

**LOVELAND HOUSING AUTHORITY  
FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2020**

**WITH  
REPORT OF INDEPENDENT AUDITORS**

**LOVELAND HOUSING AUTHORITY  
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YEAR ENDED DECEMBER 31, 2020**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the  
Loveland Housing Authority:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Loveland 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 accompanying table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the blended component units (Mirasol Senior Housing Partnership, LLLP, Loveland Elder Green House Home for Life Enrichment, and Pine Tree Village Partnership, LLLP), which statements reflect total assets, net position, and operating revenues of 39.9%, 5.8%, and 27.0%, respectively of the entity wide totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Mirasol Senior Housing Partnership, LLLP, Loveland Elder Green House Home for Life Enrichment, and Pine Tree Village Partnership, LLLP is based solely on the reports of the other auditors. 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. The financial statements of the blended component units were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the net position of the Authority as of December 31, 2020, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

The 2019 financial statements were audited by other auditors whose report dated May 22, 2020 provided an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements. The accompanying schedule of combining statements of net position and schedule of combining statements of revenues, expenses and changes in net position is also not a required part of the basic financial statements and is presented for the purposes of additional analysis.

The schedule of expenditures of federal awards, schedule of combining statements of net position, and schedule of combining statements of revenues, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, schedule of combining statements of net position, and schedule of combining statements of revenues, expenses and changes in net position schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Novogradac & Company LLP*

July 9, 2021  
Toms River, New Jersey

## **FINANCIAL STATEMENTS**

**LOVELAND HOUSING AUTHORITY  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

ASSETS

	<u>2020</u>	For Comparative Purposes Only <u>2019</u>
Current assets:		
Cash and cash equivalents	\$ 7,937,174	\$ 4,517,639
Tenant security deposits	190,345	118,015
Accounts receivable - tenants, net	201,602	275,825
Accounts receivable - other	2,300,439	4,717,316
Prepaid expenses	128,403	122,351
Inventories, net	70,255	19,906
Assets held for sale	<u>3,222,153</u>	<u>5,833,977</u>
Total current assets	<u>14,050,371</u>	<u>15,605,029</u>
Non-current assets:		
Restricted cash	651,155	35,427
Notes receivable, non-current	19,015,486	17,246,487
Investment in partnerships	100,000	100,000
Other assets	863,483	42,978
Non-depreciable capital assets	6,979,672	4,969,878
Depreciable capital assets, net	<u>41,041,168</u>	<u>24,659,885</u>
Total non-current assets	<u>68,650,964</u>	<u>47,054,655</u>
Total assets	<u>\$ 82,701,335</u>	<u>\$ 62,659,684</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY**  
**STATEMENT OF NET POSITION (continued)**  
**DECEMBER 31, 2020**

LIABILITIES

	<u>2020</u>	For Comparative Purposes Only <u>2019</u>
Current liabilities:		
Accounts payable	\$ 1,105,538	\$ 521,718
Accrued expenses	421,475	606,178
Tenant security deposits	190,345	109,931
Prepaid rent	445,240	134,352
Unearned revenues	33,185	-
Accrued compensated absences, current	290,967	-
Notes payable, current	834,887	5,844,913
Accrued interest payable	28,466	674,643
Other current liabilities	<u>31,145</u>	<u>-</u>
Total current liabilities	<u>3,381,248</u>	<u>7,891,735</u>
Non-current liabilities:		
Notes payable, non-current	29,888,596	19,483,520
Other non-current liabilities	<u>1,128,192</u>	<u>-</u>
Total non-current liabilities	<u>31,016,788</u>	<u>19,483,520</u>
Total liabilities	<u>34,398,036</u>	<u>27,375,255</u>

NET POSITION

Net position:		
Net investment in capital assets	17,697,357	4,040,360
Restricted	617,970	39,724
Unrestricted	<u>29,987,972</u>	<u>31,204,345</u>
Total net position	<u>48,303,299</u>	<u>35,284,429</u>
Total liabilities and net position	<u>\$ 82,701,335</u>	<u>\$ 62,659,684</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	For Comparative Purposes Only <u>2019</u>
Operating revenues:		
Tenant revenue	\$ 10,725,069	\$ 8,799,824
HUD operating grants	7,849,122	13,216,074
Other government grants	2,609,249	-
Other revenues	<u>12,027,789</u>	<u>4,715,530</u>
Total operating revenues	<u>33,211,229</u>	<u>26,731,428</u>
Operating expenses:		
Administrative	10,522,604	9,394,969
Tenant services	101,185	-
Utilities	597,300	236,158
Ordinary repairs and maintenance	1,321,140	1,015,366
Insurance	250,944	445,050
General	512,580	37,466
Extraordinary maintenance	69,799	249,299
Housing assistance payments	5,646,784	5,216,716
Depreciation	<u>1,996,591</u>	<u>1,560,410</u>
Total operating expenses	<u>21,018,927</u>	<u>18,155,434</u>
Operating income	<u>12,192,302</u>	<u>8,575,994</u>
Non-operating revenues (expenses):		
Investment income	446,863	689,272
Mortgage interest income	20	-
Interest expense	(1,089,602)	(1,145,423)
Bad debt expense	-	150,000
Loss on sale of assets held for sale	(140,942)	-
Loss on sale of fixed assets	<u>-</u>	<u>(248,892)</u>
Net non-operating revenues (expenses)	<u>(783,661)</u>	<u>(555,043)</u>
Change in net position	11,408,641	8,020,951
Total net position, beginning of year	35,284,429	27,263,478
Acquisition of component units	<u>1,610,229</u>	<u>-</u>
Total net position, end of year	<u>\$ 48,303,299</u>	<u>\$ 35,284,429</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 12,855,179
Cash received from grantors	10,491,556
Cash paid to employees	(5,429,655)
Cash paid to vendors and suppliers	<u>(10,677,609)</u>
Net cash provided by operating activities	<u>7,239,471</u>
Cash Flows from Capital and Related Financing Activities:	
Advances on notes payable	16,282,861
Principal payments on notes payable	(2,703,949)
Interest paid on long term debt	(1,036,536)
Purchase of capital assets	(12,537,648)
Proceeds from sale of assets held for sale	2,667,753
Purchases of assets held for sale	<u>(196,871)</u>
Net cash provided by capital and related financing activities	<u>2,475,610</u>
Cash Flows from Investing Activities:	
Cash acquired with component unit	166,869
Issuance of notes receivable	(6,610,368)
Collection of notes receivable	118,695
Interest received	<u>717,316</u>
Net cash used in investing activities	<u>(5,607,488)</u>
Net increase in cash and cash equivalents and restricted cash	4,107,593
Cash and cash equivalents and restricted cash, beginning of year	<u>4,671,081</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 8,778,674</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 7,937,174
Tenant security deposits	190,345
Restricted cash	<u>651,155</u>
Total cash and cash equivalents and restricted cash	<u>\$ 8,778,674</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY  
STATEMENT OF CASH FLOWS (continued)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 12,192,302
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,996,591
Acquisition of notes receivable	(9,814,194)
Charge off of assets held for sale	(2,611,824)
Forgiveness of notes receivable	2,400,000
Changes in operating assets and liabilities:	
Accounts receivable, net	2,189,653
Prepaid expenses	8,848
Inventory, net	(50,349)
Other assets	(820,505)
Accounts payable	864,938
Accrued expenses	(184,703)
Tenant security deposits liability	36,682
Prepaid rent	302,004
Unearned revenues	33,185
Accrued compensated absences	290,967
Other liabilities	<u>405,876</u>
Net cash provided by operating activities	<u>\$ 7,239,471</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Loveland Housing Authority (the "Authority") is a governmental, public organization created under federal and state housing laws for the purpose of engaging in the development, acquisition and administrative activities of the low-income housing program and other programs with similar objectives for low and moderate income families residing in the City of Loveland (the "City"). The Authority is responsible for operating certain low-rent housing programs in the City under programs administered by the U.S. Department of Housing and Urban Development ("HUD"). These programs provide housing for eligible families under the United States Housing Act of 1937, as amended.

