

Douglas County Housing Partnership

Financial Statements
with Independent Auditors' Report

December 31, 2021



Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

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December 31, 2021

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditors' Report

Board of Directors
Douglas County Housing Partnership
Lone Tree, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Douglas County Housing Partnership (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of December 31, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Auditor's 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 auditor's 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 Authority's internal control. Accordingly, no such opinion is expressed.⁵
- 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 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.



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Authority's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
March 29, 2022



Douglas County Housing Partnership
Management's Discussion and Analysis
December 31, 2021

The following discussion and analysis give management's view of the financial position and results of operations for Douglas County Housing Partnership, a multijurisdictional housing authority (the Authority), for the fiscal year ended December 31, 2021. We encourage readers to consider this analysis in conjunction with additional information furnished in the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's net position to its general fund increased by \$1,121,907 or 17.34% and for all funds, increased by \$1,609,389 or 13.47% during 2021.
- Construction was completed in December 2021 on the 53-unit three-story senior housing building on the existing Oakwood Senior Apartments site. Construction began in October 2020. In 2018, The Authority received approval from the Town of Castle Rock to amend the planned development zoning for the Oakwood Senior Apartments to allow construction of this new building and demolition of one of the existing 8-unit buildings, resulting in 45 more units on the site. In 2019, the Site Development Plan was approved by the Town and The Authority was awarded 9% Low Income Housing Tax Credits. The site was subdivided and a parcel was sold into the Oakwood Senior II LLC on October 30, 2020 for \$1,380,000. For more information, please refer to Note 4 of the financial statements.
- In the down payment assistance (DPA) program, there were 26 payoffs and two new closings in 2021. The portfolio was changed from \$2,265,482 at the end of 2020 to \$1,573,426 at the end of 2021. The Authority had no loan losses in 2021 in the Amortized Loan Program (ALP) or the Shared Equity Program (SEP).
- In 2021, 17 shared equity investments were paid in full and all provided a gain. The net gain on the 17 repayments was \$271,761 which goes into the revolving loan fund from the original source of the shared equity funding.
- In January, The Authority issued \$67,160,813 in Private Activity Bonds for Bridgewater Castle Rock and Apex Meridian South.
- The Authority Participations LLC became a Special Limited Partner in RidgeGate Station Affordable, LLC and Apex Meridian South, LLC.
- The Authority revenue in connection with the home ownership and housing counseling programs was \$151,539; a 28% increase from 2020 when the revenue was \$118,755.
- The Authority continues to lease and manage three The Authority owned units that are rented to families receiving assistance and case management through the DC Cares program.
- In November 2021, using the general fund, The Authority acquired 15 condominium units in Castle Rock, CO for three million dollars.
- The Authority participated in the Douglas County Emergency Rental Assistance Program, issuing \$963,756 in rental assistance payments to residents, assisting 134 households.

Douglas County Housing Partnership
Management's Discussion and Analysis
December 31, 2021

- The Authority contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). All employees of the Authority participate in the LGDTF. All employees are eligible to receive postemployment benefits other than pensions (OPEB) through the Health Care Trust Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by PERA. At December 31, 2021 the Authority reported a net pension liability of \$188,726, representing its proportionate share of the net pension liability of the LGDTF and a net OPEB liability of \$26,264. This Pension Liability is being reported for the eighth year and OPEB liability is being reported for the fourth year for the Authority in these 2021 financial statements. For more information, please refer to Note 9 and Note 11 of the financial statements.

OVERVIEW OF THE AUTHORITY'S OPERATIONS

Douglas County Housing Partnership offers two types of down payment assistance funded through three funding sources - the HOME Investment Partnerships Program (HOME), Community Development Block Grant (CDBG) and Cash-in-Lieu (CIL) funds. The two types of down payment assistance are amortizing second position loans and shared equity investments. In 2021, the Authority funded two households with down payment assistance: zero amortizing loan and two shared equity investments.

The Amortized Loan Program (ALP) offers a \$15,000 loan amortized over 30 years at a 3% interest rate. With the second type of down payment assistance, the Shared Equity Program (SEP), The Authority provides funds for down payment that require no payments to The Authority until sale or refinance of the property; then the investment is repaid at the same percentage as The Authority initially invested. All loan payments and payoffs are deposited into the appropriate revolving loan fund (RLF) to be re-lent. In 2021, the two shared equity investments were funded with revolved funds – \$84,000 with CDBG funds.

Home ownership classes, typically offered monthly, provide educational support to first time homebuyers, giving community members the information that allows them to determine if they are ready to purchase a home and answers questions about the buying process. In 2021, 573 households received homebuyer education; however, the majority were educated through eHome America, an on-line home ownership education due to COVID distancing requirements.

With continued, although diminished demand for foreclosure counseling for the past two years the Authority assisted 35 households in 2021.

Reverse Mortgage Counseling was resumed by the Authority in late 2013 and demand has been strong from citizens 62 years of age and older considering this option; 50 clients received counseling in 2014, 94 in 2015, 77 in 2016, 100 in 2017, 102 in 2018, 149 in 2020, 225 in 2020, and 365 in 2021.

In 2021, The Authority completed construction on a new, elevatored building on the Oakwood campus -- Oakwood Senior II LLC. In its two phases, Oakwood now offers 109 affordable rental units (of those 53 are LIHTC units) to seniors with incomes below 30%, 40%, 50%, and 60% of the area median income (AMI).

