

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

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT**

DECEMBER 31, 2021

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

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the Housing Authority of the City of Colorado Springs ("Housing Authority"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise of the Housing Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Housing Authority, as of December 31, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 10 and PERA of Colorado pension schedules and Health Care Trust Fund schedule on pages 45 and 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority's basic financial statements. The combining financial statements, statements and certifications of actual modernization costs, and the schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Department of Housing and Urban Development, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements, statements and certifications of actual modernization costs, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2022 on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Housing Authority's internal control over financial reporting and compliance.

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 11, 2022

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A)**

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

As management of the Housing Authority of the City of Colorado Springs (the "Housing Authority"), we offer the readers of the Housing Authority's financial statements this narrative overview of the financial activities of the Housing Authority for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Housing Authority's financial statements.

Financial Highlights

- The assets of the Housing Authority exceeded its liabilities at December 31, 2021 by \$38,701,036 (Net Position).
- The Housing Authority's total cash balance at December 31, 2021 was \$21,240,036 representing an increase of \$2,340,676 from December 31, 2020.
- The Housing Authority had an operating revenue of \$34,059,890 and net nonoperating revenue and capital grants of \$1,923,584 during 2021. Net position increased by \$5,120,647 during 2021 compared to an increase of \$4,010,268 in 2020.

Overview of the Financial Statements

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

- The *Statement of Net Position* presents information on all of the Housing Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Housing Authority is improving or deteriorating.
- The *Statement of Revenue, Expenses, and Changes in Net Position* reports the Housing Authority's operating and nonoperating revenue, by major source, along with operating and nonoperating expenses.
- The *Statement of Cash Flows* reports the Housing Authority's cash flows from operating, non-capital financing, investing, and capital and related financing activities.
- Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.
- Supplementary information includes the *Combining Statement of Net Position* and the *Combining Statement of Revenue, Expenses, and Changes in Net Position*. The combining schedules report the balances and activity in the individual program types of the Housing Authority, combining them into a total column. The *Schedule of Expenditures of Federal Awards* is also presented for purposes of additional analysis as required by the U.S. Office of Management and Uniform Guidance, *Audits of States, Local Governments, and Non-profit Organizations*.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued

DECEMBER 31, 2021

The Housing Authority's Programs

- Low-Income Public Housing Program - Under the Low-Income Public Housing Program, the Housing Authority rents units that it owns to low-income households. The Low-Income Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the Housing Authority to provide the housing at a rent that is based upon 30 percent of household income. The Low-Income Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Housing Authority's properties.
- Section 8 Housing Choice Vouchers Program - Under the Section 8 Housing Choice Vouchers Program, the Housing Authority administers contracts with independent landlords that own the property. The Housing Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an ACC with HUD. HUD provides Annual Contributions Funding to enable the Housing Authority to structure a lease that sets the participants' rents at 30 percent of household income.
- Section 8 Housing Assistance Program Special Allocations - Under the Section 8 Housing Assistance Program Special Allocations, the Housing Authority rents units that it owns to low-income households. A portion of those rents are received directly from the tenants and the remaining portion is received from a HUD Section 8 Subsidy. The tenants' portion of the rents is based upon 30 percent of household income. The Housing Authority owns four buildings, consisting of 18 total units under the Section 8 Housing Assistance Program Special Allocations.
- Section 8 New Construction Program - Under the Section 8 New Construction Program, the Housing Authority owns a high-rise apartment building containing 99 units. The building is for senior citizen and/or handicapped residents only and rents are calculated and received similar to the Section 8 Housing Assistance Program Special Allocations described above.
- Section 8 Moderate Rehabilitation Program - Under the Section 8 Moderate Rehabilitation Program, the Housing Authority administers contracts with landlords. This program is similar to the Section 8 Housing Choice Vouchers Program.
- Section 8 Moderate Rehabilitation Single Room Occupancy Program - Under the Section 8 Moderate Rehabilitation Single Room Occupancy Program, the Housing Authority contracts with a landlord of a thirty-one unit single room apartment complex. This program is similar to the Section 8 Housing Choice Vouchers Program, however is limited to single individuals and is intended for homeless prevention.
- Shelter Plus Care Program - The Shelter Plus Care Program is similar to the Housing Choice Vouchers Program, described above, however it is designed to place homeless military veterans into housing.
- Home Investment Partnership Programs - The Home Investment Partnership Programs consist of various programs that receive Federal Home Funds. The two primary programs under the Home Investment Partnership Programs are the Home Ownership Program and the Housing Allowance Program.

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DECEMBER 31, 2021

The Housing Authority's Programs - Continued

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

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

Financial Analysis

Condensed Statement of Net Position for the Years Ended December 31, 2021 and 2020:

	2021	2020	INCREASE/ (DECREASE)
Current Assets	\$21,885,559	\$19,494,540	\$2,391,019
Capital Assets, Net	30,572,509	28,716,345	1,856,164
Other Noncurrent Assets	1,102,381	396,452	705,929
Deferred Outflows of Resources	969,111	601,402	367,709
Total Assets and Deferred Outflows of Resources	54,529,560	49,208,739	5,320,821
Current Liabilities	2,043,992	1,850,221	193,771
Noncurrent Liabilities	11,347,927	12,374,311	(1,026,384)
Deferred Inflows of Resources	2,436,605	1,403,818	1,032,787
Total Liabilities and Deferred Inflows of Resources	15,828,524	15,628,350	200,174
Net Investment in Capital Assets	21,342,276	19,374,375	1,967,901
Restricted Net Position	3,182,430	2,596,360	586,070
Unrestricted Net Position	14,176,330	11,609,654	2,566,676
Total Net Position	\$38,701,036	\$33,580,389	\$ 5,120,647

Major factors affecting the Statement of Net Position:

Total assets increased by \$5,320,832 or 10.8%, this increase is due to an increase in cash and investments and capital assets.

Total liabilities saw an increase of \$200,174 during 2021, or 1.3%, this increase is due to deferred service fees.

The Housing Authority's net investment in capital assets increased by \$1,967,901 or 10.2% and its unrestricted net position increased by \$2,566,676 or 22.1% during 2021.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DECEMBER 31, 2021

Financial Analysis - Continued

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

	YEAR ENDED DECEMBER 31,		% INCREASE/ (DECREASE)
	2021	2020	
Operating Revenue:			
Dwelling Rental	\$ 9,370,845	\$ 9,095,470	2.9%
Operating Grants	23,434,326	23,942,996	-2.2
Other Operating Revenue	1,254,719	1,376,660	-9.7
Total Operating Revenue	<u>34,059,890</u>	<u>34,415,126</u>	<u>-1.0</u>
Operating Expenses:			
Administrative	3,874,709	3,797,543	2.0
Tenant Services	54,190	106,655	-96.8
Utilities	1,479,199	1,355,053	8.4
Maintenance and Operations	3,731,084	3,779,746	1.3
General Expenses	989,366	830,983	16.0
Housing Assistance Payments	17,895,684	17,811,860	0.5
Depreciation	2,257,853	3,068,570	-35.9
Extraordinary Maintenance	203,567	-	0.0
Total Operating Expenses	<u>30,485,750</u>	<u>30,750,410</u>	<u>-0.9</u>
Net Operating Income	<u>3,574,140</u>	<u>3,664,716</u>	<u>-2.5</u>
Nonoperating (Expense) Revenue:			
Interest	(275,680)	(277,141)	-0.5
Gain on Disposal of Capital Assets	(112,281)	(37,523)	66.6
Investment Income	10,884	30,496	180.2
Net Nonoperating (Expense)	<u>(377,077)</u>	<u>(284,168)</u>	<u>24.6</u>
Change in Net Position Before Capital Grants	3,197,063	3,380,548	-5.7
Capital Grants	<u>1,923,584</u>	<u>629,720</u>	<u>67.3</u>
Change in Net Position	5,120,647	4,010,268	21.7
Net Position - January 1	<u>33,580,389</u>	<u>29,570,121</u>	<u>11.9</u>
Net Position - December 31	<u>\$38,701,036</u>	<u>\$33,580,389</u>	<u>13.2%</u>

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

Tenant rental income was up \$275,375 during 2021 while operating grant revenue down (\$518,670).

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DECEMBER 31, 2021

Long-Term Debt

As of December 31, 2021, the Housing Authority had \$9,563,649 in debt (bonds, notes, etc.) outstanding compared to \$974,375 as of December 31, 2020; a net decrease of \$177,726.

Long-Term Debt consisted of the following:

	DECEMBER 31,	
	2021	2020
Total Loans	\$9,563,649	\$9,741,375
Less: Current Portion	(791,502)	(822,952)
Noncurrent Portion	<u>\$8,772,147</u>	<u>\$8,918,423</u>

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

Changes in long-term debt are summarized below:

Schedule of Changes in Notes and Bonds Payable

12/31/2020	Borrowings	Principal Repayment	12/31/2021
<u>\$9,741,375</u>	<u>\$775,000</u>	<u>\$(952,726)</u>	<u>\$9,563,649</u>

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

Capital Assets

As of December 31, 2021, the Housing Authority had \$30,572,509 invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (additions, deductions, and depreciation) of \$1,856,164 from December 31, 2020.