The Authority is governed by a board of commissioners which is essentially autonomous, but is responsible to HUD. An executive director is appointed by the Authority's board of commissioners to manage the day-to-day operations of the Authority.

**B. Basis of Accounting / Financial Statement Presentation**

The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The programs of the Authority are organized as separate accounting entities. Each program is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, net position (program equity), revenues, and expenses. The individual programs account for the governmental resources allocated to them for the purpose of carrying on specific programs in accordance with laws, regulations, or other restrictions, including those imposed by HUD. The programs of the Authority are combined and considered an enterprise fund. An enterprise fund is used to account for activities that are operated in a manner similar to those found in the private sector.

The Authority's enterprise fund is accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

The Authority's financial statements are prepared in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended ("GASB 34"). GASB 34 requires the basic financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and requires the presentation of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows. GASB 34 also requires the Authority to include Management's Discussion and Analysis as part of the Required Supplementary Information.

The Authority's primary source of non-exchange revenue relates to grants and subsidies. In accordance with GASB 33, *Accounting and Financial Reporting for Non-exchange Transactions* ("GASB 33"), grant and subsidy revenue are recognized at the time eligible program expenditures occur and/or the Authority has complied with the grant and subsidy requirements.

On January 30, 2008, HUD issued PIH Notice 2008-9 which requires that unused housing assistance payments ("HAP") under proprietary fund reporting should be reported as restricted net position, with the associated cash and investments also being reported as restricted. Any unused administrative fees should be reported as unrestricted net position, with the associated assets being reported on the financial data schedule as unrestricted.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Basis of Accounting / Financial Statement Presentation (continued)**

Both administrative fee and HAP revenue continue to be recognized under the guidelines set forth in GASB 33. Accordingly, both the time and purpose restrictions as defined by GASB 33 are met when these funds are available and measurable, not when these funds are expended. The Section 8 Housing Choice Vouchers program is no longer a cost reimbursement grant; therefore, the Authority recognizes unspent administrative fee and HAP revenue in the reporting period as revenue for financial statement reporting.

In accordance with 2 CFR 200.305(b)(9), any investment income earned up to \$500 on these funds may be retained by the Authority. Amounts in excess of \$500 must be remitted annually to the Department of Health and Human Services, Payment Management System.

**C. Reporting Entity**

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34*, the Authority's basic financial statements include those of the Authority and any component units. Component units are legally separate organizations whose majority of officials are appointed by the primary government or the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or impose specific financial burdens on, the primary government. An organization has a financial benefit or burden relationship with the primary government if any one of the following conditions exist:

1. The primary government (Authority) is legally entitled to or can otherwise access the organization's resources.
2. The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
3. The primary government is obligated in some manner for the debt of the organization.

Based upon the application of the above criteria, this report includes all programs and activities operated by the Authority, including the following blended component units:

**Mirasol Senior Housing Partnership, LLLP**

Mirasol Senior Housing Partnership, LLLP ("Mirasol I") was formed on February 1, 2006 for the purpose to construct, acquire, own, operate, and manage a forty-nine (49) unit rental housing project in the City, known as Mirasol Senior Apartments. Mirasol I operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partner is HousingQuest Corporation (0.01%) and the Limited Partner is the Authority (99.99%). Mirasol I is managed by the Authority.

**Loveland Elder Green House Home for Life Enrichment**

Loveland Elder Green House Home for Life Enrichment ("LEGH") is a not-for-profit entity formed on July 18, 2011 for the purpose to own and operate a mixed market and Medicaid certified long-term care community located in the City, known as The Green House Homes at Mirasol. The Green House Homes at Mirasol is made up of nine (9) green homes each housing ten elders. The board of LEGH is made up of five Commissioners from the Authority's Board and two other members. The Authority is the only member of the 501c(3) corporation and has guaranteed the debt for the LEGH facility through construction stabilization.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Reporting Entity (continued)**

**Pine Tree Village Partnership, LLLP**

Pine Tree Village Partnership, LLLP ("Brookstone Apts") was formed on July 23, 1998 for the purpose to acquire, own, operate, and manage a seventy-two (72) unit multifamily rental housing project in the City, known as Brookstone Apartments. Brookstone Apts operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit. The General Partner is Loveland Housing Development Corporation ("LHDC") (0.10%) and the Limited Partner is the Authority (99.90%). Brookstone Apts is managed by the Authority.

The blended component units' issue their own separate audited financial statements which are presented as of and for the year ended December 31, 2020 and can be obtained by writing to the Executive Director, Loveland Housing Authority, 375 W 37th Street, #200, Loveland, CO 80538.

**D. Description of Programs**

The Authority maintains its accounting records by fund. A summary of the significant programs operated by the Authority for HUD purposes is as follows:

**Section 8 Housing Choice Vouchers**

The Authority administers a program of rental assistance payments to private owners on behalf of eligible low-income households under Section 8 of the Housing and Urban Development Act of 1974. The program provides payments covering the difference between the maximum rental on a dwelling unit, as approved by HUD, and the amount of rent contribution by a participating household.

**Section 8 New Construction and Substantial Rehabilitation (Silver Leaf II)**

The Section 8 New Construction and Substantial Rehabilitation Program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. The Authority administers the program for HUD in conjunction with a not-for-profit landlord that owns the contracted units.

**Section 8 Housing Assistance Payments Program (Orchard Place)**

The purpose of the Section 8 Housing Assistance Payments Program is to provide rental assistance to very low income individuals and families enabling them to live in affordable decent, safe, and sanitary housing.

**Community Development Block Grant**

The primary objective of the Community Development Block Grant is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income.

**Business Activities**

The Authority owns non-federal housing units and various interests in low income housing tax credit partnerships. Revenues earned from these activities are recorded in the Business Activities fund.

**CARES Act Funding Programs**

During the year ended December 31, 2020, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Use of Management Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses, depreciable lives of properties and equipment, and contingencies. Actual results could differ significantly from these estimates.

**F. Cash and Cash Equivalents**

HUD requires housing authorities to invest federal program funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

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

For the statement of cash flows, cash and cash equivalents include all cash balances and treasury investments with a maturity of three months or less at time of purchase. It is the Authority's policy to maintain collateralization in accordance with HUD requirements.