Douglas County Housing Partnership
Management's Discussion and Analysis
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The Authority continues to partner with for-profit development companies utilizing Low Income Housing Tax Credits (LIHTC) to build affordable rental housing in Douglas County. There are now 11 properties in Douglas County where The Authority is a Special Limited Partner in the partnership that own the LIHTC developments; seven are operational with 1221 units, three are under construction and will add 479 units.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Financial Section consists of three sections: Management's Discussion and Analysis, Financial Statements with Notes, and Required Supplementary Information related to the pension plan. The Statement of Net Position reports the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The revenues and expenses of the Authority are recorded in the Statement of Revenues, Expenses and Changes in Net Position.

Grant expenditures for Federal programs are required to be audited for compliance and internal controls in accordance with government auditing standards and OMB Uniform Guidance. If the Authority expends over \$750,000 in Federal grant awards, a Single Audit is required; in 2021 expenditures were above the threshold due to the Emergency Rental Assistance program.

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Management's Discussion and Analysis
December 31, 2021

FINANCIAL ANALYSIS OF THE AUTHORITY

Statement of Net Position

The Net Position of the Authority increased by \$1,609,389 or 13.47% in fiscal year 2021. The following table summarizes the changes in assets, liabilities and net position between December 31, 2020 and December 31, 2021:

	2021	2020	Change
Assets			
Current Assets			
Total Current Assets	<u>\$ 5,895,940</u>	<u>\$ 7,403,150</u>	<u>\$ (1,507,210)</u>
Noncurrent Assets			
Capital Assets, Net of Accumulated Depreciation	5,786,867	2,755,559	3,031,308
Other Noncurrent Assets	<u>4,077,213</u>	<u>4,027,375</u>	<u>49,838</u>
Total Noncurrent Assets	<u>9,864,080</u>	<u>6,782,934</u>	<u>3,081,146</u>
Total Assets	<u>15,760,020</u>	<u>14,186,084</u>	<u>1,573,936</u>
Deferred Outflows of Resources	<u>58,808</u>	<u>38,678</u>	<u>20,130</u>
Liabilities and Net Position			
Current Liabilities			
Total Current Liabilities	156,149	89,133	67,016
Long-Term Liabilities			
Total Long-Term Liabilities	<u>1,762,543</u>	<u>1,883,666</u>	<u>(121,123)</u>
Total Liabilities	<u>1,918,692</u>	<u>1,972,799</u>	<u>(54,107)</u>
Deferred Inflows of Resources	<u>344,972</u>	<u>306,188</u>	<u>38,784</u>
Net Position			
Net Investment in Capital Assets	4,192,782	1,099,613	3,093,169
Restricted	3,860,930	3,122,697	738,233
Unrestricted	<u>5,501,452</u>	<u>7,723,465</u>	<u>(2,222,013)</u>
Total Net Position	<u>13,555,164</u>	<u>11,945,775</u>	<u>1,609,389</u>

Current Assets decreased by \$1,507,210. Unrestricted Cash decreased by \$1,489,115 due to the purchase of Stonecreek condos.

Total Noncurrent Assets increased by \$3,081,146 due to the purchase of Stonecreek condos.

Long-term Liabilities decreased by \$121,123 due to a decrease in Notes payable, a decrease in Net Pension Liability, and OPEB liability.

Douglas County Housing Partnership
Management's Discussion and Analysis
December 31, 2021

Statement of Revenues, Expenses and Changes in Net Position

The following tables summarize the changes in revenues and expenses between December 31, 2020 and December 31, 2021:

	2021	2020	Change
Operating Revenues			
Total Operating Revenues	<u>\$ 3,394,174</u>	<u>\$ 1,834,684</u>	<u>\$ 1,559,490</u>
Operating Expenses			
Total Operating Expenses	<u>1,854,647</u>	<u>903,589</u>	<u>951,058</u>
Net Operating Income (Loss)	<u>1,539,527</u>	<u>931,095</u>	<u>608,432</u>
Nonoperating Revenues (Expenses)			
Net Nonoperating Revenues (Expenses)	<u>69,862</u>	<u>1,856,830</u>	<u>(1,786,968)</u>
Change in Net Position	1,609,389	2,787,925	(1,178,536)
Net Position, Beginning	11,945,775	9,157,850	2,787,925
Net Position, Ending	<u><u>\$ 13,555,164</u></u>	<u><u>\$ 11,945,775</u></u>	<u><u>1,609,389</u></u>

Operating Revenues increased by \$1,559,490. There were 17 pay-offs of Shared Equity investments, Oakwood rents were higher, management fees from partnerships were higher. Operating Expenses increased by \$951,058 due to administrative costs from the ERA program.

The decrease in Net Nonoperating Revenues (Expenses) of \$1,786,968 because of a gain on sale of LincolnPointe Lofts during 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Authority's Capital Assets, Net of Accumulated Depreciation were \$2,755,559 and \$5,786,867 at December 31, 2020 and 2021 respectively.

	2021	2020	Change
Land	\$ 279,360	\$ 279,360	\$ -
Buildings, Improvements & Land Improvements	6,780,661	3,638,044	3,142,617
Less Accumulated Depreciation	(1,273,154)	(1,161,845)	(111,309)
Total Capital Assets, Net	<u>\$ 5,786,867</u>	<u>\$ 2,755,559</u>	<u>\$ 3,031,308</u>

In 2021, the change was \$3,031,308.

