of January 5, 2021 the Longmont City Council is the new governing board. The Longmont Housing Authority will be presented in the 2021 Annual Comprehensive Financial Report as a component unit.



Required Supplementary Information
December 31, 2020

Longmont Housing Authority

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

Pension Related Contributions

	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.1547%	0.13392%	0.15845%	0.15513%	0.13815%	0.12679%
Authority's proportionate share of the net pension liability	\$1,131,483	\$1,683,599	\$1,764,250	\$2,094,807	\$1,521,853	\$1,136,349
Authority's covered payroll	\$1,065,357	\$878,347	\$999,593	\$935,658	\$784,458	\$694,703
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	106.21%	191.68%	176.50%	223.89%	194.00%	163.57%
Plan fiduciary net position as a percentage of the total pension liability	86.26%	75.96%	79.37%	73.65%	76.87%	80.72%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown. The amounts presented have a measurement date of the previous fiscal year end.

OPEB Related Contributions

	2020	2019	2018	
Authority's proportion of the net OPEB liability	0.0118%	0.01039%	0.01231%	
Authority's proportionate share of the OPEB liability	\$133,176	\$141,295	\$160,014	
Authority's covered payroll	\$1,065,357	\$878,347	\$999,593	
Authority's proportionate share of the OPEB liability as a percentage of its covered payroll	12.50%	16.09%	16.00%	
Plan fiduciary net position as a percentage of the total OPEB liability	24.49%	17.03%	17.53%	

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

Pension Related Contributions

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$118,684	\$145,954	\$120,872	\$136,950	\$133,078	\$108,549
Contributions in relation to the statutorily required contribution	(\$118,684)	(\$145,954)	(\$120,872)	(\$136,950)	(\$133,078)	(\$108,549)
Contribution deficiency (excess)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Authority's covered payroll	\$866,301	\$1,065,357	\$878,347	\$999,356	\$935,658	\$784,458
Contributions as a percentage of covered payroll	13.70%	13.70%	13.76%	13.73%	14.22%	13.70%

* Fiscal year 2015 was the first year of implementation, therefore, only six years are shown. The amounts presented have a measurement date of the previous fiscal year end.

OPEB Related Contributions

	2020	2019	2018	
Statutorily required contribution	\$8,836	\$10,865	\$8,959	
Contributions in relation to the statutorily required contribution	(\$8,836)	(\$10,865)	(\$8,959)	
Contribution deficiency (excess)	\$0.00	\$0.00	\$0.00	
Authority's covered payroll	\$866,301	\$1,065,357	\$878,347	
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	

* Fiscal year 2018 was the first year of implementation, therefore, only three years are shown.

Note A - Changes of Benefit Terms

There have been no changes in benefit terms since the last valuation.

Note B - Changes of Assumptions

There were no changes in actuarial assumptions or other inputs since the last valuation.



Supplementary Information
December 31, 2020

Longmont Housing Authority

Longmont Housing Authority
Combining Statement of Net Position
December 31, 2020

	General Fund Development	Housing Choice Vouchers	Housing Choice Vouchers Cares	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
Cash	\$ 1,772,778	\$ -	\$ -	\$ 1,087,728	\$ 19,250	\$ 61,330	\$ 19,021	\$ -	\$ 2,960,107
Restricted cash	-	-	150,889	-	5,392	-	71,872	-	228,153
Accounts receivable									
Accounts receivable - tenants	-	17,591	-	-	5,229	-	-	-	22,820
Accounts receivable - due from other agencies	510,723	-	-	-	15,878	-	-	-	526,601
Accounts receivable - developer fees, current portio	150,000	-	-	-	-	-	-	-	150,000
Prepaid expenses	7,962	11,546	-	61	3,515	411	245	-	23,740
Interprogram - due from	122,774	-	-	-	-	-	-	(122,774)	-
Total current assets	2,564,237	29,137	150,889	1,087,789	49,264	61,741	91,138	(122,774)	3,911,421
Land	-	-	-	176,082	203,000	41,440	-	-	420,522
Buildings and improvements	-	-	-	-	1,043,814	360,546	-	-	1,404,360
Furniture and equipment	54,524	19,062	-	-	11,682	-	-	-	85,268
Accumulated depreciation	(54,524)	(19,062)	-	-	(509,530)	(104,356)	-	-	(687,472)
Total capital assets, net of accumulated depreciation	-	-	-	176,082	748,966	297,630	-	-	1,222,678
Accounts receivable - developer fees	1,013,835	-	-	-	-	-	-	-	1,013,835
Related party notes receivable, net of current portion	11,118,670	-	-	-	-	-	-	-	11,118,670
Total noncurrent assets	12,132,505	-	-	176,082	748,966	297,630	-	-	13,355,183
Deferred Outflows									
OPEB	21,267	8,708	-	-	-	-	326	-	30,301
Pension	219,523	89,886	-	-	-	-	3,369	-	312,778
Total deferred outflows	240,790	98,594	-	-	-	-	3,695	-	343,079
Total Assets and Deferred Outflows	\$ 14,937,532	\$ 127,731	\$ 150,889	\$ 1,263,871	\$ 798,230	\$ 359,371	\$ 94,833	\$ (122,774)	\$ 17,609,683