**G. Accounts Receivable, Net**

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and due from vacated tenants. An allowance for doubtful accounts is established to provide for accounts which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts. Also, included in accounts receivable are those amounts that tenants owe the Authority as payment for committing fraud or misrepresentation. These charges usually consist of retroactive rent and other amounts that may be determined by a formal written agreement or by a court order.

The Authority recognizes a receivable from HUD and other governmental agencies for amounts earned and billed but not received and for amounts unbilled, but earned as of year end.

**H. Allowance for Doubtful Accounts**

The Authority periodically reviews all accounts receivable to determine the amount, if any, that may be uncollectable. If it is determined that an account or accounts may be uncollectable, the Authority prepares an analysis of such accounts and records an appropriate allowance against such amounts.

**I. Prepaid Expenses**

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Notes Receivable**

The Authority has utilized funds to assist in the construction and redevelopment of numerous housing developments through the issuance of mortgage notes. When preparing financial statements in accordance with generally accepted accounting principles, management is required to make estimates as to the collectability of such mortgage notes. When estimating collectability, management analyzes the value of the underlying mortgaged property, the property's ability to generate positive cash flow, and current economic trends and conditions. Management utilizes these estimates and judgments in connection with establishing an allowance for uncollectable amounts during an accounting period.

**K. Inventories, Net**

Inventory consists of miscellaneous supplies and appliances and are valued at cost using the first-in first-out method. If inventory falls below cost due to damage, deterioration, or obsolescence, the Authority writes down inventory to its net realizable value through the establishment of an allowance for obsolete inventory.

**L. Capital Assets, Net**

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Water rights have an indefinite useful life and are not depreciated. These rights provide the Authority to use and transfer the water in current and future developments and projects. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

- Buildings and Improvements 18-50 Years
- Furniture and Equipment 3-15 Years

The Authority has established a capitalization threshold of \$3,000.

**M. Impairment of Long Lived Assets**

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended December 31, 2020, there were no impairment losses incurred.

**N. Inter-fund Receivables and Payables**

Inter-fund receivables and payables are current, and are the result of the use of the Management Fund as the common paymaster for shared costs of the Authority. Cash settlements are made periodically, and all inter-fund balances net to zero. In accordance with GASB 34, inter-fund receivables and payables are eliminated for financial statement purposes.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Accounts Payable and Accrued Liabilities**

The Authority recognizes a liability for goods and services received but not paid for as of year-end. The Authority recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

**P. Compensated Absences**

Compensated absences are those absences for which employees will be paid in accordance with the Authority's Personnel Policy. A liability for compensated absences that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the Authority and its employees, is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the Authority and its employees are accounted for in the period in which such services are rendered or in which such event take place.

**Q. Prepaid Rent**

The Authority's prepaid rent primarily consists of the prepayment of rent by residents applicable to future periods.

**R. Equity Classifications**

Equity is classified as net position and displayed in three components:

Net investment in capital assets — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position — Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position — All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

**S. Operating Revenues and Expenses**

The Authority defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. The Authority receives annual operating subsidies from HUD, subject to limitations prescribed by HUD. Operating subsidies from HUD are recorded when received and are accounted for as revenue. Other contributions from HUD that are for development and modernization of capital assets are reflected separately in the accompanying financial statements as capital grants.

Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Authority classifies all other revenues and expenses as non-operating.

**LOVELAND HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2020**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. Taxes**

The Authority is a unit of local government under the State of Colorado law and is exempt from real estate, sales and income taxes by both the federal and state governments.

**U. Economic Dependency**

The Section 8 Housing Choice Vouchers Program of the Authority is economically dependent on grants and subsidies from HUD. The program operates at a loss prior to receiving the grants.

**V. 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. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

**W. Contingencies**

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2020, the Authority estimates that no material liabilities will result from such audits.

**NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

As of December 31, 2020, the Authority had funds on deposit in checking, savings, and certificates of deposits. The carrying amount of the Authority's cash and cash equivalents (including restricted cash) was \$8,778,674, and the bank balances approximated \$8,936,656.

<u>Cash Category</u>	<u>Amount</u>
Unrestricted	\$ 7,937,174
Tenant security deposits	190,345
Restricted	<u>651,155</u>
Total cash and cash equivalents	<u>\$ 8,778,674</u>

Of the bank balances, \$985,964 was covered by federal depository insurance and the remaining \$7,950,692 was collateralized with the pledging financial institutions as of December 31, 2020.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2020, the Authority's bank balances were not exposed to custodial credit risk.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 3. ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net consists of the following as of December 31, 2020:

<u>Description</u>	<u>Amount</u>
Accounts receivable - tenants, net	\$ 201,602
Accounts receivable - miscellaneous	2,298,011
Accounts receivable - PHA projects (Section 8)	<u>2,428</u>
Total accounts receivable, net	<u>\$ 2,502,041</u>

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$12,063.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed for the reimbursement of expenses, developer fees, and management fees from affiliate entities. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

Accounts Receivable - PHA Projects (Section 8)

Accounts receivable - PHA projects represents amounts owed to the Authority for housing assistance payments under the portability provisions of the Section 8 Housing Choice Vouchers Program. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

**NOTE 4. RESTRICTED DEPOSITS**

As of December 31, 2020, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Amount</u>
Housing assistance payment reserve	\$ 481,744
Replacement reserves	136,226
CARES Act funds	33,185
Tenant security deposits	<u>190,345</u>
Total restricted deposits	<u>\$ 841,500</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Replacement reserves represents funds that are restricted for repairs and replacement of building components and equipment in Mirasol I.

CARES Act funds are restricted to be used on expenditures directly related to COVID-19. These funds are to be used to prevent, prepare for, and respond to COVID-19, as well as help the Authority maintain normal operations during the period impacted by COVID-19.

Tenant security deposits represent amounts held by the Authority on behalf of tenants. Upon termination from the Authority, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 5. ASSETS HELD FOR SALE**

Assets held for sale consists of property purchased for resale. As of December 31, 2020, assets held for sale totaled \$3,222,153. The following is a summary of the changes in assets held for sale during the year ended December 31, 2020:

	<u>Amount</u>
Balance at December 31, 2019	\$ 5,833,977
Purchases	-
Expenditures	196,871
Sales	<u>(2,808,695)</u>
Balance at December 31, 2020	<u>\$ 3,222,153</u>

**NOTE 6. CAPITAL ASSETS, NET**

The following is a summary of the primary government's changes in capital assets during the year ended December 31, 2020:

<u>Description</u>	December 31, 2019	Additions / purchases	Dispositions	Acquisitions & transfers	December 31, 2020
<u>Non-depreciable:</u>					
Land	\$ 4,771,038	\$ 1,621,082	\$ -	\$ 587,552	\$ 6,979,672
<u>Depreciable:</u>					
Buildings and improvements	38,058,441	10,358,178	-	14,641,787	63,058,406
Furniture and equipment	<u>1,601,200</u>	<u>558,388</u>	-	<u>399,027</u>	<u>2,558,615</u>
Subtotal	<u>39,659,641</u>	<u>10,916,566</u>	-	<u>15,040,814</u>	<u>65,617,021</u>
Less: accumulated depreciation	<u>14,804,059</u>	<u>1,996,591</u>	-	<u>7,775,203</u>	<u>24,575,853</u>
Net capital assets	<u>\$ 29,626,620</u>	<u>\$ 10,541,057</u>	<u>\$ -</u>	<u>\$ 7,853,163</u>	<u>\$ 48,020,840</u>

Depreciation expense for the primary government for the year ended December 31, 2020 amounted to \$1,996,591.