Douglas County Housing Partnership
Management's Discussion and Analysis
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Long-Term Debt

On April 2020, the Authority obtained a loan to refinance the loans from CHFA and FirstBank. FirstBank loaned \$1,700,000. The loan accrues interest at 3.25% per annum. Monthly payments of principal and interest, amortized over a fifteen-year period, are required beginning May 1, 2020, with a balloon payment due at maturity on April 1, 2035. With the maturity imminent and low interest rates available, a new \$1,700,000 loan with a 15-year term from FirstBank repaid the two loans. The Authority's long-term debt was \$1,762,543 at year-end 2021, a decrease of \$121,123 from \$1,883,666 in 2020.

ECONOMIC FACTORS

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

Demand for Housing Counseling and related services reached a record high. The Home Ownership Program, including Down Payment Assistance (DPA), had strong demand with the number of clients seeking DPA similar to the previous year. The Authority provided Home Buyer Education to 573 households which was a 14% increase over 2020. Supply of moderately priced homes for sale was very low. Home prices, meanwhile, increased another 8% in most Douglas County neighborhoods. As a result, the Authority provided down payment assistance to only two buyers in 2021 despite accepting 42 applications for assistance.

The number of foreclosure filings in the County remained very low with only 78 filings, of which only nine were foreclosed. This was due in large part to many mortgage lenders being willing and able to provide loss mitigation options including loan modifications. Consequently, the Authority served a significantly lower number of households facing foreclosure in 2020 and 2021 than it has in previous years.

The demand for reverse mortgage counseling increased by 38% in 2021. Retired seniors sought the security of having more expendable cash and no debt, especially during the uncertain times of the pandemic and some due to job loss.

In response to the need for more affordable housing, the Authority endeavors to develop and partner with other developers to add more affordable senior and family rental units. Construction was completed of the new 53-unit building on its Oakwood Senior Apartments campus. The Audrey, a 134-unit senior affordable complex was also completed in late 2021; this project was developed by Shea Properties with the Authority as a Special Limited Partner. Two other partnership developments broke ground in 2021: Apex Meridian South, a 208-unit affordable complex also being developed in partnership with Shea Properties, and RidgeGate Station Affordable Apartments a 67-unit transit-oriented development being developed in partnership with Koelbel & Company.

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

Douglas County Housing Partnership
Management's Discussion and Analysis
December 31, 2021

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Net Position
Proprietary Funds
December 31, 2021

	General	Loan	Oakwood Apartments	Total
Assets				
Current Assets				
Cash	\$ 1,801,519	\$ 2,399,044	\$ 1,101,530	\$ 5,302,093
Restricted Cash	-	-	228,271	228,271
Accounts Receivable	158,088	-	7,164	165,252
Grants Receivable	7,204	-	-	7,204
Other Receivables	144,947	-	-	144,947
Prepaid Expenses	15,949	-	32,224	48,173
Total Current Assets	<u>2,127,707</u>	<u>2,399,044</u>	<u>1,369,189</u>	<u>5,895,940</u>
Noncurrent Assets				
Investments in Partnerships	1,107	-	-	1,107
Accrued Interest Receivable	39,926	-	-	39,926
Loans Receivable	2,462,754	1,573,426	-	4,036,180
Capital Assets, <i>not being depreciated</i>	-	-	279,360	279,360
Capital Assets, <i>net of accumulated depreciation</i>	3,541,159	-	1,966,348	5,507,507
Total Noncurrent Assets	<u>6,044,946</u>	<u>1,573,426</u>	<u>2,245,708</u>	<u>9,864,080</u>
Total Assets	<u>8,172,653</u>	<u>3,972,470</u>	<u>3,614,897</u>	<u>15,760,020</u>
Deferred Outflows of Resources				
Items related to Pensions, <i>net of accumulated amortization</i>	53,619	-	-	53,619
Items related to OPEB, <i>net of accumulated amortization</i>	5,189	-	-	5,189
	<u>58,808</u>	<u>-</u>	<u>-</u>	<u>58,808</u>
Liabilities				
Current Liabilities				
Accounts Payable	37,096	-	7,231	44,327
Accrued Expenses	11,379	-	-	11,379
Unearned Revenues	-	-	56	56
Tenant Security Deposits	14,250	-	21,717	35,967
Notes Payable, Current Portion	-	-	64,420	64,420
Total Current Liabilities	<u>62,725</u>	<u>-</u>	<u>93,424</u>	<u>156,149</u>
Long-Term Liabilities				
Accrued Compensated Absences	17,888	-	-	17,888
Notes Payable	-	-	1,529,665	1,529,665
Net Pension Liability	188,726	-	-	188,726
Net OPEB Liability	26,264	-	-	26,264
Total Long-Term Liabilities	<u>232,878</u>	<u>-</u>	<u>1,529,665</u>	<u>1,762,543</u>
Total Liabilities	<u>295,603</u>	<u>-</u>	<u>1,623,089</u>	<u>1,918,692</u>
Deferred Inflows of Resources				
Deferred Revenue	197,875	-	-	197,875
Items related to Pensions, <i>net of accumulated amortization</i>	138,215	-	-	138,215
Items related to OPEB <i>net of accumulated amortization</i>	8,882	-	-	8,882
	<u>344,972</u>	<u>-</u>	<u>-</u>	<u>344,972</u>
Net Position				
Net Investment in Capital Assets	3,541,159	-	651,623	4,192,782
Restricted for:				
Home Ownership Program	-	3,632,659	-	3,632,659
Replacement Reserves	-	-	228,271	228,271
Unrestricted	4,049,727	339,811	1,111,914	5,501,452
Total Net Position	<u>\$ 7,590,886</u>	<u>\$ 3,972,470</u>	<u>\$ 1,991,808</u>	<u>\$ 13,555,164</u>