	DECEMBER 31,	
	2021	2020
Land	\$ 9,844,388	\$ 8,306,380
Buildings and Improvements	95,715,085	94,436,167
Furniture and Equipment	1,145,266	1,153,306
Accumulated Depreciation	(78,055,814)	(75,809,228)
Construction in Progress	1,923,584	629,720
Total	<u>\$30,572,509</u>	<u>\$28,716,345</u>

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued
DECEMBER 31, 2021

Capital Assets - Continued

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

Changes in Capital Assets

Beginning Balance	\$28,716,345
Additions	4,241,930
(Net) Deletions	(127,913)
Depreciation	<u>(2,257,853)</u>
Ending Balance	<u>\$30,572,509</u>

This year's major additions to Capital Assets were:

CS Pike Land
Katherine Bates ADA Remodel
Acacia Apartments Exterior Update
CDC Remodel

Future Events

At present, funding levels for CSHA's primary programs have not been determined for FY 2022. The consensus at this point is that a continuing resolution will be enacted until a formal budget is approved. CSHA staff will continually monitor this issue moving forward.

Contacting the Housing Authority's Financial Management

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

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

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

BASIC FINANCIAL STATEMENTS

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 17,628,815
Cash and cash equivalents - restricted	3,611,221
Receivables	
Tenants, net of allowance for doubtful accounts	31,749
Other	231,538
Due from other governments	197,430
Inventory	63,260
Current portion of notes receivable, net of allowance for doubtful accounts	121,546
TOTAL CURRENT ASSETS	<u>21,885,559</u>

NONCURRENT ASSETS

Notes receivable, net of allowance for doubtful accounts	1,102,355
Other assets	26
Land	9,844,388
Buildings and improvements	95,715,085
Furniture and equipment	1,145,266
Construction in progress	1,923,584
Less accumulated depreciation	(78,055,814)
TOTAL NONCURRENT ASSETS	<u>31,674,890</u>

TOTAL ASSETS	<u>53,560,449</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension (PERA of Colorado)	938,063
OPEB (PERA of Colorado)	31,048
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>969,111</u>

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 54,529,560</u>
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LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 17,529
Accrued payroll liabilities	87,602
Accrued interest	21,429
Accrued expenses	65,076
Compensated absences	100,171
Unearned revenue	270,473
Due to other governments	198,688
Tenants' security deposits	491,522
Current portion of long-term debt	791,502
TOTAL CURRENT LIABILITIES	<u>2,043,992</u>

NONCURRENT LIABILITIES

Net pension liability (PERA of Colorado)	2,041,228
Net OPEB liability (PERA of Colorado)	283,818
Long-term debt	8,772,147
Compensated absences	250,734
TOTAL NONCURRENT LIABILITIES	<u>11,347,927</u>

TOTAL LIABILITIES	<u>13,391,919</u>
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DEFERRED INFLOWS OF RESOURCES

Pension (PERA of Colorado)	2,306,933
OPEB (PERA of Colorado)	129,672
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,436,605</u>

NET POSITION

Net investment in capital assets	21,342,276
Restricted	3,182,430
Unrestricted	14,176,330
TOTAL NET POSITION	<u>38,701,036</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 54,529,560</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUE	
Dwelling rental	\$ 9,370,845
Operating grants	23,434,326
Other operating revenue	<u>1,254,719</u>
TOTAL OPERATING REVENUE	<u>34,059,890</u>
OPERATING EXPENSES	
Administration	3,874,807
Tenant services	54,190
Utilities	1,479,199
Maintenance and operations	3,731,084
General expenses	989,366
Housing assistance payments	17,895,684
Extraordinary maintenance	203,567
Depreciation	<u>2,257,853</u>
TOTAL OPERATING EXPENSES	<u>30,485,750</u>
OPERATING INCOME	<u>3,574,140</u>
NONOPERATING REVENUE (EXPENSE)	
Interest income	10,884
Gain on disposal of capital assets	(112,281)
Interest expense	<u>(275,680)</u>
NET NONOPERATING (EXPENSE)	<u>(377,077)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	3,197,063
CAPITAL GRANTS	<u>1,923,584</u>
CHANGE IN NET POSITION	5,120,647
NET POSITION AT BEGINNING OF YEAR	<u>33,580,389</u>
NET POSITION AT END OF YEAR	<u>\$ 38,701,036</u>

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from tenants/participants	\$ 9,396,756
Cash received from operating grants	23,523,803
Other income received	1,254,719
Cash payments to tenants/participants	(19,392)
Cash payments to vendors	(6,651,780)
Cash payments to employees	(3,820,082)
Cash payments for housing assistance	(17,895,684)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>5,788,340</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital grants	1,923,584
Acquisition of capital assets	(4,241,930)
Proceeds from sale of capital assets	15,632
Proceeds from long-term debt	775,000
Principal payments	(952,726)
Interest paid	(278,753)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,759,193)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments received on notes receivable	(699,445)
Interest received	10,974
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(688,471)</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,340,676

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 18,899,360

CASH AND CASH EQUIVALENTS AT END OF YEAR **\$ 21,240,036**

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

Cash and cash equivalents	\$ 17,628,815
Cash and cash equivalents - restricted	3,611,221
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	<u>\$ 21,240,036</u>

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

CASH FLOWS FROM OPERATING ACTIVITIES

Operating income	\$ 3,574,140
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	2,257,853
Changes in assets and liabilities	
Decrease (increase) in assets	
Accounts receivable	65,168
Notes receivable	(22,854)
Due from other governments	(97,883)
Inventory	(3,381)
Prepaid expenses	2,033
(Decrease) increase in liabilities	
Accounts payable	(2,768)
Accrued payroll liabilities	(2,224)
Accrued expenses	14,003
Due to other governments	14,573
Unearned revenue	201,064
Compensated absences	113,798
Tenants' security deposits	7,346
Net pension liability and deferred inflows/outflows	(300,397)
Net OPEB liability and deferred inflows/outflows	(32,131)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,788,340</u>

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

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

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

Reporting Entity

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

Programs Administered by the Housing Authority

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

A listing of state/local programs is as follows:

- Southview Plaza
- Firtree Apartments
- Heatherwood Apartments
- Garden Pines Apartments
- Yuma Court Townhomes
- Creekside at Norwood
- Shooks Run Apartments
- Rio Grande Village I, II, and III
- Franklin Square Apartments
- Lowell School
- Park Meadows Affordable Housing
- The Winfield Apartments
- West Meadows Apartment Homes
- Chestnut Glen Townhomes
- Winfield Preservation
- Shadow Wood Chalet Apartments
- Wyndam Place Senior Residences I and II
- Village of Homewood Point (CS Pike Senior)
- Air Force Academy Housing
- Greentree Village Apartments
- Bentley Commons (GPR Properties)
- CD Smith Trust Fund
- Point of Pines Gardens
- Copper Creek Apartments
- Valley View Place
- Summit Apartments
- Copper Range Apartments
- Traditions at Colorado Springs
- Greenway Flats
- The Creek at Cottonwood
- Shooks Run 2019 LP

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

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

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

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

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

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

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

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

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

Accounts Receivable - Receivables for rentals and service charges are reported at net of an allowance for doubtful accounts of \$20,487. The Housing Authority board takes monthly action as required to write off specific uncollectible accounts receivable balances.

Notes Receivable - Notes receivable are recorded at net amount. Notes receivable consist of mortgage receivable and notes for fraud recovery income. At December 31, 2021, the allowance for uncollectible mortgages receivable, tenant repayment agreements and notes for fraud recovery was \$23,103.

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

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

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

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

<u>Class</u>	<u>Life</u>
Buildings and improvements	15-20 years
Furniture and equipment	3-10 years

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

Impairment of Long-Lived Assets - The Housing Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recovered if the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the year ended December 31, 2021.

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

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

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

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

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

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERA and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

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

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

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

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

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

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

Subsequent Events - The Housing Authority has evaluated subsequent events through July 11, 2022, the date which the financial statements were available to be issued.