**NOTE 7. NOTES RECEIVABLE**

Outstanding notes receivable as of December 31, 2020 consisted of the following:

On May 30, 2012, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$40,000. The loan accrues interest at 7.50% and matures on December 31, 2052, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$21,518 as of December 31, 2020. (City of Loveland CDBG)

	\$ 40,000
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**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 7. NOTES RECEIVABLE (continued)**

<p>On April 1, 2013, the Authority entered into an loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$658,376. The loan accrues interest at 7.50% and matures on December 31, 2053, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$151,976 as of December 31, 2020. (General Partner)</p>	456,245
<p>On May 30, 2012, the Authority entered into an loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$75,000. The loan accrues interest at 7.50% and matures on December 31, 2052, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$40,346 as of December 31, 2020. (City of Loveland CDBG)</p>	75,000
<p>On April 16, 2019, the Authority entered into an loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$1,420,000. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$72,172 as of December 31, 2020. (General Partner)</p>	1,420,000
<p>On April 16, 2019, the Authority entered into an loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$285,885. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$14,530 as of December 31, 2020. (City of Loveland CDBG)</p>	285,885
<p>On April 16, 2019, the Authority entered into an loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$600,000. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$23,399 as of December 31, 2020. (Colorado Division of Housing)</p>	599,000
<p>On May 5, 2006, the Authority entered into an loan agreement with LHDC in the amount of \$400,000. The note is interest free and was originally due in May 2012. The maturity of the note was extended to November 2019. The note was forgiven during the year ending December 31, 2020.</p>	-
<p>On December 6, 2013, the Authority entered into an loan agreement with LEGH in the amount of \$2,000,000. The note accrues interest at 1.00% and was originally due in March 2030. The note was forgiven during the year ending December 31, 2020.</p>	-
<p>On October 29, 2015, the Authority entered into an loan agreement with The Edge, LLLP in the amount of \$3,500,000. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (General Partner)</p>	3,500,000

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 7. NOTES RECEIVABLE (continued)**

<p>On October 29, 2015, the Authority entered into an loan agreement with The Edge, LLLP in the amount of \$135,000. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland CDBG)</p>	135,000
<p>On October 29, 2015, the Authority entered into an loan agreement with The Edge, LLLP in the amount of \$1,247,170. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland Fee Waivers)</p>	747,170
<p>On October 17, 2018, the Authority entered into an loan agreement with Meadows Partnership II, LLLP in the amount of \$4,400,000. The loan accrues interest at 2.99% and matures on December 31, 2048, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$131,038 as of December 31, 2020. (General Partner)</p>	4,281,305
<p>On October 17, 2018, the Authority entered into an loan agreement with Meadows Partnership II, LLLP in the amount of \$400,000. The loan is interest free and matures on December 31, 2048, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (Colorado Division of Housing)</p>	400,000
<p>On May 15, 2020, the Authority entered into an loan agreement with The Edge II, LLLP in the amount of \$1,044,049. The loan accrues interest at 1.44% and matures on December 31, 2060, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$39,534 as of December 31, 2020. (Land Purchase)</p>	1,044,049
<p>On May 15, 2020, the Authority entered into an loan agreement with The Edge II, LLLP in the amount of \$3,214,306. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (General Partner)</p>	3,214,306
<p>On May 15, 2020, the Authority entered into an loan agreement with The Edge II, LLLP in the amount of \$1,191,513. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland Fee Waivers)</p>	1,191,513
<p>On May 15, 2020, the Authority entered into an loan agreement with The Edge II, LLLP in the amount of \$1,035,000. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (Colorado Division of Housing)</p>	931,500

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 7. NOTES RECEIVABLE (continued)**

On May 15, 2020, the Authority entered into an loan agreement with The Edge II, LLLP in the amount of \$200,000. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland CDBG)

	<u>200,000</u>
Total notes receivable	18,520,973
Accrued interest receivable	<u>494,513</u>
Total notes receivable and accrued interest receivable	<u>\$ 19,015,486</u>

**NOTE 8. ACCOUNTS PAYABLE**

As of December 31, 2020, accounts payable consisted amounts due to vendors totaling \$1,105,538. Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

**NOTE 9. NOTES PAYABLE**

Notes payable of the Authority consisted of the following as of December 31, 2020:

<u>Serviced notes payable:</u>	<u>Principal Balance</u>	<u>Interest Balance</u>
Silver Leaf II Apartments - FirstBank	\$ 1,553,929	\$ 4,014
Orchard Place - FirstBank	2,412,805	6,233
Management Fund - First National Bank of Omaha	292,929	1,313
Rock Crest - ANB Bank	1,100,000	3,392
Willow Place - FirstBank	514,433	1,328
Cornerstone Apartments - FirstBank	255,173	660
Mirasol Rentals - First National Bank of Omaha	598,141	-
Mirasol Rentals - First National Bank of Omaha	3,568,050	-
Mirasol I - Colorado Housing Finance Agency	935,622	6,016
Mirasol I - Colorado Housing Finance Agency	270,216	688
LEGH - State of Colorado	600,000	-
LEGH - FirstBank	15,150,621	-
Brookstone Apts - US Bank	1,400,000	4,822
<u>Non-serviced notes payable:</u>		
Management Fund - Federal Home Loan Bank of Topeka	400,000	-
Willow Place - LHDC	1,013,027	444,770
Cornerstone Apartments - LHDC	<u>658,537</u>	<u>289,130</u>
Total notes payable and accrued interest	<u>\$ 30,723,483</u>	<u>\$ 762,366</u>

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 9. NOTES PAYABLE (continued)**

<u>Description</u>	<u>Amount</u>
On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$1,900,000 to refinance the existing mortgage on the Silver Leaf II Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$8,055. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$4,014 as of December 31, 2020.	\$ 1,553,929
On January 2, 2013, the Authority entered into a loan agreement with FirstBank in the amount of \$2,952,000 to refinance the existing mortgage on the Orchard Place Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$12,515. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$6,233 as of December 31, 2020.	2,412,805
On May 1, 2014, the Authority entered into a loan agreement with First National Bank of Omaha in the amount of \$744,398 to refinance the existing mortgage on the administrative offices of the Authority. The loan accrues interest at a rate of 3.40% for the first five years and note to exceed the 5-year treasury rate plus 2.54 basis points for the last five years. The loan is due in monthly payments of principal and interest of \$7,570 and matures on May 1, 2024. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$1,313 as of December 31, 2020.	292,929
On June 24, 2005, the Authority entered into a loan agreement with the Federal Home Loan Bank of Topeka in the amount of \$400,000 for the purpose of lending the proceeds to Mirasol Senior Housing Partnership, LLLP. The loan is interest free and will be forgiven in 2021. The loan is secured by interest in the real property.	400,000
On August 19, 2002, the Authority entered into a loan agreement with the Colorado Housing Finance Agency in the amount of \$1,406,000 to purchase and rehabilitate the Rock Crest Apartment Complex. The loan accrues interest at a rate of 6.05% and is due in monthly payments of principal and interest of \$8,475. The loan matures on December 1, 2032 and is secured by interest in the real property. On November 6, 2020, the Authority refinanced the loan with ANB Bank in the amount of \$1,100,000. The loan accrues interest at a rate of 3.70% and matures on November 6, 2025, at which time the entire balance of principal shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$3,392 as of December 31, 2020.	1,100,000
On September 2, 2008, the Authority entered into a loan agreement with the LHDC in the amount of \$1,013,027 to purchase the Willow Place Apartment Complex. The loan accrues interest at a rate of 3.00% and matures on September 1, 2023, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$444,770 as of December 31, 2020.	1,013,027