See Notes to the Financial Statements.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2021

	General	Loan	Oakwood Apartments	Total
Operating Revenues				
Member Assessments	\$ 200,000	\$ -	\$ -	\$ 200,000
Grants	1,810,895	-	-	1,810,895
Rental Income	60,720	-	581,912	642,632
Management Fees	216,084	-	-	216,084
Partnership Distributions	29,199	-	-	29,199
Conduit Loan Fees	159,041	-	-	159,041
Cash In Lieu Fee	-	35,500	-	35,500
Other	18,208	272,333	10,282	300,823
Total Operating Revenues	2,494,147	307,833	592,194	3,394,174
Operating Expenses				
Administrative	1,420,283	9,657	173,044	1,602,984
Utilities	-	-	35,359	35,359
Repairs and Maintenance	-	-	104,995	104,995
Depreciation	15,716	-	95,593	111,309
Total Operating Expenses	1,435,999	9,657	408,991	1,854,647
Net Operating Income (Loss)	1,058,148	298,176	183,203	1,539,527
Nonoperating Revenues (Expenses)				
Gain on Sale of Capital Assets	-	-	34	34
Gain on Sale of Investments in Partnerships and LLCs	84,772	-	-	84,772
Interest Income	26,759	11,626	279	38,664
Interest Expense	-	-	(53,608)	(53,608)
Total Nonoperating Revenues (Expenses)	111,531	11,626	(53,295)	69,862
Net Income (Loss) Before Transfers	1,169,679	309,802	129,908	1,609,389
Transfer In	(47,772)	-	-	(47,772)
Transfer (Out)	-	47,772	-	47,772
Change in Net Position	1,121,907	357,574	129,908	1,609,389
Net Position, Beginning of year	6,468,979	3,614,896	1,861,900	11,945,775
Net Position, End of year	\$ 7,590,886	\$ 3,972,470	\$ 1,991,808	\$ 13,555,164

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021

	General	Loan	Oakwood Apartments	Total
Cash Flows from Operating Activities				
Cash Received from Members and Others	\$ 594,173	\$ 307,833	\$ 10,282	\$ 912,288
Grants Received	1,862,087	-	-	1,862,087
Cash Received from Tenants	73,762	-	580,303	654,065
Cash Payments to Employees	(283,260)	-	(76,786)	(360,046)
Cash Payments to Vendors and Suppliers	<u>(1,111,174)</u>	<u>(9,657)</u>	<u>(234,185)</u>	<u>(1,355,016)</u>
Net Cash Provided by Operating Activities	<u>1,135,588</u>	<u>298,176</u>	<u>279,614</u>	<u>1,713,378</u>
Cash Flows from Noncapital Financing Activities				
Payments from (to) Other Funds	(47,772)	47,772	-	-
Principal Payments on Loans	-	-	(61,861)	(61,861)
Interest Payments on Loans	<u>-</u>	<u>-</u>	<u>(53,608)</u>	<u>(53,608)</u>
Net Cash Provided by Noncapital Financing Activities	<u>(47,772)</u>	<u>47,772</u>	<u>(115,469)</u>	<u>(115,469)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of Capital Assets	(3,011,188)	-	(131,429)	(3,142,617)
Proceeds from Disposal of Capital Assets	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(3,011,188)</u>	<u>-</u>	<u>(131,395)</u>	<u>(3,142,583)</u>
Cash Flows from Investing Activities				
Loan Principal Payments Received from Individuals	-	776,056	-	776,056
Loans issued to Partnerships and Limited Liability Companies	(712,500)	-	-	(712,500)
Loans issued to Individuals	-	(84,000)	-	(84,000)
Interest Received	(2,632)	11,626	-	8,994
Purchases of Investments in Partnerships and LLCs	(903)	-	279	(624)
Proceeds from Sale of Investments in Partnerships and LLCs	<u>85,672</u>	<u>-</u>	<u>-</u>	<u>85,672</u>
Net Cash Provided by (Used In) Investing Activities	<u>(630,363)</u>	<u>703,682</u>	<u>279</u>	<u>73,598</u>
Net Change in Cash	<u>(2,553,735)</u>	<u>1,049,630</u>	<u>33,029</u>	<u>(1,471,076)</u>
Cash, Beginning of year	<u>4,355,254</u>	<u>1,349,414</u>	<u>1,296,772</u>	<u>7,001,440</u>
Cash, End of year	<u>\$ 1,801,519</u>	<u>\$ 2,399,044</u>	<u>\$ 1,329,801</u>	<u>\$ 5,530,364</u>

(Continued)

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021
(Continued)

	<u>General</u>	<u>Loan</u>	<u>Oakwood Apartments</u>	<u>Total</u>
Reconciliation of Net Operating Income (Loss) to				
Net Cash Provided by Operating Activities				
Net Operating Income (Loss)	\$ 1,058,148	\$ 298,176	\$ 183,203	\$ 1,539,527
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	15,716	-	95,593	111,309
Changes in Assets and Liabilities:				
Accounts, Grants and Other Receivable	53,433	-	(2,639)	50,794
Prepaid Expenses	(8,356)	-	(4,804)	(13,160)
Deferred Outflows of Resources, Pension	(17,792)	-	-	(17,792)
Deferred Outflows of Resources, OPEB	(2,338)	-	-	(2,338)
Accounts Payable	32,249	-	7,231	39,480
Accrued Expense	11,379	-	-	11,379
Unearned Revenues	-	-	(10)	(10)
Tenant Security Deposits	13,042	-	1,040	14,082
Accrued Compensated Absences	(2,814)	-	-	(2,814)
Net Pension Liability	(52,263)	-	-	(52,263)
Net OPEB Liability	(2,100)	-	-	(2,100)
Deferred Revenue	(30,600)	-	-	(30,600)
Deferred Inflows of Resources, Pension	66,759	-	-	66,759
Deferred Inflows of Resources, OPEB	1,125	-	-	1,125
Net Cash Provided by Operating Activities	<u>\$ 1,135,588</u>	<u>\$ 298,176</u>	<u>\$ 279,614</u>	<u>\$ 1,713,378</u>