NOTE 2 - Cash and Cash Equivalents

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

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

Risk Disclosures:

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Housing Authority's investment policy limits the Housing Authority's investment portfolio to maturities not to exceed three years at time of purchase. At December 31, 2021, the Housing Authority's deposits were not limited and all of which are either available on demand or have maturities of less than three years.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 2 - Cash and Cash Equivalents - Continued

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

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

Deposits: The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash be deposited in eligible public depositories. Eligibility is determined by state statutes and regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. At December 31, 2021, \$20,914,583 of the Housing Authority's bank balance of \$21,723,386 was exposed to custodial credit risk as follows:

Uninsured, collateral pledged by bank	<u>\$ 20,914,583</u>
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At December 31, 2021, the Housing Authority reported cash and cash equivalents as follows:

Cash and cash equivalents	\$ 17,628,815
Cash and cash equivalents - restricted	3,611,221
	<u>\$ 21,240,036</u>

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

NOTE 3 - Notes Receivable

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

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

Notes receivable (net of allowance of \$23,103) at December 31, 2021, consists of the following:

Current portion, net	\$ 121,546
Noncurrent portion, net	1,102,355
TOTAL NOTES RECEIVABLE, NET	<u>\$ 1,223,901</u>

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 4 - Capital Assets

A summary in changes in capital assets is as follows:

	BALANCE 12/31/20	ADDITIONS	REDUCTIONS	TRANSFERS	BALANCE 12/31/21
Capital assets not being depreciated:					
Land	\$ 8,306,380	\$ 1,658,259	\$ (120,251)	\$ -	\$ 9,844,388
Construction in progress	629,720	1,923,584	-	(629,720)	1,923,584
Total capital assets not being depreciated	8,936,100	3,581,843	(120,251)	(629,720)	11,767,972
Capital assets being depreciated:					
Buildings and improvements	94,436,167	649,198	-	629,720	95,715,085
Furniture and equipment	1,153,306	10,889	(18,929)	-	1,145,266
Total capital assets being depreciated	95,589,473	660,087	(18,929)	629,720	96,860,351
Less accumulated depreciation	(75,809,228)	(2,257,853)	11,267	-	(78,055,814)
Total capital assets being depreciated, net of accumulated depreciation	19,780,245	(1,597,766)	(7,662)	629,720	18,804,537
Total Capital Assets, Net of Accumulated Depreciation	\$ 28,716,345	\$ 1,984,077	\$ (127,913)	\$ -	\$ 30,572,509

NOTE 5 - Investment in Joint Ventures

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

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

The Housing Authority is also a .0051 percent majority general partner in the Wyndam-Colorado Springs Partners, L.P. (the Partnership), a Colorado limited partnership. The Partnership was organized in July 2003 to develop and operated a 72 unit affordable apartment complex for senior citizens in Colorado Springs, Colorado, known as Wyndam Colorado Springs Apartments. Operations commenced in October 2004. The Housing Authority is allocated .0051 percent of the Partnership's operating profits and losses each year. The Partnership incurred a net financial income for the year ended December 31, 2021 of (\$144,801) of which an income of (\$7) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$205).

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 5 - Investment in Joint Ventures - Continued

The Housing Authority is also a .0051 percent majority general partner in the Wyndam-Colorado Springs Partners II, L.P. (the Partnership), a Colorado limited partnership. The Partnership was organized in August 2007, to develop and operate a 48 unit affordable apartment complex for senior citizens in Colorado Springs, Colorado, known as Wyndam II Colorado Springs Apartments. Operations commenced January 2008. The Housing Authority is allocated .0051 percent of the Partnership's operating profits and losses each year. The Partnership incurred a net financial loss for the year ended December 31, 2021 of (\$130,899) of which a loss of (\$7) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$49).

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

In May 2007, the Housing Authority became a .001 percent Class B Limited Partner of the GT Apartments LLLP (the Partnership), a Colorado limited partnership. The Partnership was formed in December 2006 to acquire, own and operate an apartment complex known as the Green Tree Village Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority is allocated .001 percent of the Partnership's operating profits and losses each year. The Partnership incurred a net financial profit for the year ended December 31, 2021 of \$535,191 of which a profit of \$5 was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$89). The Partnership pays an annual fee to the Housing Authority of \$9,229

In May 2007 the Housing Authority became a 1.0 percent member of AFA Project Sublessee, LLC (the AFA), a Delaware limited liability company. The AFA was formed to develop and lease a private housing project (the Project) located on the U.S. Air Force Academy in El Paso County, Colorado. The Project will provide affordable housing to low and moderate income military and civilian personnel stationed at the U.S. Air Force Academy. For the year ended December 31, 2021, the Housing Authority earned a participation fee of \$212,546. The Housing Authority is not liable for any of the AFA's debt. The AFA has no assets or liabilities and produces no revenue, so no financial statements are prepared.

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

In October 2010, the Housing Authority became a .005 percent special limited partner of the CS Pike Senior 2010 L.P. (the Partnership), a Colorado limited partnership. The purpose of the Partnership is to develop and operate the 70 unit Senior Apartments called the Village at Homewood Point in Colorado Springs, Colorado, in a manner that provides decent, safe, affordable housing for low income persons. The Partnership agreed to maintain four units to be leased at 30 percent of area median income instead of 40 percent of area median income as a condition of acceptance of a limited partner interest by the Housing Authority. In consideration of the administration costs of the Housing Authority, the Partnership pays the Housing Authority an annual fee of \$750, which was still owed as of December 31, 2021. The Partnership incurred a net financial loss for the year ended December 31, 2021 of (\$144,938) of which a loss of (\$7) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$119).

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 5 - Investment in Joint Ventures - Continued

In July 2011, the Housing Authority became a .0005 percent special administrative member of Point of the Pines LLC, (the LLC) a Colorado Limited Liability Company formed to develop and operate a 110 unit affordable assisted living facility in Colorado Springs, Colorado for low-income elderly and disabled persons. The Housing Authority receives a special administrative fee of \$10,000 annually. The Partnership incurred a net financial profit for the year ended December 31, 2021 of (\$65) of which a profit of (\$2) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$65).

In May 2013, the Housing Authority became a .001 percent Class B Limited Partner of the Copper Creek Apartments LLC, (the LLC), a Colorado limited liability company. The LLC was formed in May 2013 to acquire, own and operate a 216 unit apartment complex known as the Copper Creek Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority is allocated .001 percent of the LLC's operating profits and losses. The Housing Authority receives a cumulative property tax management fee of \$9,000 annually from the LLC. The LLC incurred a net financial loss for the year ended December 31, 2021 of (\$255,143) of which a loss of (\$26) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$480).

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

In November 2015, the Housing Authority became a .01 percent Special Administrative Limited Partner of Valley View Place LLLP (the LLLP), a Colorado limited liability partnership. The LLLP was formed in November 2015 to acquire, own, develop, construct, lease, manage, and operate Valley View Apartments a 24-unit apartment complex located Woodland Park, Colorado for the specific purpose of providing affordable housing to low-income residents. The Housing Authority's fee earned during 2021 was \$6,898. The Housing Authority is allocated .01 percent of the LLLP's operating profits and losses. The LLLP incurred a net financial loss for the year ended December 31, 2021 of (\$174,147) of which a loss of (\$17) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$68).

In October 2016, the Housing Authority became a 1.0 percent Class B Special Member of Copper Range Apartments, LLC (the LLC), a Colorado limited liability company. The LLC was formed in October 2016 to develop and operate a 237 unit apartment complex known as the Copper Range Apartments located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority is allocated .01 percent of the LLC's operating profits and losses. The LLC incurred a net financial loss for the year ended December 31, 2021 of (\$1,279,882) of which a loss of (\$13) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$70).

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 5 - Investment in Joint Ventures - Continued

In August 2017, the Housing Authority became a .001 percent Class B Special Member of Traditions at Colorado Springs, LLC (the LLC), a Colorado limited liability company. The LLC was formed in August 2017 to develop and operate a senior living multifamily housing project consisting of 180 units located in Colorado Springs, Colorado for the specific purpose of providing affordable housing to low and moderate income residents. The Housing Authority will be allocating .001 percent of the LLC's operating profit and losses. The Housing Authority receives a cumulative property tax management fee of \$10,000 annually from the LLC. The LLC incurred a net financial loss for the year ended December 31, 2021 of (\$915,283) of which a loss of (\$9) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$26,039).

In December 2017, the Housing Authority became a .001 percent Special Member of Greenway Flats, LLC (the LLC), a Colorado limited liability company. The LLC was formed in December 2017 to develop and operate 65 residential units in Colorado Springs, Colorado for the specific purpose of providing housing to low- and very low-income households. The Housing Authority's fee earned during 2021 was \$12,000. The Housing Authority is allocated 0.001 percent of the Partnership's net income and losses. The Partnership incurred a net financial loss for the year ended December 31, 2021 of (\$395,074) of which a loss of (\$4) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was (\$7).

In 2018, the Housing Authority became a Special Limited Partner of PEDCOR Investments-2018-CLXIII, L.P (the Partnership). The Partnership was formed as a Indiana limited partnership on March 23, 2018 and was formed for the purpose of acquiring, owning, developing and/or constructing the development known as The Creek at Cottonwood, which will contain two hundred fifty-eight (258) Units in twelve (12) residential buildings, a clubhouse and not less than 503 adjacent parking spaces, which Project is located in Colorado Springs, Colorado. The LP's financial statements were not made available by the date of the Audit Report.