Longmont Housing Authority
Combining Statement of Net Position
December 31, 2020

	General Fund Development	Housing Choice Vouchers	Housing Choice Vouchers Cares	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
Current Liabilities									
Accounts payable	\$ 561,012	\$ 2,081	\$ -	\$ -	\$ 44	\$ 191	\$ 42	\$ -	\$ 563,370
Accounts payable - HUD	-	-	-	-	-	-	41,124	-	41,124
Accrued payroll	4,145	972	-	-	563	46	-	-	5,726
Accrued compensated absences - current portion	3,185	3,744	-	-	1,909	137	98	-	9,073
Accrued interest payable	42,517	-	-	-	2,720	-	-	-	45,237
Unearned revenue	-	-	-	-	3,289	-	-	-	3,289
Tenant security deposits payable	-	-	-	-	5,392	-	-	-	5,392
Deferred revenue - CARES Act	-	-	150,889	-	-	-	-	-	150,889
Notes and mortgages payable, current portion	64,528	-	-	-	22,559	-	-	-	87,087
PPP note payable	242,200	-	-	-	-	-	-	-	242,200
Interprogram - due to	-	122,774	-	-	-	-	-	(122,774)	-
Total current liabilities	917,587	129,571	150,889	-	36,476	374	41,264	(122,774)	1,153,387
Net pension liability	794,131	325,165	-	-	-	-	12,188	-	1,131,484
Net OPEB liability	93,470	38,272	-	-	-	-	1,434	-	133,176
Notes and mortgages payable, net of current portion	1,134,607	-	-	-	452,255	-	-	-	1,586,862
Total long-term liabilities	2,022,208	363,437	-	-	452,255	-	13,622	-	2,851,522
Total Liabilities	2,939,795	493,008	150,889	-	488,731	374	54,886	(122,774)	4,004,909
Deferred Inflows									
OPEB	29,166	11,942	-	-	-	-	448	-	41,556
Pension	356,910	146,139	-	-	-	-	5,477	-	508,526
Total deferred inflows	386,076	158,081	-	-	-	-	5,925	-	550,082
Net Position									
Net investment in capital assets	-	-	-	176,082	274,152	297,630	-	-	747,864
Restricted	-	-	-	-	-	-	30,748	-	30,748
Unrestricted	11,611,661	(523,358)	-	1,087,789	35,347	61,367	3,274	-	12,276,080
Total Net Position	11,611,661	(523,358)	-	1,263,871	309,499	358,997	34,022	-	13,054,692
Total Liabilities, Deferred Inflows and Net Position	\$ 14,937,532	\$ 127,731	\$ 150,889	\$ 1,263,871	\$ 798,230	\$ 359,371	\$ 94,833	\$ (122,774)	\$ 17,609,683

Longmont Housing Authority
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2020