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Assets, Liabilities and Net Position

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

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

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

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

Pensions - The Authority participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to and deductions from the FNP 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. Employer contributions are recognized when the compensation is payable to the employees. 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 made changes to certain benefit provisions.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position *(Continued)*

Postemployment Benefits Other Than Pensions (OPEB) - The Authority participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP), and additions to and deductions from the FNP of the HCTF's 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.

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

In-Kind Contributions

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

Risk Management

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

Subsequent Event

We have evaluated subsequent events through March 29, 2022. The date the financial statements were available to be issued.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the Authority had bank deposits of \$4,891,688 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

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

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

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

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

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

The Authority had no investments at December 31, 2021.

Restricted Cash

At December 31, 2021, the Oakwood Apartments Fund held replacement reserves, as required by its loan agreement, of \$228,271.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 3: Investments in Partnerships

Castle Highlands Limited Partnership

The Authority was admitted to the Castle Highlands Limited Partnership in November 2004. The Authority received a .005% interest as a special limited partner in the partnership and has no liability for acts or omissions in connection with the development. The Reserve at Castle Highlands provides 200 affordable rental housing units for families in Castle Rock.

Apex Meridian, LLC

In August 2013, the Authority, through its wholly owned subsidiary DCHP Participations LLC, entered into an agreement with Apex Meridian, LLC, to acquire, construct and maintain a multifamily rental housing development with 156 dwelling units in eight three-story buildings located in unincorporated Douglas County. As a Class B Special Member of Apex Meridian, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

Auburn Ventures, LP

The Authority, through its wholly owned subsidiary DCHP Participations LLC, in December 2014 entered into an agreement with Auburn Ventures, LP, to acquire, develop, maintain, and operate a 90-unit multifamily apartment complex known as Auburn Ridge Senior Apartments located in the Town of Castle Rock. The Authority received a .005% partnership interest in Auburn Ventures, LP and has no liability for acts or omissions in connection with the development.

Copper Steppe Apartments, LLC

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

Apex Meridian II, LLC

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 3: Investments in Partnerships (Continued)

The Audrey LLC

In April 2020, the Authority, through its wholly owned subsidiary DCHP Participations LLC, was admitted as a Class B Special Member to The Audrey, LLC. The Audrey, LLC was formed to acquire land, and construct and maintain a 134 units of senior rental housing development in Highlands Ranch, Colorado. As a Class B Special Member of The Audrey, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

Parker Leased Housing Associates I, LLLP

In July 2020, the Authority, through its wholly owned subsidiary DCHP Participations LLC, was admitted as a Class C Special Limited Partner to the Parker Leased Housing Associates I, LLLP partnership. The Parker Leased Housing Associates I, LLLP was formed to develop, construct, own, maintain and operate a 204-unit multifamily Project for rental to be known as South Range Crossings located in Parker, Colorado. As a Class C Special Limited Partner of Parker Leased Housing Associates I, LLLP, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

LincolnPointe Enterprise WDP, LLC

In October 2020, the Authority, through its wholly-owned subsidiary DCHP Participations LLC, was admitted as a Special Member of LincolnPointe Enterprise WDP LLC. LincolnPointe Enterprise WDP LLC was formed to acquire and maintain two multi-family residential developments consisting of 221 existing dwelling units together with certain other ancillary improvements, known as LincolnPointe Lofts I and LincolnPointe Lofts II located in unincorporated Douglas County. The Authority was added as a special limited partner to LincolnPointe Lofts I in September 2004 and LincolnPointe Lofts II in October 2006. As a Special Member of LincolnPointe Enterprise WDP, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

Apex Meridian South, LLC

In January 2021, the Authority, through its wholly owned subsidiary DCHP Participations LLC, was admitted as a Class B Special Member to Apex Meridian South, LLC. Apex Meridian South, LLC was formed to develop, construct, own, maintain and operate a 208-unit multifamily Project for rental to be known as Apex Meridian South located in Englewood, Colorado. As a Class B Special Member of Apex Meridian South, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 3: Investments in Partnerships (Continued)

RidgeGate Station Affordable, LLC

In June 2021, the Authority, through its wholly owned subsidiary DCHP Participations LLC, was admitted as a Class B Member to RidgeGate Station Affordable, LLC. RidgeGate Station Affordable, LLC was formed to develop, construct, own, maintain and operate a 67-unit multifamily Project for rental to be known as RidgeGate Station Apartments located in Lone Tree, Colorado. As a Class B Member of RidgeGate Station Affordable, LLC, the Authority has a .01% partnership interest and has no liability for acts or omissions in connection with the development.

Note 4: Membership Interest in Limited Liability Company

Oakwood Senior II LLC

In January 2020, the Authority formed Oakwood Senior II LLC with its wholly owned subsidiary Oakwood Senior II MM LLC. Oakwood Senior II LLC was formed to construct and develop a senior residential rental housing development in Castle Rock, Colorado.