**LOVELAND HOUSING AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (continued)  
DECEMBER 31, 2020**

**NOTE 9. NOTES PAYABLE (continued)**

<p>On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$629,000 to refinance Willow Place Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$2,677. The loan matures on January 1, 2026, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$1,328 as of December 31, 2020.</p>	514,433
<p>On September 2, 2008, the Authority entered into a loan agreement with the LHDC in the amount of \$658,537 to purchase the Cornerstone Apartment Complex. The loan accrues interest at a rate of 3.00% and matures on September 1, 2023, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$289,130 as of December 31, 2020.</p>	658,537
<p>On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$312,000 to refinance Cornerstone Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$1,323. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$660 as of December 31, 2020.</p>	255,173
<p>On June 9, 2014, the Authority entered into a loan agreement with the First National Bank of Omaha in the amount of \$719,949 to refinance the construction loan of the last phase of the Mirasol Rental Homes. The loan accrues interest at a rate of 3.40% and is due in monthly payments of principal and interest of \$3,418. The loan matures on June 9, 2024, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property.</p>	598,141
<p>On June 27, 2013, the Authority entered into a loan agreement with the First National Bank of Omaha in the amount of \$4,494,700 to refinance the mortgage and construction loans of the Mirasol rental project. The loan accrues interest at a rate of 2.67% and is due in monthly payments of principal and interest of \$19,580. The loan matures on June 1, 2023, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property.</p>	3,568,050
<p>On May 19, 2006, Mirasol I entered into a loan agreement with the Colorado Housing Finance Agency in the amount of \$1,230,000. The loan accrues interest at a rate of 7.70% and is due in monthly payments of principal and interest of \$8,769. The loan matures on July 1, 2038 and is secured by interest in the real property. Accrued interest on the loan totaled \$6,016 as of December 31, 2020.</p>	935,622
<p>On December 15, 2007, Mirasol I entered into a loan agreement with the Colorado Housing Finance Agency in the amount of \$420,000. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$1,771. The loan matures on July 1, 2038 and is secured by interest in the real property. Accrued interest on the loan totaled \$688 as of December 31, 2020.</p>	270,216

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 9. NOTES PAYABLE (continued)**

On December 11, 2020, LEGH entered into a loan agreement with the State of Colorado in the amount of \$600,000. The loan accrues interest at a rate of 1.00% and is due in monthly payments of principal and interest of \$6,349. The loan matures on January 1, 2031 and is secured by interest in the real property. 600,000

On December 31, 2015, LEGH entered into a loan agreement with NCB Capital in the amount of \$1,000,000. The loan accrues interest at a rate of 5.50% and is due in monthly payments of principal and interest of \$8,707. The loan matures on December 6, 2020, but was paid off in full in January 2020, utilizing operating cash. -

On December 6, 2020, LEGH entered into a loan agreement with FirstBank in the amount of \$16,336,207. Upon the last draw of the construction note, the draw period ends and the permanent loan period begins, which will be no later than February 1, 2022. Until conversion date, interest only payments are due monthly at an interest rate of 3.90%. 15,150,621

On August 26, 2003, Brookstone Apts entered into a loan agreement with US Bank in the amount of \$2,000,000. The loan accrues interest at a rate of 6.85% and is due in monthly payments of principal and interest. The loan matured on April 1, 2020, at which time the loan was refinanced with ANB Bank. The refinanced loan amount totals \$1,400,000 and accrues interest at a rate of 4.00%. The loan matures on April 1, 2023, at which time the entire balance of principal shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$4,822 as of December 31, 2020. 1,400,000

Total notes payable 30,723,483  
Less: current portion 834,887

Notes payable, net of current portion \$ 29,888,596

Interest expense for the year ended December 31, 2020 totaled \$1,061,372. Accrued interest payable totaled \$762,366, of which \$28,466 is current and included in accrued interest payable as of December 31, 2020.

Annual debt service for principal over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2021	\$ 834,887	\$ 355,656	\$ 1,190,543
2022	15,684,827	332,526	16,017,353
2023	6,755,051	1,195,394	7,950,445
2024	867,923	211,360	1,079,283
2025	1,399,615	401,277	1,800,892
2026-2030	4,560,708	688,573	5,249,281
2031-2035	395,510	313,078	708,588
2036-2038	<u>224,962</u>	<u>152,483</u>	<u>377,445</u>
	<u>\$ 30,723,483</u>	<u>\$ 3,650,347</u>	<u>\$ 34,373,830</u>

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 10. NON-CURRENT LIABILITIES**

Non-current liabilities of the Authority as of December 31, 2020 consisted of the following:

Description	December 31, 2019	Additions	Reductions/ Payments	December 31, 2020	Amounts due within one Year
Accrued compensated absences	\$ 252,105	\$ 142,404	\$ (103,542)	\$ 290,967	\$ 290,967
Notes payable	17,146,565	16,282,861	(2,705,943)	30,723,483	834,887
Accrued interest payable	682,488	226,921	(147,043)	762,366	28,466
Developer fee	<u>452,704</u>	<u>-</u>	<u>(27,267)</u>	<u>425,437</u>	<u>31,145</u>
Total non-current liabilities	<u>\$18,533,862</u>	<u>\$16,652,186</u>	<u>\$ (2,983,795)</u>	<u>\$32,202,253</u>	<u>\$ 1,185,465</u>

**NOTE 11. RESTRICTED NET POSITION**

Restricted net position consists of the following as of December 31, 2020:

Description	Amount
Housing assistance payments reserves	\$ 481,744
Replacement reserves	<u>136,226</u>
Total restricted net position	<u>\$ 617,970</u>

Housing assistance payment reserves are restricted for use only in the Section 8 Housing Choice Vouchers Program for future housing assistance payments.

Replacement reserves represents funds that are restricted for repairs and replacement of building components and equipment in Mirasol I.