In December, 2019, the Housing Authority became a .01 percent Special Limited Partner of Winfield Preservation LP, (the "Partnership"). The Partnership was formed as a Colorado limited partnership on March 21, 2019 and was formed for the purpose of acquiring and operating a 160 unit apartment community for low and moderate income families. The community was purchased on December 27, 2019 and is located in Colorado Springs, Colorado and is currently operating under the name of Winfield Apartments. The Housing Authority fee earned during 2021 was \$24,720. The Housing Authority is allocated .01 percent of the Partnership's net income and losses. The Partnership incurred a net financial income for the year ended December 31, 2021 of (\$ 801,389) of which a loss of (\$80) was allocated to the Housing Authority. At December 31, 2021, the Housing Authority's equity share was \$19.

In 2019, the Housing Authority became a .01 percent General Partner of Shooks Run 2019 LP, (the "Partnership"). The Partnership was formed as a Colorado limited partnership on October 11, 2019 primarily to acquire, construct, own, finance, lease, and operate the project property in a manner that provides decent, safe and affordable housing for low-income persons and ensures the project property will be and remain a qualified low income housing project within the meaning of Section 42 of the Code. As of December 31, 2021, the project was still under construction.

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 6 - Notes and Bonds Payable

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

HOME OWNERSHIP

Future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 127,250	\$ 2,656	\$ 129,906
2023	206,168	851	207,019
Total	<u>\$ 333,418</u>	<u>\$ 3,507</u>	<u>\$ 336,925</u>

Notes payable of \$333,418 at December 31, 2021, consist of numerous loans from the Colorado Housing and Finance Authority (CHFA), the City of Colorado Springs (the "City"), Colorado Department of Housing (CDOH), and El Paso County, Colorado (EPC) to finance second mortgages for home buyers (see Note 3). The annual interest rates of the loans are set at 1.5 percent, the same as to the home buyers, and repayment is based upon payments received on the second mortgages from the home buyers. Future principal payments on these notes are estimated amounts. The payments to CHFA, the City, CDOH, and EPC are based upon the either quarterly or annual notes receivable collections.

SOUTHVIEW PLAZA

Future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due on Sale	<u>\$ 307,000</u>	<u>\$ -</u>	<u>\$ 307,000</u>

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

KIOWA

Future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due on Sale	<u>\$ 75,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 6 - Notes and Bonds Payable - Continued

YUMA COURT

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due on Sale	<u>\$ 240,000</u>	<u>\$ -</u>	<u>\$ 240,000</u>
Interest rate	US Bank 3.53%		City of Colorado Springs 0.00%
Due date	June 1, 2020		Sale of property
Original balance	\$1,173,121		\$240,000
Payments	\$6,829		Due upon sale

CREEKSIDE

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 375,691	\$ 30,623	\$ 406,314
2023	394,484	11,984	406,468
2024	35,110	129	35,239
Due on Sale	250,000	-	250,000
Total	<u>\$ 1,055,285</u>	<u>\$ 42,736</u>	<u>\$ 1,098,021</u>
Interest rate	City of Colorado Springs 0.00%		US Bank 4.85%
Due date	Sale of property		January 1, 2024
Original balance	\$250,000		\$5,166,965
Payments	Due upon sale		\$33,872

LOWELL SCHOOL

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due on Sale	<u>\$ 833,000</u>	<u>\$ -</u>	<u>\$ 833,000</u>
Interest rate			City of Colorado Springs 0.00%
Due date			Sale of property
Original balance			\$833,000
Monthly payments			Due upon sale

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

NOTES TO FINANCIAL STATEMENTS - Continued

DECEMBER 31, 2021

NOTE 6 - Notes and Bonds Payable - Continued

RIO GRANDE VILLAGE I

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 150,417	\$ 89,277	\$ 239,694
2023	151,296	83,244	234,540
2024	151,477	77,421	228,898
2025	151,659	71,174	222,833
2026	151,843	65,137	216,980
2027-2031	1,495,316	21,708	1,517,024
2032-2036	92,428	2,138	94,566
Due on Sale	700,000	-	700,000
Total	<u>\$ 3,044,436</u>	<u>\$ 410,099</u>	<u>\$ 3,454,535</u>

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

RIO GRANDE VILLAGE II

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 90,473	\$ 60,115	\$ 150,588
2023	90,611	56,392	147,003
2024	90,751	52,810	143,561
2025	90,893	48,943	139,836
2026	91,036	45,217	136,253
2027-2031	981,258	68,131	1,049,389
2032-2036	77,832	2,863	80,695
2037-2038	17,367	101	17,468
Total	<u>\$ 1,530,221</u>	<u>\$ 334,572</u>	<u>\$ 1,864,793</u>

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 6 - Notes and Bonds Payable - Continued

CHESTNUT GLEN

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 21,587	\$ 27,622	\$ 49,209
2023	22,693	26,375	49,068
2024	23,852	25,065	48,917
2025	25,070	23,693	48,763
2026	26,350	22,255	48,605
2027	387,749	17,721	405,470
Due on Sale	125,000	-	125,000
Total	<u>\$ 632,301</u>	<u>\$ 142,731</u>	<u>\$ 775,032</u>

	<u>City of Colorado Springs</u>	<u>US Bank</u>
Interest rate	0.00%	4.99%
Due date	Sale of property	October 1, 2027
Original balance	\$125,000	\$720,000
Payments	Due upon sale	\$3,868

SHADOW WOOD CHALET

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 26,084	\$ 32,793	\$ 58,877
2023	27,421	31,316	58,737
2024	28,821	29,765	58,586
2025	30,293	28,140	58,433
2026	31,839	26,434	58,273
2027	468,530	19,146	487,676
Due on Sale	125,000	-	125,000
Total	<u>\$ 737,988</u>	<u>\$ 167,594</u>	<u>\$ 905,582</u>

	<u>City of Colorado Springs</u>	<u>US Bank</u>
Interest rate	0.00%	4.99%
Due date	Sale of property	October 1, 2027
Original balance	\$125,000	\$870,000
Payments	Due upon sale	\$4,673

SHOOKS RUN LP

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due on Sale	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ 775,000</u>

<u>City of Colorado Springs</u>
0%
Sale of Property
\$775,000
Due upon sale

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 6 - Notes and Bonds Payable - Continued

TOTAL NOTES AND BONDS PAYABLE

The future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 791,502	\$ 243,086	\$ 1,034,588
2023	892,673	210,162	1,102,835
2024	330,011	185,190	515,201
2025	297,915	171,950	469,865
2026	301,068	159,043	460,111
2027-2031	3,332,853	126,706	3,459,559
2032-2036	170,260	5,001	175,261
2037-2038	17,367	101	17,468
Due on Sale	3,430,000	-	3,430,000
Total	<u>\$ 9,563,649</u>	<u>\$ 1,101,239</u>	<u>\$10,664,888</u>

	<u>Balance</u>		<u>Balance</u>	<u>Amount</u>
	<u>12/31/20</u>	<u>Additions</u>	<u>12/31/21</u>	<u>Due Within</u>
				<u>One Year</u>
Schedule of changes in notes and bonds payable	<u>\$ 9,741,375</u>	<u>\$ 775,000</u>	<u>\$ (952,726)</u>	<u>\$ 9,563,649</u>
				<u>\$ 791,502</u>

NOTE 7 - Other Liabilities

Other liabilities at December 31, 2021, consist of the following:

	<u>Balance</u>		<u>Balance</u>	<u>Amount</u>
	<u>12/31/20</u>	<u>Additions</u>	<u>12/31/21</u>	<u>Due Within</u>
				<u>One Year</u>
Compensated Absences	\$ 237,107	\$ 113,798	\$ 350,905	\$ 100,171
Net Pension Liability	2,972,759	-	2,041,228	-
Net OPEB Liability	349,893	-	283,818	-
Total	<u>\$ 3,559,759</u>	<u>\$ 113,798</u>	<u>\$ 2,675,951</u>	<u>\$ 100,171</u>

NOTE 8 - Net Position

Restricted Net Position

The following is a summary of individual net position restrictions at December 31, 2021:

<u>Program</u>	<u>Purpose/Reason</u>	<u>Amount</u>
Section 8 Choice Vouchers	Unspent Housing Assistance Payments	\$ 171,136
Section 8 Special Allocations	Replacement Reserve Accounts	184,721
State/Local	Replacement Reserve and Debt Service Accounts	2,375,180
Emergency Housing Vouchers	Unspent Housing Assistance Payments	375,484
Public Housing	Unspent Insurance Proceeds	75,909
Total		<u>\$ 3,182,430</u>

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan

Summary of Significant Accounting Policies

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

The Colorado General Assembly passed significant pension reform through Senate Bill (SB) 18-200: *Concerning Modifications To the Public Employees' Retirement Association Hybrid Defined Benefit Plan Necessary to Eliminate with a High Probability the Unfunded Liability of the Plan Within the Next Thirty Years*. The bill was signed into law by Governor Hickenlooper on June 4, 2018. SB 18-200 makes changes to certain benefit provisions. Some, but not all, of these changes were in effect as of December 31, 2021.