In October 2020, the Authority withdrew as a member and MHEG Fund 51, LP was added as an investor member as well as Midwest Housing Assistance Corporation as a Special Member. As a Managing Member, the Authority has a .01% partnership interest through its wholly owned subsidiary Oakwood Senior II MM LLC. The Authority entered into a development agreement with Oakwood Senior II LLC, where the Authority would oversee the development of Oakwood Senior II LLC. The project during the year ended December 31, 2021. Oakwood Senior II entered into a construction loan agreement with FirstBank in the amount of \$10,531,000 with the Authority acting as a guarantor.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2021

Note 5: Loans Receivable

Loans receivable at December 31, 2021, consisted of the following.

General Fund	Principal	Interest	Total
Lincoln Pointe Lofts Two LLLP	\$ 250,000	\$ 15,788	\$ 265,788
Lincoln Pointe Lofts Two LLLP	100,000	3,508	103,508
Lincoln Pointe Lofts One Limited Partnership	290,000	6,783	296,783
Auburn Ventures, LP	14,650	-	14,650
Auburn Ventures, LP	165,604	13,847	179,451
Oakwood Senior II LLC - Carryback	300,000	-	300,000
Oakwood Senior II LLC - Cash Flow	630,000	-	630,000
Oakwood Senior II LLC - HOME	712,500	-	712,500
 Loan Fund			
Home Buyers Assistance Program, Net of allowance for Doubtful Accounts	1,573,426	-	1,573,426
Total	<u>\$ 4,036,180</u>	<u>\$ 39,926</u>	<u>\$ 4,076,106</u>

General Fund

During 2006, the Authority loaned \$600,000 in the form of two notes to Lincoln Pointe Lofts Two LLLP to purchase land for a housing complex. The first loan, for \$500,000, accrues interest at 5.4% per annum. The second loan, for \$100,000, accrues interest at 3% per annum. As discussed in Note 3, Lincoln Pointe Lofts Two LLLP sold their property to Lincoln Pointe Enterprise WDP LLC during October 2020. As a result, the Authority was paid principal and interest of \$631,395 on the first loan. In addition, the Authority was paid interest of \$43,488 on the second loan. The rights, obligations and liabilities for these notes were assigned to Lincoln Pointe Enterprise WDP LLC as part of the acquisition of the property. If not paid sooner, the remaining principal and accrued interest is due in full on January 31, 2040.

During 2008, the Authority loaned \$580,000 to Lincoln Pointe Lofts One Limited Partnership to pay off a bridge loan utilized to construct the housing complex. The loan accrues interest at 2% per annum. As discussed in Note 3, Lincoln Pointe Lofts One Limited Partnership sold their property to Lincoln Pointe Enterprise WDP LLC during October 2020. As a result, the Authority was paid principal and interest of \$428,812. The rights, obligations and liabilities for this note was assigned to Lincoln Pointe Enterprise WDP LLC as part of the acquisition of the property. If not paid sooner, all remaining principal and accrued interest is due in full on April 1, 2042.

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 5: Loans Receivable (Continued)

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

During 2020, the Authority agreed to loan \$300,000 (Carryback Loan) to Oakwood Senior II LLC, for construction of site improvements shared with Oakwood Apartments. The loan accrues interest at 5% per annum. Payments of principal and interest are made from available cash flows as set forth in the Oakwood Senior II LLC operating agreement. If not paid sooner, all principal and accrued interest is due in full on December 31, 2038.

During 2020, the Authority agreed to loan \$630,000 (Cash Flow Loan) to Oakwood Senior II LLC, for construction of a senior rental housing development. The loan accrues interest at 5% per annum. Payments of principal and interest are made from available cash flows as set forth in the Oakwood Senior II LLC operating agreement. If not paid sooner, all principal and accrued interest is due in full on December 31, 2050.

During 2020, the Authority agreed to loan \$750,000 (HOME Loan) to Oakwood Senior II LLC, for construction of a senior rental housing development. The Authority funded \$712,500 of this loan during the year ended December 31, 2021. The loan accrues interest at 5% per annum. Payments of principal and interest are made from available cash flows as set forth in the Oakwood Senior II LLC operating agreement. If not paid sooner, all principal and accrued interest is due in full on October 31, 2050.

Loan Fund

At December 31, 2021, the Authority had outstanding loans of \$340,241 to qualifying first-time home buyers for down-payment and closing cost assistance. Under this program, the Authority provides loans for a maximum of \$15,000. Monthly principal and interest payments are required for a term of 15 or 30 years. The loans are secured by deeds of trust and are interest-bearing at varying rates.

At December 31, 2021 the Authority had outstanding investments of \$1,233,185 under the shared equity program. Under this program, the Authority provides funding of up to 20% of the purchase price of the home, to a maximum of \$50,000, to first-time home buyers working in Douglas County. The investment is required to be repaid upon the sale or refinance of the home. At that time, the borrower must return the same percentage of sale proceeds to the Authority.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2021

Note 6: Capital Assets

Capital asset activity for the year ended December 31, 2021, is summarized below:

Governmental Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 279,360	\$ -	\$ -	\$ 279,360
<i>Capital Assets, Being Depreciated</i>				
Buildings	3,237,905	3,011,188	-	6,249,093
Building Improvements	382,740	131,429	-	514,169
Land Improvements	17,399	-	-	17,399
Total Capital Assets, Being Depreciated	3,638,044	3,142,617	-	6,780,661
<i>Less Accumulated Depreciation</i>				
Buildings	(963,906)	(80,889)	-	(1,044,795)
Building Improvements	(64,072)	(29,138)	-	(93,210)
Land Improvements	(133,867)	(1,282)	-	(135,149)
Total Accumulated Depreciation	(1,161,845)	(111,309)	-	(1,273,154)
Total Capital Assets, Being Depreciated, net	2,476,199	3,031,308	-	5,507,507
Governmental Activities Capital Assets, net	\$ 2,755,559	\$ 3,031,308	\$ -	\$ 5,786,867

Note 7: Long-Term Liabilities

A summary of changes in long-term debt for the year ended December 31, 2021, is presented below:

	Balance 12/31/20	Additions	Deletions	Balance 12/31/21	Due Within One Year
General Fund					
Compensated Absences	\$ 20,702	\$ -	\$ (2,814)	\$ 17,888	\$ -
Oakwood Apartments Fund					
FirstBank	1,655,946	-	(61,861)	1,594,085	64,420
Total	\$ 1,676,648	\$ -	\$ (64,675)	\$ 1,611,973	\$ 64,420

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

On April 2020, the Authority obtained a loan to refinance the loans from CHFA and FirstBank. FirstBank loaned \$1,700,000. The loan accrues interest at 3.25% per annum. Monthly payments of principal and interest, amortized over a fifteen-year period, are required beginning May 1, 2020, with a balloon payment due at maturity on April 1, 2035.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2021

Note 7: Long-Term Liabilities (Continued)

Following is a summary of debt service requirements to maturity at an interest rate of 3.25%.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 64,420	\$ 51,559	\$ 115,979
2023	66,575	49,404	115,979
2024	68,668	47,311	115,979
2025	71,100	44,880	115,980
2026	73,478	42,501	115,979
2027-2031	405,830	174,066	579,896
2032-2035	844,014	76,454	920,468
Total	<u>\$ 1,594,085</u>	<u>\$ 486,175</u>	<u>\$ 2,080,260</u>

Note 8: Interfund Transactions

During the year ended December 31, 2021, the Loan Fund received \$47,772 from the General Fund to reimburse cash in lieu funds used for the Oakwood Senior II LLC predevelopment costs.

Note 9: Defined Benefit Pension Plan

General Information

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

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

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

- a) Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- b) 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.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 9: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

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

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

As of December 31, 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 eligible employment before January 1, 2007, and all benefit recipients of the DPS benefit structure will receive an annual increase of 1.25 percent unless adjusted by the automatic adjustment provision (AAP) pursuant to C.R.S. § 24-51-413. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lessor of an annual increase of 1.25 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the SCHDTF. 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.

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Note 9: Defined Benefit Pension Plan (Continued)

General Information (Continued)

Contributions provisions as of December 31, 2021 - Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 01, 2021 through December 31, 2021 were 8.50%

The employer contribution requirements for all employees were 14.22% of covered salaries for January 01, 2021 through December 31, 2021. However, a portion of the Authority's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. The Authority's contributions to the LGDTF for the year ended December 31, 2021, were \$37,391, equal to the required contributions.

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

The net pension liability for the LGDTF was measured at 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 Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year December 31, 2020 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At December 31, 2021, the Authority reported a liability of \$188,726 for its proportionate share of the net pension liability.

The Authority's proportion of the net pension liability was based on Authority's contributions to the LGDTF for the calendar year 2019 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2020, the Authority proportion was 0.0362149924% percent, which was a increase of 0.0032655776% from its proportion measured as of December 31, 2019.

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Note 9: Defined Benefit Pension Plan (Continued)

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

For the year ended December 31, 2021, the Authority recognized pension benefit of \$20,897. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,517	\$ -
Changes in assumption	10,524	-
Net difference between projected and actual		
Earnings on plan investments	-	138,215
Changes in proportion	4,187	-
Contributions subsequent to the measurement date	37,391	-
Total	\$ 53,619	\$ 138,215

The Authority's contributions of \$37,391 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Total
2022	\$ (20,591)
2023	(69,183)
2024	(32,211)
2025	(2)
Total	\$ (121,987)

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Note 9: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The actuarial valuation as of December 31, 2019 determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5% - 10.45%
Long-term investment rate of return, net of plan Investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior 01/01/2017	1.25%
Hired after 12/31/2006 ¹	Financed by the Annual Increase Reserve (AIR)

¹For 2019, the annual increase was 0.00 percent

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

Post-retirement non-disabled mortality assumptions were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, with certain adjustments, adjusted as follows:

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

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

The 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 the PERA Board during the November 18, 2016 Board meeting.

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Note 9: Defined Benefit Pension Plan (Continued)

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

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	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.4% - 11.0%
Long-term investment rate of return, net of plan	
Investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior 01/01/2017	1.25%
Hired after 12/31/2006 ¹	Financed by the Annual Increase Reserve (AIR)

¹For 2019, the annual increase was 0.00 percent

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.

The pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

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Note 9: Defined Benefit Pension Plan (Continued)

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

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages 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 were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

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Note 9: Defined Benefit Pension Plan (Continued)

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

The 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	6.00%	4.70%
Total	<u>100.00%</u>	

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

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Note 9: Defined Benefit Pension Plan (Continued)

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

- 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 the current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions 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.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded. HB 20-1379 suspended the \$225 million (actual dollars) direct distribution payable on July 1, 2020, for the State's 2020-21 fiscal year.
- 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 and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, 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% 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%. There was no change in the discount rate from the prior measurement date.