**NOTE 12. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNITS**

	Mirasol I	LEGH	Brookstone Apts
Assets:			
Current assets	\$ 269,671	\$ 1,216,922	\$ 370,138
Non-current assets	999,709	-	-
Capital assets, net	<u>3,493,940</u>	<u>23,089,243</u>	<u>3,903,991</u>
Total assets	<u>4,763,320</u>	<u>24,306,165</u>	<u>4,274,129</u>
Liabilities:			
Current liabilities	2,640,560	9,439,293	98,008
Non-current liabilities	<u>1,164,389</u>	<u>16,144,913</u>	<u>1,400,000</u>
Total liabilities	<u>3,804,949</u>	<u>25,584,206</u>	<u>1,498,008</u>
Net Position:			
Net investment in capital assets	2,288,103	7,338,622	2,503,991
Restricted	136,226	-	-
Unrestricted	<u>(1,465,958)</u>	<u>(8,616,663)</u>	<u>272,130</u>
Net position	<u>958,371</u>	<u>(1,278,041)</u>	<u>2,776,121</u>
Total liabilities and net position	<u>\$ 4,763,320</u>	<u>\$ 24,306,165</u>	<u>\$ 4,274,129</u>

**LOVELAND HOUSING AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**DECEMBER 31, 2020**

**NOTE 12. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNITS (continued)**

	<u>Mirasol I</u>	<u>LEGH</u>	<u>Brookstone Apts</u>
Operating revenues:			
Tenant revenue	\$ 499,427	\$ 7,532,650	\$ 691,740
Other revenues	-	579,297	7,728
Total operating revenues	<u>499,427</u>	<u>8,111,947</u>	<u>699,468</u>
Operating expenses:			
Administrative	112,553	7,174,269	86,688
Tenant services	4,280	-	622
Utilities	87,575	187,169	73,913
Repairs and maintenance	125,296	7,727	255,704
Insurance	13,280	89,133	15,682
General	7,948	433,903	49,616
Depreciation	<u>267,573</u>	<u>613,633</u>	<u>184,518</u>
Total operating expenses	<u>618,505</u>	<u>8,505,834</u>	<u>666,743</u>
Non-operating revenues (expenses)	<u>(181,040)</u>	<u>(423,546)</u>	<u>(66,833)</u>
Change in net position	<u>\$ (300,118)</u>	<u>\$ (817,433)</u>	<u>\$ (34,108)</u>

**NOTE 13. DEFERRED COMPENSATION PLAN**

The Authority provides deferred compensation benefits for all of its regular employees through a defined contribution plan. The plan is administered by Empower Retirement. The Authority contributes up to 5% of the employees' covered salary. For the year ended December 31, 2020, the Authority contributed \$90,772 to the plan.

**NOTE 14. VULNERABILITY - IMPACT OF COVID-19**

The severity of the impact of COVID-19 on the Authority's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on the Authority's tenants and borrowers, all of which are uncertain and cannot be predicted. The Authority's future results could be adversely impacted by delays in rent and loan payment collections. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

**NOTE 15. SUBSEQUENT EVENTS**

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through July 9, 2021, which is the date the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

To the Board of Commissioners of the  
Loveland Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Loveland 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 financial statements, and have issued our report thereon dated July 9, 2021. Our report includes a reference to other auditors who audited the financial statements of the blended component units of the Authority as described in our report on the Authority's financial statements. The financial statements of the blended component units were not audited in accordance with *Government Auditing Standards* and accordingly do not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

**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 opinion 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 Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Novogradac & Company LLP*

July 9, 2021  
Toms River, New Jersey

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

To the Board of Commissioners of the  
Loveland Housing Authority:

**Report on Compliance for Each Major Federal Program**

We have audited the Loveland Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2020. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the 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 Authority's internal control over compliance.

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

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

## **Purpose of this Report**

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.

*Novogradac & Company LLP*

July 9, 2021  
Toms River, New Jersey

**SUPPLEMENTARY INFORMATION**

**LOVELAND HOUSING AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 5,733,809
Section 8 Housing Choice Vouchers CARES Act	14.HCC	N/A	<u>609,300</u>
Total Housing Voucher Cluster			6,343,109
Section 8 Project Based Cluster			
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	639,501
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>417,041</u>
Total Section 8 Project Based Cluster			1,056,542
Passed-Through Programs from the City of Loveland:			
Community Development Block Grant	14.218	B-19-MC-08-0012	<u>200,000</u>
Total Expenditures of Federal Awards			\$ <u>7,599,651</u>

**LOVELAND HOUSING AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**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 principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

The Authority has not elected to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

**LOVELAND HOUSING AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

I. Summary of Auditors' Results

Financial Statement Section

- |    |   |               |
|----|---|---------------|
| 1. | Type of auditors' report issued:                    | Unmodified    |
| 2. | Internal control over financial reporting           |               |
|    | a. Material weakness(es) identified?                | No            |
|    | b. Significant deficiency(ies) identified?          | None Reported |
| 3. | Noncompliance material to the financial statements? | No            |

Federal Awards Section

- |    |  |               |
|----|--|---------------|
| 1. | Internal Control over compliance:  |               |
|    | a. Material weakness(es) identified?   | No            |
|    | b. Significant deficiency(ies) identified?   | None Reported |
| 2. | Type of auditors' report on compliance for major programs:   | Unmodified    |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |

4. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
Housing Voucher Cluster:	
14.871	Section 8 Housing Choice Vouchers
14.HCC	Section 8 Housing Choice Vouchers CARES Act

- |    |  |           |
|----|--|-----------|
| 5. | Dollar threshold used to distinguish between Type A and Type B Programs: | \$750,000 |
| 6. | Auditee qualified as low-risk Auditee?                                   | Yes       |

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Federal Audit Findings

There were no findings or questioned costs in the prior year.

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020**

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
<b>Current assets:</b>								
Cash and cash equivalents	\$ 144,652	\$ 1,134,761	\$ 179,563	\$ 3,016,373	\$ 2,430	\$ 3,995	\$ 368,881	\$ 992,369
Tenant security deposits	-	20,373	10,985	-	-	-	31,317	8,013
Accounts receivable - tenants, net	-	452	7,990	-	-	-	6,878	2,613
Accounts receivable - other	2,428	-	-	2,294,205	-	-	-	-
Prepaid expenses	-	4,309	20,999	13,543	-	-	10,932	706
Inventories, net	-	-	-	70,255	-	-	-	-
Assets held for sale	-	167,307	-	3,054,846	-	-	-	-
Interfund receivables	-	-	-	10,691,833	-	-	-	-
<b>Total current assets</b>	<b>147,080</b>	<b>1,327,202</b>	<b>219,537</b>	<b>19,141,055</b>	<b>2,430</b>	<b>3,995</b>	<b>418,008</b>	<b>1,003,701</b>
<b>Non-current assets:</b>								
Restricted cash	514,929	-	-	-	-	-	-	-
Notes receivable, non-current	-	-	-	18,900,140	-	115,346	-	-
Investment in partnerships	-	-	-	1,300,000	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
Non-depreciable capital assets	-	139,996	192,515	1,265,374	-	-	504,000	238,662
Depreciable capital assets, net	-	912,713	3,571,208	2,605,179	-	-	1,994,191	744,109
<b>Total non-current assets</b>	<b>514,929</b>	<b>1,052,709</b>	<b>3,763,723</b>	<b>24,070,693</b>	<b>-</b>	<b>115,346</b>	<b>2,498,191</b>	<b>982,771</b>
<b>Total assets</b>	<b>\$ 662,009</b>	<b>\$ 2,379,911</b>	<b>\$ 3,983,260</b>	<b>\$ 43,211,748</b>	<b>\$ 2,430</b>	<b>\$ 119,341</b>	<b>\$ 2,916,199</b>	<b>\$ 1,986,472</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020**