General Information about the Pension Plan

Plan description. Eligible employees of the Housing Authority of the City of Colorado Springs are provided with pensions through the 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 (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits provided as of December 31, 2020. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

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

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

As of December 31, 2020, benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S., once certain criteria are met. Pursuant to SB 18-200, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007 will receive the lesser of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned annual increase by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

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

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

Contributions provisions as of December 31, 2021: Eligible employees and the Housing Authority of the City of Colorado Springs are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period of January 1, 2020 through December 31, 2021, are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employee contribution (all employees except State Troopers)	8.50%	8.50%
State Troopers	12.00%	12.50%

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

The employer contribution requirements for all employees other than State Troopers are summarized in the table below:

	January 1, 2021 Through June 30, 2021	July 1, 2021 Through December 31, 2021
Employer contribution rate	10.50%	10.50%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02)%	(1.02)%
Amount apportioned to the LGDTF	9.48%	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.02%	0.02%
Total employer contribution rate to the LGDTF	13.20%	13.18%

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

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Housing Authority of the City of Colorado Springs is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Housing Authority of the City of Colorado Springs were \$373,764 for the year ended December 31, 2021

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

At December 31, 2021, the Housing Authority of the City of Colorado Springs reported a liability of \$2,041,228 for its proportionate share of the net pension liability. The net pension liability for the LGDTF was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total pension liability to December 31, 2020. The Housing Authority of the City of Colorado Springs' proportion of the net pension liability was based on the Housing Authority of the City of Colorado Springs contributions to the LGDTF for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Housing Authority of the City of Colorado Springs' proportion was 0.3916948093%, which was a decrease of 0.0147578095% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Housing Authority of the City of Colorado Springs recognized pension expense of 158,538. At December 31, 2021, the Housing Authority of the City of Colorado Springs reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	591,977	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	(2,036,933)
Contributions subsequent to the measurement date	346,086	-
Total	\$938,063	\$(2,306,933)

\$346,086 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$(331,378)
2023	(286,895)
2024	(748,294)
2025	(348,388)

Actuarial assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50 - 10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07; and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increase for members of these benefit tiers can never exceed available assets.

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.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

- **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, 2019, valuation were based on the results of the 2016 experience analysis for the periods January 1, 2012, through December 31, 2015, as well as, the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

The actuarial assumptions used in the December 31, 2019, valuation 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 PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers ¹	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.25%
PERA benefit structure hired after 12/31/06 ²	Financed by the AIR

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the LGDTF, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

² Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, 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 FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 9 - Defined Benefit Pension Plan - Continued

Based on the above assumptions and methods, LGDTF's FNP 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 Housing Authority of the City of Colorado Springs proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$4,702,174	\$2,041,228	\$(180,317)

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

Payables to the Pension Plan: At December 31, 2021, the Housing Authority reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2021.

Defined Contribution Pension Plans

Voluntary Investment Program

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2021, program members contributed \$73,926.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB)

Summary of Significant Accounting Policies

The Housing Authority of the City of Colorado Springs participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP 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.

General Information about the OPEB Plan

Plan description. Eligible employees of the Housing Authority of the City of Colorado Springs are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report (Annual Report) that can be obtained at www.copera.org/investments/pera-financial-reports.

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

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

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.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

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 maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

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

DPS Benefit Structure

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

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

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

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Housing Authority of the City of Colorado Springs is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Housing Authority of the City of Colorado Springs were \$28,550 for the year ended December 31, 2021.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

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

At December 31, 2021, the Housing Authority of the City of Colorado Springs reported a liability of \$283,818 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2020. The Housing Authority of the City of Colorado Springs proportion of the net OPEB liability was based on the Housing Authority of the City of Colorado Springs contributions to the HCTF for the calendar year 2020 relative to the total contributions of participating employers to the HCTF.

At December 31, 2021, the Housing Authority of the City of Colorado Springs' proportion was 0.0298684966%, which was a decrease of 0.0012608686% from its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Housing Authority of the City of Colorado Springs recognized OPEB expense of \$6,768. At December 31, 2021, the Housing Authority of the City of Colorado Springs reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,875	\$ (38,273)
Net differences between projected and actual earnings on OPEB investments	-	(91,399)
Changes in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	28,173	-
Total	\$ 31,048	\$(129,672)

\$28,173 reported as deferred outflows related to OPEB resulting from the Authority's Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended December 31, 2022. 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,	
2022	\$(31,678)
2023	(30,055)
2024	(27,979)
2025	(25,990)
2026	(10,425)
2027	(670)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

Actuarial Assumptions - The total OPEB liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in the aggregate
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
PERA Benefit Structure:	
Service based premium subsidy	0.0%
PERACare Medicare plans	8.1% in 2020, gradually decreasing to 4.5% in 2029
Medicare Part A premiums	3.5% in 2020, gradually increasing to 4.5% in 2029
DPS Benefit structure:	
Service based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2019, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2020 for the PERA Benefit Structure:

	Initial Costs for Members Without Medicare Part A		
	Monthly Costs	Monthly Premium	Monthly Cost Adjusted to Age 65
Medicare			
Medicare Advantage/Self-Insured Rx	\$588	\$227	\$550
Kaiser Permanente Medicare Advantage HMO	621	\$232	\$586

The 2020 Medicare Part A premium is \$458 (actual dollars) per month.

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.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2019, 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 used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40%	3.75%
2022	6.00%	3.75%
2023	5.70%	3.75%
2024	5.50%	4.00%
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 used in the December 31, 2019 valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

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, 2019, valuation 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 PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age
Price inflation	2.3%	2.3%	2.3%	2.3%
Real wage growth	0.7%	0.7%	0.7%	0.7%
Wage inflation	3.0%	3.0%	3.0%	3.0%
Salary increases including wage inflation:				
Members other than State Troopers	3.3% - 10.9%	3.4% - 11.0%	3.2% - 11.3%	2.8% - 5.3%
State Troopers	3.2% - 12.4%	N/A	\$3.2 - 12.4% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Mortality assumptions used in the roll forward calculations for the determination of the total pension liability for each of the Division Trust Funds as shown below were applied, as applicable, in the roll forward calculation for the HCTF, using a headcount-weighted basis.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the HCTF:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, 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 percentages and then adding expected inflation.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives ¹	6.00%	4.70%
Total	100.00%	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

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 nominal rate of return assumption of 7.25 percent.

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

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$341,581	\$349,893	\$359,498

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 10 - Defined Benefit Other Post-Employment Benefit Plan (OPEB) - Continued

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, 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 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the HCTF's FNP 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 Housing Authority of the City of Colorado Springs' 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%)
Housing Authority of the City of Colorado Springs Proportionate share of the net OPEB liability (asset)	\$325,119	\$283,818	\$248,530

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
NOTES TO FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2021

NOTE 11 - Risk Management

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

NOTE 12 - Economic Dependency

During 2021, the Housing Authority received approximately 70 percent of its revenue from the United States Department of Housing and Urban Development. This funding is subject to federal government budget appropriations and potential funding reductions.

NOTE 13 - Contingencies - Taxpayer's Bill of Rights

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

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

REQUIRED SUPPLEMENTARY INFORMATION

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) OF COLORADO PENSION SCHEDULES
DECEMBER 31, 2021

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

<u>Pension Plan Fiscal Year</u>	<u>Proportion of the Net Pension Liability (Asset)</u>	<u>Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)</u>
2020	0.39480930%	\$ 2,041,228	\$2,762,078	73.90%	32.78%
2019	0.40645262%	\$ 2,972,759	\$2,799,022	106.21%	86.26%
2018	0.42212855%	\$ 5,307,054	\$2,768,713	191.68%	75.96%
2017	0.42186428%	\$ 4,697,163	\$2,661,298	176.50%	79.37%
2016	0.45531928%	\$ 6,148,363	\$2,759,815	222.78%	73.65%
2015	0.48704586%	\$ 5,365,205	\$2,766,042	193.97%	76.87%
2014	0.60375604%	\$ 5,411,520	\$3,308,313	163.57%	80.70%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

<u>Authority Fiscal Year End</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 346,086	\$ (346,086)	\$ -	\$ 2,735,243	12.65%
2020	\$ 357,548	\$ (357,548)	\$ -	\$ 2,762,078	12.94%
2019	\$ 354,917	\$ (354,917)	\$ -	\$ 2,799,022	12.68%
2018	\$ 351,073	\$ (351,073)	\$ -	\$ 2,768,713	12.68%
2017	\$ 337,453	\$ (337,453)	\$ -	\$ 2,762,078	12.22%
2016	\$ 349,943	\$ (349,943)	\$ -	\$ 2,799,022	12.50%
2015	\$ 350,734	\$ (350,734)	\$ -	\$ 2,768,713	12.67%

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

Notes to Required Supplementary Information for the Year Ended December 31, 2021

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

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

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
HEALTH CARE TRUST FUND SCHEDULE
DECEMBER 31, 2021

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

<u>OPEB Plan Fiscal Year</u>	<u>Proportion of the Net OPEB Liability (Asset)</u>	<u>Proportionate Share of the Net OPEB Liability (Asset)</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)</u>
2020	0.02986850%	\$ 283,818	\$ 2,762,078	10.28%	32.78%
2019	0.03112937%	\$ 349,893	\$ 2,799,022	12.50%	24.49%
2018	0.03273608%	\$ 445,388	\$ 2,768,713	16.09%	17.03%
2017	0.03278081%	\$ 426,019	\$ 2,661,298	16.01%	17.53%