	General Fund Development	Housing Choice Vouchers	Housing Choice Vouchers Cares	Longmont Suites	Briarwood Apartments and Office	615 Main Street	Moderate Rehab	Eliminations	Total
Operating Revenues									
HUD PHA grants	\$ -	\$ 5,218,407	\$ -	\$ -	\$ -	\$ -	\$ 57,620	\$ -	\$ 5,276,027
Other grants	475,000	-	-	-	-	-	-	-	475,000
Rental income	-	-	-	-	147,712	20,008	-	-	167,720
Administrative fees	462,034	-	-	-	-	-	-	-	462,034
Developer fees	616,000	-	-	-	-	-	-	-	616,000
Other	86,748	5,553	-	-	100	-	-	-	92,401
Total Operating Revenues	1,639,782	5,223,960	-	-	147,812	20,008	57,620	-	7,089,182
Operating Expenses									
Housing assistance payments	-	4,993,071	-	-	-	-	48,884	-	5,041,955
Tenant services	78,176	-	-	-	2,416	-	-	-	80,592
Administrative salaries and benefits	-	334,068	-	-	30,141	1,597	14,111	-	379,917
Other administrative	277,509	137,578	-	-	40,185	2,301	11,940	-	469,513
Maintenance salaries	1,467	-	-	-	12,377	1,237	-	-	15,081
Regular and extraordinary maintenance	3,465	7,422	-	-	12,616	3,201	150	-	26,854
Depreciation	474	-	-	-	40,197	12,018	-	-	52,689
Utilities	-	7,042	-	-	8,590	1,621	139	-	17,392
Taxes and insurance	35,873	2,597	-	395	10,408	1,406	47	-	50,726
Total Operating Expenses	396,964	5,481,778	-	395	156,930	23,381	75,271	-	6,134,719
Operating Income (Loss)	1,242,818	(257,818)	-	(395)	(9,118)	(3,373)	(17,651)	-	954,463
Non-Operating Revenues (Expenses)									
Note receivable forgiveness	(417,489)	-	-	-	-	-	-	-	(417,489)
Interest income	459,071	90	-	145	13	8	6	-	459,333
Interest expense	(3,965)	-	-	-	(15,013)	-	-	-	(18,978)
Total Non-Operating Revenues (Expenses)	37,617	90	-	145	(15,000)	8	6	-	22,866
Change in Net Position	1,280,435	(257,728)	-	(250)	(24,118)	(3,365)	(17,645)	-	977,329
Net Position, Beginning of Year	10,331,226	(265,630)	-	1,264,121	333,617	362,362	51,667	-	12,077,363
Net Position, End of Year	\$ 11,611,661	\$ (523,358)	\$ -	\$ 1,263,871	\$ 309,499	\$ 358,997	\$ 34,022	\$ -	\$ 13,054,692

Longmont Housing Authority
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2020

<u>Federal Agency/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>
U.S. Department of Housing and Urban Development			
<i>Direct Programs:</i>			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 5,481,778
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	58,891
<i>Passed through the City of Longmont Colorado:</i>			
CDBG Funds	14.218	B-19-MC-08- 0011 & B-19-	<u>475,000</u>
Total U.S. Department of Housing and Urban Development			<u>6,015,669</u>
Total Federal Expenditures			<u><u>\$ 6,015,669</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Longmont Housing Authority under programs of the federal government for the year ended December 31, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Longmont Housing Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Longmont Housing Authority.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

Note 4 - Identification of COVID-19 Related Awards

To maximize the transparency of COVID-19 related award expenditures, the Authority has separately identified COVID-19 expenditures in the Schedule with the prefix "COVID-19" in the program name when a new grant award was received for a COVID-19 related grant or program. The Authority received \$150,889 of funds from the CARES Act under the Housing Choice Voucher program. The Authority expects to spend the funds in 2021.



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

The Board of Commissioners
Longmont Housing Authority
Longmont, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units, of Longmont Housing Authority (the Authority) which comprise the statement of net position as of December 31, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2021. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component units.

Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Authority's Responses to the Findings

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

Purpose of this Report

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

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

Fargo, North Dakota
June 30, 2021



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

The Board of Commissioners
Longmont Housing Authority
Longmont, Colorado

Report on Compliance for the Major Federal Program

We have audited Longmont Housing Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Longmont Housing Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Longmont 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 Longmont 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 Longmont 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 a 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.



Fargo, North Dakota
June 30, 2021

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/CFDA Number</u>
Section 8 Housing Choice Vouchers	14.871
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

**2020-001 Preparation of the Financial Statements
 Significant Deficiency in Internal Control over Financial Reporting**

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

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

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

Effect - The disclosures in the financial statements or schedule of expenditures could be incomplete.

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

Views of Responsible Officials - Management agrees with the finding.

**2020-002 Lack of Segregation of Duties
Significant Deficiency in Internal Control over Financial Reporting**

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

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

Cause - Due to the size of the Authority and turnover of personnel during the year.

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

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

Views of Responsible Officials - Management agrees with the finding.

Section III – Federal Award Findings and Questioned Costs

None