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
<b>Current liabilities:</b>								
Accounts payable	\$ 19,609	\$ 18,141	\$ 24,349	\$ 152,352	\$ -	\$ -	\$ 113,871	\$ 11,315
Accrued expenses	-	-	-	-	-	-	-	-
Tenant security deposits	-	20,373	10,985	-	-	-	31,317	8,013
Prepaid rent	-	4,356	8,580	-	-	-	7,431	368
Unearned revenue	33,185	-	-	-	-	-	-	-
Accrued compensated absences, current	27,263	7,529	8,380	227,923	-	-	8,332	5,653
Notes payable, current	-	50,095	77,878	479,540	-	-	-	16,584
Accrued interest payable	-	4,014	6,233	1,313	-	-	3,392	1,328
Other current liabilities	1,938	-	-	-	-	-	-	-
Interfund payables	-	-	-	-	-	41,069	-	-
<b>Total current liabilities</b>	<b>81,995</b>	<b>104,508</b>	<b>136,405</b>	<b>861,128</b>	<b>-</b>	<b>41,069</b>	<b>164,343</b>	<b>43,261</b>
<b>Non-current liabilities:</b>								
Notes payable, non-current	-	1,503,834	2,334,927	213,389	-	-	1,100,000	1,510,876
Other non-current liabilities	-	-	-	-	-	-	-	444,770
<b>Total non-current liabilities</b>	<b>-</b>	<b>1,503,834</b>	<b>2,334,927</b>	<b>213,389</b>	<b>-</b>	<b>-</b>	<b>1,100,000</b>	<b>1,955,646</b>
<b>Total liabilities</b>	<b>81,995</b>	<b>1,608,342</b>	<b>2,471,332</b>	<b>1,074,517</b>	<b>-</b>	<b>41,069</b>	<b>1,264,343</b>	<b>1,998,907</b>
<b>Net position:</b>								
Net investment in capital assets	-	(501,220)	1,350,918	3,577,624	-	-	1,398,191	(544,689)
Restricted	481,744	-	-	-	-	-	-	-
Unrestricted	98,270	1,272,789	161,010	38,559,607	2,430	78,272	253,665	532,254
<b>Total net position</b>	<b>580,014</b>	<b>771,569</b>	<b>1,511,928</b>	<b>42,137,231</b>	<b>2,430</b>	<b>78,272</b>	<b>1,651,856</b>	<b>(12,435)</b>
<b>Total liabilities and net position</b>	<b>\$ 662,009</b>	<b>\$ 2,379,911</b>	<b>\$ 3,983,260</b>	<b>\$ 43,211,748</b>	<b>\$ 2,430</b>	<b>\$ 119,341</b>	<b>\$ 2,916,199</b>	<b>\$ 1,986,472</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020**

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	Brookstone Apts	Elimination	Total
<b>Current assets:</b>								
Cash and cash equivalents	\$ 129,782	\$ 259,704	\$ 179,363	\$ 230,419	\$ 989,960	\$ 304,922	\$ -	\$ 7,937,174
Tenant security deposits	3,528	-	37,274	33,162	-	45,693	-	190,345
Accounts receivable - tenants, net	40	-	25	144	179,682	3,778	-	201,602
Accounts receivable - other	-	-	-	-	3,806	-	-	2,300,439
Prepaid expenses	4,258	-	8,491	5,946	43,474	15,745	-	128,403
Inventories, net	-	-	-	-	-	-	-	70,255
Assets held for sale	-	-	-	-	-	-	-	3,222,153
Interfund receivables	-	-	-	-	-	-	(10,691,833)	-
<b>Total current assets</b>	<b>137,608</b>	<b>259,704</b>	<b>225,153</b>	<b>269,671</b>	<b>1,216,922</b>	<b>370,138</b>	<b>(10,691,833)</b>	<b>14,050,371</b>
<b>Non-current assets:</b>								
Restricted cash	-	-	-	136,226	-	-	-	651,155
Notes receivable, non-current	-	-	-	-	-	-	-	19,015,486
Investment in partnerships	-	-	-	-	-	-	(1,200,000)	100,000
Other assets	-	-	-	863,483	-	-	-	863,483
Non-depreciable capital assets	176,588	-	1,683,903	-	2,536,534	242,100	-	6,979,672
Depreciable capital assets, net	382,531	-	3,122,697	3,493,940	20,552,709	3,661,891	-	41,041,168
<b>Total non-current assets</b>	<b>559,119</b>	<b>-</b>	<b>4,806,600</b>	<b>4,493,649</b>	<b>23,089,243</b>	<b>3,903,991</b>	<b>(1,200,000)</b>	<b>68,650,964</b>
<b>Total assets</b>	<b>\$ 696,727</b>	<b>\$ 259,704</b>	<b>\$ 5,031,753</b>	<b>\$ 4,763,320</b>	<b>\$ 24,306,165</b>	<b>\$ 4,274,129</b>	<b>\$ (11,891,833)</b>	<b>\$ 82,701,335</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020**

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	Brookstone Apts	Elimination	Total
<b>Current liabilities:</b>								
Accounts payable	\$ 2,900	\$ 67,927	\$ 4,669	\$ 36,282	\$ 617,743	\$ 36,380	\$ -	\$ 1,105,538
Accrued expenses	-	95,654	-	-	325,821	-	-	421,475
Tenant security deposits	3,528	-	37,274	33,162	-	45,693	-	190,345
Prepaid rent	2,284	-	7,020	713	403,375	11,113	-	445,240
Unearned revenue	-	-	-	-	-	-	-	33,185
Accrued compensated absences, current	1,467	-	4,420	-	-	-	-	290,967
Notes payable, current	8,226	-	161,116	41,448	-	-	-	834,887
Accrued interest payable	660	-	-	6,704	-	4,822	-	28,466
Other current liabilities	-	-	-	-	29,207	-	-	31,145
Interfund payables	-	65,366	-	2,522,251	8,063,147	-	(10,691,833)	-
<b>Total current liabilities</b>	<b>19,065</b>	<b>228,947</b>	<b>214,499</b>	<b>2,640,560</b>	<b>9,439,293</b>	<b>98,008</b>	<b>(10,691,833)</b>	<b>3,381,248</b>
<b>Non-current liabilities:</b>								
Notes payable, non-current	905,484	-	4,005,076	1,164,389	15,750,621	1,400,000	-	29,888,596
Other non-current liabilities	289,130	-	-	-	394,292	-	-	1,128,192
<b>Total non-current liabilities</b>	<b>1,194,614</b>	<b>-</b>	<b>4,005,076</b>	<b>1,164,389</b>	<b>16,144,913</b>	<b>1,400,000</b>	<b>-</b>	<b>31,016,788</b>
<b>Total liabilities</b>	<b>1,213,679</b>	<b>228,947</b>	<b>4,219,575</b>	<b>3,804,949</b>	<b>25,584,206</b>	<b>1,498,008</b>	<b>(10,691,833)</b>	<b>34,398,036</b>
<b>Net position:</b>								
Net investment in capital assets	(354,591)	-	640,408	2,288,103	7,338,622	2,503,991	-	17,697,357
Restricted	-	-	-	136,226	-	-	-	617,970
Unrestricted	(162,361)	30,757	171,770	(1,465,958)	(8,616,663)	272,130	(1,200,000)	29,987,972
<b>Total net position</b>	<b>(516,952)</b>	<b>30,757</b>	<b>812,178</b>	<b>958,371</b>	<b>(1,278,041)</b>	<b>2,776,121</b>	<b>(1,200,000)</b>	<b>48,303,299</b>
<b>Total liabilities and net position</b>	<b>\$ 696,727</b>	<b>\$ 259,704</b>	<b>\$ 5,031,753</b>	<b>\$ 4,763,320</b>	<b>\$ 24,306,165</b>	<b>\$ 4,274,129</b>	<b>\$ (11,891,833)</b>	<b>\$ 82,701,335</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2020**