SCHEDULE OF CONTRIBUTIONS
Last 10 Fiscal Years

<u>Authority Fiscal Year End</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to the Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2021	\$ 28,173	\$ (28,173)	\$ -	\$ 2,735,243	1.03%
2020	\$ 28,550	\$ (28,550)	\$ -	\$ 2,762,078	1.03%
2019	\$ 28,522	\$ (28,522)	\$ -	\$ 2,799,022	1.02%
2018	\$ 28,185	\$ (28,185)	\$ -	\$ 2,768,713	1.02%

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

Notes to Required Supplementary Information for the Year Ended December 31, 2021

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

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

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

SUPPLEMENTARY INFORMATION

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

(Continued on page 50)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	-	\$	568,947	\$	154,755	\$	282,424	\$	-	\$	17,628,815
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	189,189	-	-	-	3,611,221
Receivables												
Tenants, net of allowance for doubtful accounts	-	-	-	-	-	-	-	450	-	-	-	31,749
Other	-	-	-	-	-	361	-	-	-	-	-	231,538
Due from other governments		8,210	-	-	-	33,638	-	-	-	-	-	197,430
Due from other programs	-	-	-	23,476	-	-	-	-	-	(79,005)	-	-
Inventory	-	-	-	63,260	-	-	-	-	-	-	-	63,260
Current portion of notes receivable, net of allowance for doubtful accounts	-	-	-	-	-	26,796	-	-	-	-	-	121,546
TOTAL CURRENT ASSETS		8,210		655,683		215,550		472,063		(79,005)		21,885,559

NONCURRENT ASSETS

Notes receivable, net of allowance for doubtful accounts	-	-	-	-	-	327,355	-	-	-	-	-	1,102,355
Other assets	-	-	-	-	-	-	-	-	-	-	-	26
Land	-	-	-	43,900	-	-	-	56,780	-	-	-	9,844,388
Buildings and improvements	-	-	-	2,665,880	-	-	-	379,652	-	-	-	95,715,085
Furniture and equipment	-	292	-	318,962	-	8,277	-	25,267	-	-	-	1,145,266
Construction in progress	-	-	-	-	-	-	-	-	-	-	-	1,923,584
Less accumulated depreciation	(292)	-	-	(1,763,406)	-	(8,277)	-	(223,662)	-	-	-	(78,055,814)
TOTAL NONCURRENT ASSETS				1,265,336		327,355		238,037				31,674,890

TOTAL ASSETS

	8,210		1,921,019		542,905		710,100		(79,005)			53,560,449
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DEFERRED OUTFLOWS OF RESOURCES

Pension (PERA of Colorado)	-	-	289,133	-	-	-	-	-	-	-	-	938,063
OPEB (PERA of Colorado)	-	-	9,735	-	-	-	-	-	-	-	-	31,048
TOTAL DEFERRED OUTFLOWS OF RESOURCES			298,868									969,111

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	\$	8,210		\$	2,219,887		\$	542,905		\$	(79,005)	\$	54,529,560
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(Continued on page 51)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2021

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES

CURRENT LIABILITIES

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
Accounts payable	\$ 11,574	\$ 1,633	\$ -	\$ 1	\$ 2	\$ 2,362	\$ 1,153
Accrued payroll liabilities	26,536	15,393	441	20	129	7,195	4,520
Accrued interest	-	-	-	-	-	21,429	-
Accrued expenses	38,669	-	1,150	-	-	14,466	7,513
Compensated absences	20,442	16,900	-	-	-	1,855	8,152
Unearned revenue	19,024	-	175,100	-	-	73,633	832
Due to other governments	183,222	-	-	15,165	-	-	-
Due to other programs	-	-	-	-	-	55,529	-
Tenants' security deposits	203,578	-	-	-	-	256,487	26,989
Current portion of long-term debt	-	-	-	-	-	664,252	-
TOTAL CURRENT LIABILITIES	503,045	33,926	176,691	15,186	131	1,097,208	49,159

NONCURRENT LIABILITIES

Net pension liability (PERA of Colorado)	798,499	386,438	-	-	-	31,942	148,428
Net OPEB liability (PERA of Colorado)	117,443	44,820	-	-	-	7,333	16,109
Long-term debt	-	-	-	-	-	8,490,981	-
Compensated absences	12,871	13,593	-	-	-	126	-
TOTAL NONCURRENT LIABILITIES	928,813	444,851	-	-	-	8,530,382	164,537
TOTAL LIABILITIES	1,431,858	478,777	176,691	15,186	131	9,627,590	213,696

DEFERRED INFLOWS OF RESOURCES

Pension (PERA of Colorado)	815,433	479,925	-	-	-	79,536	166,843
OPEB (PERA of Colorado)	46,692	25,318	-	-	-	4,077	9,440
TOTAL DEFERRED INFLOWS OF RESOURCES	862,125	505,243	-	-	-	83,613	176,283

NET POSITION

Net investment in capital assets	17,043,627	-	-	-	-	2,203,978	666,298
Restricted	75,909	171,136	375,484	-	-	2,375,180	-
Unrestricted	2,367,410	(480,580)	66,110	10,523	123,591	11,376,223	1,181,381
TOTAL NET POSITION	19,486,946	(309,444)	441,594	10,523	123,591	15,955,381	1,847,679

**TOTAL LIABILITIES, DEFERRED INFLOWS OF
RESOURCES, AND NET POSITION**

\$ 21,780,929	\$ 674,576	\$ 618,285	\$ 25,709	\$ 123,722	\$ 25,666,584	\$ 2,237,658
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(Continued on page 52)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2021

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>	<u>SHELTER PLUS CARE</u>	<u>COCC</u>	<u>HOME INVESTMENT PARTNERSHIP</u>	<u>SECTION 8 SPECIAL ALLOCATIONS</u>	<u>ELIMINATING ENTRY</u>	<u>TOTAL</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 16	\$ 596	\$ 37	\$ 155	\$ -	\$ 17,529
Accrued payroll liabilities	170	32,678	166	354	-	87,602
Accrued interest	-	-	-	-	-	21,429
Accrued expenses	-	1,099	504	1,675	-	65,076
Compensated absences	-	52,822	-	-	-	100,171
Unearned revenue	-	1,524	-	360	-	270,473
Due to other governments	-	-	301	-	-	198,688
Due to other programs	23,476	-	-	-	(79,005)	-
Tenants' security deposits	-	-	-	4,468	-	491,522
Current portion of long-term debt	-	-	127,250	-	-	791,502
TOTAL CURRENT LIABILITIES	<u>23,662</u>	<u>88,719</u>	<u>128,258</u>	<u>7,012</u>	<u>(79,005)</u>	<u>2,043,992</u>
NONCURRENT LIABILITIES						
Net pension liability (PERA of Colorado)	-	675,921	-	-	-	2,041,228
Net OPEB liability (PERA of Colorado)	-	98,113	-	-	-	283,818
Long-term debt	-	-	206,166	75,000	-	8,772,147
Compensated absences	-	224,144	-	-	-	250,734
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>998,178</u>	<u>206,166</u>	<u>75,000</u>	<u>-</u>	<u>11,347,927</u>
TOTAL LIABILITIES	<u>23,662</u>	<u>1,086,897</u>	<u>334,424</u>	<u>82,012</u>	<u>(79,005)</u>	<u>13,391,919</u>
DEFERRED INFLOWS OF RESOURCES						
Pension (PERA of Colorado)	-	765,196	-	-	-	2,306,933
OPEB (PERA of Colorado)	-	44,145	-	-	-	129,672
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>809,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,436,605</u>
NET POSITION						
Net investment in capital assets	-	1,265,336	-	163,037	-	21,342,276
Restricted	-	-	-	184,721	-	3,182,430
Unrestricted	(15,452)	(941,687)	208,481	280,330	-	14,176,330
TOTAL NET POSITION	<u>(15,452)</u>	<u>323,649</u>	<u>208,481</u>	<u>628,088</u>	<u>-</u>	<u>38,701,036</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 8,210</u>	<u>\$ 2,219,887</u>	<u>\$ 542,905</u>	<u>\$ 710,100</u>	<u>\$ (79,005)</u>	<u>\$ 54,529,560</u>

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

COMBINING STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED DECEMBER 31, 2021