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
<b>Operating revenues:</b>								
Tenant revenues	\$ -	\$ 263,593	\$ 99,907	\$ 10,633	\$ -	\$ -	\$ 605,762	\$ 317,630
HUD operating grants	6,792,580	639,501	417,041	-	-	-	-	-
Other governmental grants	-	-	-	2,609,249	-	-	-	-
Other revenues	27,760	25	16,528	12,604,231	487	-	103	26
<b>Total operating revenues</b>	<b>6,820,340</b>	<b>903,119</b>	<b>533,476</b>	<b>15,224,113</b>	<b>487</b>	<b>-</b>	<b>605,865</b>	<b>317,656</b>
<b>Operating expenses:</b>								
Administrative	624,516	169,971	150,461	2,621,457	-	-	169,259	82,658
Tenant services	-	85,306	5,880	-	-	-	1,379	391
Utilities	-	70,342	40,299	36,319	-	-	49,468	15,303
Ordinary repairs and maintenance	152	169,950	188,117	598,050	-	-	130,659	81,150
Insurance	1,858	14,124	15,021	51,679	-	475	18,006	6,349
General	-	233	10,374	-	-	-	3,639	2,394
Extraordinary maintenance	69,799	-	-	-	-	-	-	-
Housing assistance payments	5,646,784	-	-	-	-	-	-	-
Depreciation	-	132,563	198,290	111,537	-	-	214,371	56,527
<b>Total operating expenses</b>	<b>6,343,109</b>	<b>642,489</b>	<b>608,442</b>	<b>3,419,042</b>	<b>-</b>	<b>475</b>	<b>586,781</b>	<b>244,772</b>
<b>Operating income (loss)</b>	<b>477,231</b>	<b>260,630</b>	<b>(74,966)</b>	<b>11,805,071</b>	<b>487</b>	<b>(475)</b>	<b>19,084</b>	<b>72,884</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2020**

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
Non-operating revenues (expenses)								
Investment income	500	4,511	246	426,200	22	5,640	1,189	4,508
Mortgage interest income	-	-	-	-	-	-	-	-
Interest expense	-	(48,459)	(74,650)	(16,275)	-	-	(60,247)	(61,963)
Loss on assets held for sale	-	-	-	(140,942)	-	-	-	-
Net non-operating revenues (expenses)	500	(43,948)	(74,404)	268,983	22	5,640	(59,058)	(57,455)
Change in net position	477,731	216,682	(149,370)	12,074,054	509	5,165	(39,974)	15,429
Total net position, beginning of year	102,283	554,887	1,661,298	34,048,426	1,921	73,107	(2,293,419)	(27,864)
Equity transfers	-	-	-	(3,985,249)	-	-	3,985,249	-
Acquisition of component units	-	-	-	-	-	-	-	-
Total net position, end of year	\$ 580,014	\$ 771,569	\$ 1,511,928	\$ 42,137,231	\$ 2,430	\$ 78,272	\$ 1,651,856	\$ (12,435)

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2020**

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	Brookstone Apts	Elimination	Total
Operating revenues:								
Tenant revenues	\$ 110,974	\$ -	\$ 592,753	\$ 499,427	\$ 7,532,650	\$ 691,740	\$ -	\$ 10,725,069
HUD operating grants	-	-	-	-	-	-	-	7,849,122
Other governmental grants	-	-	-	-	-	-	-	2,609,249
Other revenues	-	152	-	-	579,297	7,728	(1,208,548)	12,027,789
<b>Total operating revenues</b>	<b>110,974</b>	<b>152</b>	<b>592,753</b>	<b>499,427</b>	<b>8,111,947</b>	<b>699,468</b>	<b>(1,208,548)</b>	<b>33,211,229</b>
Operating expenses:								
Administrative	26,089	-	156,722	112,553	7,174,269	86,688	(852,039)	10,522,604
Tenant services	67	-	3,260	4,280	-	622	-	101,185
Utilities	15,065	-	21,847	87,575	187,169	73,913	-	597,300
Ordinary repairs and maintenance	54,766	-	66,078	125,296	7,727	255,704	(356,509)	1,321,140
Insurance	5,015	-	20,322	13,280	89,133	15,682	-	250,944
General	4,473	-	-	7,948	433,903	49,616	-	512,580
Extraordinary maintenance	-	-	-	-	-	-	-	69,799
Housing assistance payments	-	-	-	-	-	-	-	5,646,784
Depreciation	31,193	-	186,386	267,573	613,633	184,518	-	1,996,591
<b>Total operating expenses</b>	<b>136,668</b>	<b>-</b>	<b>454,615</b>	<b>618,505</b>	<b>8,505,834</b>	<b>666,743</b>	<b>(1,208,548)</b>	<b>21,018,927</b>
<b>Operating income (loss)</b>	<b>(25,694)</b>	<b>152</b>	<b>138,138</b>	<b>(119,078)</b>	<b>(393,887)</b>	<b>32,725</b>	<b>-</b>	<b>12,192,302</b>

**LOVELAND HOUSING AUTHORITY**  
**SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2020**

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	Brookstone Apts	Elimination	Total
Non-operating revenues (expenses)								
Investment income	422	2,499	48	989	-	89	-	446,863
Mortgage interest income	-	-	-	-	20	-	-	20
Interest expense	(35,566)	-	(119,925)	(182,029)	(423,566)	(66,922)	-	(1,089,602)
Loss on assets held for sale	-	-	-	-	-	-	-	(140,942)
Net non-operating revenues (expenses)	(35,144)	2,499	(119,877)	(181,040)	(423,546)	(66,833)	-	(783,661)
Change in net position	(60,838)	2,651	18,261	(300,118)	(817,433)	(34,108)	-	11,408,641
Total net position, beginning of year	(456,114)	28,106	793,917	1,258,489	(460,608)	-	-	35,284,429
Equity transfers	-	-	-	-	-	-	-	-
Acquisition of component units	-	-	-	-	-	2,810,229	(1,200,000)	1,610,229
Total net position, end of year	\$ (516,952)	\$ 30,757	\$ 812,178	\$ 958,371	\$ (1,278,041)	\$ 2,776,121	\$ (1,200,000)	\$ 48,303,299