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
OPERATING REVENUE							
Dwelling rental	\$ 2,414,308	\$ -	\$ -	\$ -	\$ -	\$ 6,584,218	\$ 319,266
Operating grants	3,146,502	18,839,391	453,271	34,951	184,394	-	458,146
Other operating revenue	152,732	120,538	-	-	-	876,874	12,044
TOTAL OPERATING REVENUE	<u>5,713,542</u>	<u>18,959,929</u>	<u>453,271</u>	<u>34,951</u>	<u>184,394</u>	<u>7,461,092</u>	<u>789,456</u>
OPERATING EXPENSES							
Administration	1,211,862	1,506,868	5,256	4,777	14,905	1,315,134	194,505
Tenant services	52,460	80	1,650	-	-	-	-
Utilities	595,338	-	-	-	-	725,703	112,677
Maintenance and operations	1,829,704	-	-	339	539	1,494,456	247,305
General expenses	525,186	35,295	10	145	153	238,811	50,023
Housing assistance payments	-	17,503,550	4,761	29,425	155,839	-	-
Extraordinary maintenance	-	-	-	-	-	203,567	-
Depreciation	986,846	-	-	-	-	1,062,500	52,070
TOTAL OPERATING EXPENSES	<u>5,201,396</u>	<u>19,045,793</u>	<u>11,677</u>	<u>34,686</u>	<u>171,436</u>	<u>5,040,171</u>	<u>656,580</u>
OPERATING INCOME	<u>512,146</u>	<u>(85,864)</u>	<u>441,594</u>	<u>265</u>	<u>12,958</u>	<u>2,420,921</u>	<u>132,876</u>
NONOPERATING REVENUE (EXPENSE)							
Interest income	420	-	-	-	-	4,422	365
Gain (loss) on disposal of capital assets	7,970	-	-	-	-	(120,251)	-
Operating transfers in	-	-	-	-	-	250,000	-
Interest expense	-	-	-	-	-	(270,352)	-
NET NONOPERATING REVENUE (EXPENSE)	<u>8,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,181)</u>	<u>365</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	520,536	(85,864)	441,594	265	12,958	2,284,740	133,241
CAPITAL GRANTS	<u>1,923,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	2,444,120	(85,864)	441,594	265	12,958	2,284,740	133,241
NET POSITION AT BEGINNING OF YEAR	<u>17,042,826</u>	<u>(223,580)</u>	<u>-</u>	<u>10,258</u>	<u>110,633</u>	<u>13,670,641</u>	<u>1,714,438</u>
NET POSITION AT END OF YEAR	<u>\$ 19,486,946</u>	<u>\$ (309,444)</u>	<u>\$ 441,594</u>	<u>\$ 10,523</u>	<u>\$ 123,591</u>	<u>\$ 15,955,381</u>	<u>\$ 1,847,679</u>

(Continued on page 54)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

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

YEAR ENDED DECEMBER 31, 2021

	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
OPERATING REVENUE						
Dwelling rental	\$ -	\$ -	\$ -	\$ 53,053	\$ -	\$ 9,370,845
Operating grants	75,229	-	147,701	94,741	-	23,434,326
Other operating revenue	-	1,634,578	1,073	1,085	(1,544,205)	1,254,719
TOTAL OPERATING REVENUE	<u>75,229</u>	<u>1,634,578</u>	<u>148,774</u>	<u>148,879</u>	<u>(1,544,205)</u>	<u>34,059,890</u>
OPERATING EXPENSES						
Administration	18,746	1,094,492	26,542	25,925	(1,544,205)	3,874,807
Tenant services	-	-	-	-	-	54,190
Utilities	-	22,456	-	23,025	-	1,479,199
Maintenance and operations	291	101,562	1,545	55,343	-	3,731,084
General expenses	23	131,210	2,802	5,708	-	989,366
Housing assistance payments	63,162	-	138,947	-	-	17,895,684
Extraordinary maintenance	-	-	-	-	-	203,567
Depreciation	-	145,027	-	11,410	-	2,257,853
TOTAL OPERATING EXPENSES	<u>82,222</u>	<u>1,494,747</u>	<u>169,836</u>	<u>121,411</u>	<u>(1,544,205)</u>	<u>30,485,750</u>
OPERATING (LOSS) INCOME	<u>(6,993)</u>	<u>139,831</u>	<u>(21,062)</u>	<u>27,468</u>	<u>-</u>	<u>3,574,140</u>
NONOPERATING REVENUE (EXPENSE)						
Interest income	-	48	5,501	128	-	10,884
(Loss) on disposal of capital assets	-	-	-	-	-	(112,281)
Operating transfers (out)	-	(250,000)	-	-	-	-
Interest expense	-	-	(5,328)	-	-	(275,680)
NET NONOPERATING (EXPENSE) REVENUE	<u>-</u>	<u>(249,952)</u>	<u>173</u>	<u>128</u>	<u>-</u>	<u>(377,077)</u>
CHANGE IN NET POSITION BEFORE CAPITAL GRANTS	<u>(6,993)</u>	<u>(110,121)</u>	<u>(20,889)</u>	<u>27,596</u>	<u>-</u>	<u>3,197,063</u>
CAPITAL GRANTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,923,584</u>
CHANGE IN NET POSITION	<u>(6,993)</u>	<u>(110,121)</u>	<u>(20,889)</u>	<u>27,596</u>	<u>-</u>	<u>5,120,647</u>
NET POSITION AT BEGINNING OF YEAR	<u>(8,459)</u>	<u>433,770</u>	<u>229,370</u>	<u>600,492</u>	<u>-</u>	<u>33,580,389</u>
NET POSITION AT END OF YEAR	<u>\$ (15,452)</u>	<u>\$ 323,649</u>	<u>\$ 208,481</u>	<u>\$ 628,088</u>	<u>\$ -</u>	<u>\$ 38,701,036</u>

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from tenants/participants	\$ 2,418,559	\$ -	\$ -	\$ -	\$ -	\$ 6,604,646	\$ 319,590
Cash received from operating grants	3,059,608	18,839,391	628,371	53,737	173,451	-	458,146
Other income received	152,732	120,538	-	-	-	876,874	12,044
Cash received from/(payments for) interprogram services provided	-	(200,000)	-	-	-	200,000	-
Cash payments to tenants/participants	-	(19,392)	-	-	-	-	-
Cash payments to vendors	(3,126,478)	(968,965)	(757)	(4,394)	(11,464)	(3,093,577)	(429,972)
Cash payments to employees	(1,179,394)	(643,489)	(4,568)	(854)	(4,011)	(817,901)	(193,855)
Cash payments for housing assistance	-	(17,503,550)	(4,761)	(29,425)	(155,839)	-	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,325,027	(375,467)	618,285	19,064	2,137	3,770,042	165,953
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital grants	1,923,584	-	-	-	-	-	-
Acquisition of capital assets	(2,336,461)	-	-	-	-	(1,799,988)	(38,355)
Proceeds from sale of capital assets	15,632	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	775,000	-
Principal payments	-	-	-	-	-	(886,737)	-
Interest paid	-	-	-	-	-	(273,425)	-
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(397,245)	-	-	-	-	(2,185,150)	(38,355)
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments received on notes receivable	-	-	-	-	-	(776,534)	-
Interest received	420	-	-	-	-	4,422	365
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	420	-	-	-	-	(772,112)	365
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	928,202	(375,467)	618,285	19,064	2,137	1,062,780	127,963
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,252,938	764,374	-	6,645	113,547	12,142,476	1,381,777
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,181,140	\$ 388,907	\$ 618,285	\$ 25,709	\$ 115,684	\$13,205,256	\$ 1,509,740

(Continued on page 56)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2021

	SHELTER PLUS CARE	COCC	HOME INVESTMENT PARTNERSHIP	SECTION 8 SPECIAL ALLOCATIONS	ELIMINATING ENTRY	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from tenants/participants	\$ -	\$ -	\$ -	\$ 53,961	\$ -	\$ 9,396,756
Cash received from operating grants	73,553	-	142,805	94,741	-	23,523,803
Other income received	-	1,634,578	1,073	1,085	(1,544,205)	1,254,719
Cash received from/(payments for) interprogram services provided	8,501	(8,501)	-	-	-	-
Cash payments to tenants/participants	-	-	-	-	-	(19,392)
Cash payments to vendors	(8,372)	(442,213)	(16,458)	(93,335)	1,544,205	(6,651,780)
Cash payments to employees	(10,520)	(935,283)	(14,158)	(16,049)	-	(3,820,082)
Cash payments for housing assistance	(63,162)	-	(138,947)	-	-	(17,895,684)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	-	248,581	(25,685)	40,403	-	5,788,340
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants	-	-	-	-	-	1,923,584
Acquisition of capital assets	-	(10,889)	-	(56,237)	-	(4,241,930)
Proceeds from sale of capital assets	-	-	-	-	-	15,632
Proceeds from long-term debt	-	-	-	-	-	775,000
Principal payments	-	-	(65,989)	-	-	(952,726)
Interest paid	-	-	(5,328)	-	-	(278,753)
NET CASH (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	-	(10,889)	(71,317)	(56,237)	-	(2,759,193)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments received on notes receivable	-	-	77,089	-	-	(699,445)
Interest received	-	48	5,591	128	-	10,974
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	-	48	82,680	128	-	(688,471)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	-	(12,260)	(14,322)	(15,706)	-	2,340,676
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	581,207	169,077	487,319	-	18,899,360
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ -	\$ 568,947	\$ 154,755	\$ 471,613	\$ -	\$ 21,240,036

(Continued on page 57)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2021

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

	LOW INCOME PUBLIC HOUSING	SECTION 8 HOUSING CHOICE VOUCHERS	EMERGENCY HOUSING VOUCHERS	SECTION 8 MODERATE REHAB	SECTION 8 MODERATE REHAB SRO	STATE/LOCAL	SECTION 8 NEW CONSTRUCTION
Cash and cash equivalents	\$ 3,901,653	\$ 217,771	\$ 242,801	\$ 25,709	\$ 115,684	\$ 10,636,320	\$ 1,482,751
Cash and cash equivalents - restricted	279,487	171,136	\$ 375,484	-	-	2,568,936	26,989
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$ 4,181,140	\$ 388,907	\$ 618,285	\$ 25,709	\$ 115,684	\$ 13,205,256	\$ 1,509,740

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income	\$ 512,146	\$ (85,864)	\$ 441,594	\$ 265	\$ 12,958	\$ 2,420,921	\$ 132,876
Adjustments to reconcile operating income to net cash provided by (used in) operating activities							
Depreciation	986,846	-	-	-	-	1,062,500	52,070
Changes in assets and liabilities							
(Increase) decrease in assets							
Accounts receivable	(4,943)	-	-	-	-	71,088	(842)
Notes receivable	(3,725)	(19,392)	-	-	-	-	263
Due from other governments	(86,894)	-	-	3,621	(8,038)	-	-
Due from other programs	-	-	-	-	-	200,000	-
Inventory	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Increase (decrease) in liabilities							
Accounts payable	4,685	(4,562)	-	(7)	(7)	392	348
Accrued payroll liabilities	9,984	4,691	441	20	129	5,193	471
Accrued expenses	5,584	-	1,150	-	-	3,039	3,633
Due to other governments	2,262	-	-	15,165	(2,905)	-	-
Due to other funds	-	(200,000)	-	-	-	-	-
Unearned revenue	15,007	-	175,100	-	-	10,143	463
Compensated absences	7,855	3,558	-	-	-	1,812	(3,216)
Tenants' security deposits	(2,088)	-	-	-	-	8,302	440
Net pension liability and deferred inflows/outflows	(109,934)	(66,758)	-	-	-	(12,057)	(18,568)
Net OPEB liability and deferred inflows/outflows	(11,758)	(7,140)	-	-	-	(1,291)	(1,985)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 1,325,027	\$ (375,467)	\$ 618,285	\$ 19,064	\$ 2,137	\$ 3,770,042	\$ 165,953

(Continued on page 58)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
COMBINING STATEMENT OF CASH FLOWS - Continued
YEAR ENDED DECEMBER 31, 2021

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

Cash and cash equivalents	\$	-	\$	568,947	\$	154,755	\$	282,424	\$	-	\$	17,628,815
Cash and cash equivalents - restricted		-		-		-		189,189		-		3,611,221
CASH AND CASH EQUIVALENTS PER STATEMENT OF NET POSITION	\$	-	\$	568,947	\$	154,755	\$	471,613	\$	-	\$	21,240,036

**RECONCILIATION OF (LOSS) INCOME FROM OPERATIONS TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating (loss) income	\$	(6,993)	\$	139,831	\$	(21,062)	\$	27,468	\$	-	\$	3,574,140
Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities												
Depreciation		-		145,027		-		11,410		-		2,257,853
Changes in assets and liabilities												
(Increase) decrease in assets												
Accounts receivable		-		-		-		(135)		-		65,168
Notes receivable		-		-		-		-		-		(22,854)
Due from other governments		(1,676)		-		(4,896)		-		-		(97,883)
Due from other programs		-		(8,501)		-		-		(191,499)		-
Inventory		-		(3,381)		-		-		-		(3,381)
Prepaid expenses		-		2,033		-		-		-		2,033
(Decrease) increase in liabilities												
Accounts payable		(2)		(3,628)		4		9		-		(2,768)
Accrued payroll liabilities		170		(23,843)		166		354		-		(2,224)
Accrued expenses		-		291		52		254		-		14,003
Due to other governments		-		-		51		-		-		14,573
Due to other funds		8,501		-		-		-		191,499		-
Unearned revenue		-		-		-		351		-		201,064
Compensated absences		-		103,789		-		-		-		113,798
Tenants' security deposits		-		-		-		692		-		7,346
Net pension liability and deferred inflows/outflows		-		(93,080)		-		-		-		(300,397)
Net OPEB liability and deferred inflows/outflows		-		(9,957)		-		-		-		(32,131)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$	-	\$	248,581	\$	(25,685)	\$	40,403	\$	-	\$	5,788,340

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
DECEMBER 31, 2021

ANNUAL CONTRIBUTIONS CONTRACT

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

CO01P028501-20

Funds approved	\$ 1,534,648
Funds expended	<u>1,534,648</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,534,648
Funds expended	<u>1,534,648</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated July 13, 2021, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
STATEMENT AND CERTIFICATION OF ACTUAL MODERNIZATION COSTS
DECEMBER 31, 2021

ANNUAL CONTRIBUTIONS CONTRACT

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

CO01P028501-21

Funds approved	\$ 1,602,227
Funds expended	<u>1,602,227</u>
EXCESS (DEFICIENCY) OF FUNDS APPROVED	<u>\$ -</u>
HUD grants	\$ 1,602,227
Funds expended	<u>1,602,227</u>
EXCESS (DEFICIENCY) OF FUNDS EXPENDED	<u>\$ -</u>

2. The distribution of costs as shown on the Final Statement of Modernization Costs dated December 15, 2021, accompanying the Actual Modernization Cost Certificates submitted to HUD are in agreement with the Authority's records.
3. All modernization costs have been paid and all related liabilities have been discharged through payment.

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS

Colorado Springs, Colorado

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2021

GRANTOR/PASS THROUGH AGENCY/ PROGRAM TITLE AND GRANT NUMBER	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANT		PASS-THROUGH TO		FEDERAL EXPENDITURES
		IDENTIFICATION NUMBER	SUBRECIPIENTS NUMBER			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - Direct Programs						
Section 8 Project-Based Cluster						
Section 8						
New Construction and Substantial Rehabilitation	14.182	N/A	-		\$	458,146
Housing Assistance Payments Program	14.195	N/A	-			94,741
Moderate Rehabilitation Single Room Occupancy	14.249	N/A	-			184,394
Moderate Rehabilitation	14.856	N/A	-			34,951
TOTAL SECTION 8 PROJECT-BASED CLUSTER						
	14.871	N/A				772,232
Housing Voucher Cluster						
Section 8 Housing Choice Vouchers			-			18,839,391
Emergency Housing Vouchers			-			453,271
TOTAL HOUSING VOUCHER CLUSTER						
						19,292,662
Public and Indian Housing						
Public and Indian Housing	14.850	N/A	-			2,230,938
Public Housing Capital Fund	14.872	N/A	-			2,484,362
Shelter Plus Care	14.238	N/A	-			75,229
Passed through from City of Colorado Springs						
Community Development Grant	14.218	C01526	-			140,000
Community Development Grant		CO-01002850120-24	-			214,786
Community Development Grant						354,786
TOTAL COMMUNITY DEVELOPMENT GRANTS						
Home Investment Partnership Program	14.239					
City of Colorado Springs						
HOME Loan		CO06986	-			75,000
HOME Loan		CO06886	-			107,000
HOME Grant		CO07843	-			8,754
HOME Grant		CO07020	-			138,947
HOME Loan		CO09943	-			300,000
HOME Loan		-	-			475,000
TOTAL HOME INVESTMENT PARTNERSHIP PROGRAM						
						1,104,701
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
						\$ 26,314,910

(Continued on page 62)

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued
YEAR ENDED DECEMBER 31, 2021

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Housing Authority of the City of Colorado Springs has elected not to use the 10 percent minimum indirect cost rate allowed under the Uniform Guidance.

Note 3 - Disclosure of Other Forms of Assistance

Included in the amounts shown on the accompanying schedule of federal awards is a loan - CFDA 14.239 payable to the City of Colorado Springs. The total HUD-insured portion of mortgages have an outstanding balance of \$957,000 under this program as of December 31, 2021.

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

OTHER REPORTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of the City of Colorado Springs ("Housing Authority"), as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the Housing Authority's basic financial statements, and have issued our report hereon dated July 11, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 11, 2022



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Housing Authority of the City of Colorado Springs's (the "Housing Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Housing Authority's major federal programs for the year ended December 31, 2021. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Authority complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Housing Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Housing Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Housing Authority of the City of Colorado Springs's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Hawkins Ash CPAs, LLP

La Crosse, Wisconsin
July 11, 2022

HOUSING AUTHORITY OF THE CITY OF COLORADO SPRINGS
Colorado Springs, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal program:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of federal major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund Program
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs: \$789,447

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings - NONE

Section III - Federal Award Findings and Questioned Costs - NONE

Section IV - Prior Year Findings - NONE