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Note 9: Defined Benefit Pension Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 434,750	\$ 188,726	\$ (16,672)

Pension Plan Fiduciary Net Position - Detailed information about the LGDTF's FNP is available in PERA's Annual Report which can be obtained at www.copera.org/investments/pera-financial-reports.

Note 10: Defined Contribution Pension Plan

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Authority has agreed to contribute an amount on behalf of each employee equal to the employee's medical insurance premium if the employee chooses not to participate fully in the health benefit programs provided by the Authority. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2021, the Authority contributed \$10,985 to the plan.

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Note 11: Post-Employment Healthcare Benefits

Plan Description - Eligible employees of the Authority are provided with postemployment benefits other than pensions (OPEB) through the HCTF, a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Employees' Retirement Association of Colorado (PERA). The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (CRS), 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. 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 healthcare 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.

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Note 11: Post-Employment Healthcare Benefits

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 over 65 years of age 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.

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 CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the Local Government Division are required to contribute at a rate of 1.02% 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 Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority was \$2,889 for the year ended December 31, 2021.

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

At December 31, 2021, the Authority reported a net OPEB liability of \$26,264, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at 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.

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Note 11: Post-Employment Healthcare Benefits (Continued)

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

The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year ended December 31, 2020, relative to the contributions of all participating employers to the HCTF. At December 31, 2020, the Authority's proportion was 0.0027639702%, which was an increase of 0.0002404444% from its proportion measured at December 31, 2019.

For the year ended December 31, 2021, the Authority recognized OPEB benefit of \$492. At December 31, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38	\$ 4,428
Changes of assumptions and other inputs	136	1,292
Net difference between projected and actual earnings on plan investments	-	731
Changes in proportion	2,126	2,431
Contributions subsequent to the measurement date	2,889	-
Total	\$ 5,189	\$ 8,882

The Authority's contributions subsequent to the measurement date of \$2,889 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended December 31,	Total
2022	\$ (2,419)
2023	(2,138)
2024	(1,639)
2025	(401)
2026	15
Total	\$ (6,582)

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Note 11: Post-Employment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The total OPEB 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	2.4%
Real wage growth	1.1%
Wage inflation	3.5%
Salary increases, including wage inflation	3.5%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
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	

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:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$558, Monthly Premium of \$227, Monthly Costs Adjusted to Age 65 of \$550.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$621, Monthly Premium of \$232, Monthly Costs Adjusted to Age 65 of \$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.

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Note 11: Post-Employment Healthcare Benefits (Continued)

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

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.

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 are applied, as applicable, in the determination of the total OPEB liability for the HCTF. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

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

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

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

The 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

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Note 11: Post-Employment Healthcare Benefits (Continued)

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

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.

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.2%-11.3%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%

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

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.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages 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:

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 11: Post-Employment Healthcare Benefits (Continued)

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

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

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, as presented previously (see Note 9).

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2021

Note 11: Post-Employment Healthcare Benefits (Continued)

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate 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%.
- 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 projection test indicates the HCTF's fiduciary net position was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% 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%.

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ 30,086	\$ 26,264	\$ 22,998

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2021

Note 11: Post-Employment Healthcare Benefits (Continued)

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

Sensitivity of the Authority's proportionate share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Authority's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.5% to 9.1%, as well as the Authority's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ <u>25,585</u>	\$ <u>26,264</u>	\$ <u>27,054</u>

OPEB Plan Fiduciary Net Position - Detailed information about the HCTF's FNP is available in PERA's separately issued financial report, which may be obtained at www.copera.org/investments/pera-financial-reports.

Note 12: Commitments and Contingencies

Promissory Note

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

Claims and Judgements

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. At December 31, 2021, some grant expenses have not been audited, but the Authority believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 12: Commitments and Contingencies (Continued)

TABOR Amendment

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

Conduit Debt Obligation

In September 2015, the Authority entered into a funding loan agreement with Citibank in the amount of \$32,500,000. Simultaneously, the Authority entered into a borrower loan agreement with Copper Steppe Apartments, LLC, whereby Copper Steppe Apartments, LLC, constructed a 264-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Copper Steppe Apartments, LLC, will make all principal and interest payments required by the loan agreements, which mature on October 1, 2048. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2021, was approximately \$25,565,824.

In December 2018, the Authority entered into a funding loan agreement with Citibank in the amount of \$27,979,000 and a Subordinate Financing Agreement with Meridian-MB Investments, LLC and Apex Meridian II, LLC in the amount of \$2,021,000. Simultaneously, the Authority entered into a borrower loan agreement with Apex Meridian II, LLC whereby Apex Meridian II, LLC constructed a 156-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Apex Meridian II, LLC, will make all principal and interest payments required by the loan agreements, which mature on January 1, 2052, and January 1, 2052, for the Subordinate Financing Agreement. Since the Authority is not obligated in any manner for repayment of the Citibank loan or the Subordinate Financing Agreement, these liabilities are not reported in the accompanying financial statements. The outstanding balance of the loans at December 31, 2021, totaled approximately \$19,914,138.

In April 2020, the Authority entered into a funding loan agreement with Citibank in the amount of \$20,725,000. Simultaneously, the Authority entered into a borrower loan agreement with The Audrey LLC, whereby The Audrey, LLC, constructed a 134-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. The Audrey, LLC, will make all principal and interest payments required by the loan agreements, which mature on May 1, 2053. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2021, was approximately \$19,906,125.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2021

Note 12: Commitments and Contingencies (Continued)

Conduit Debt Obligation (Continued)

In January 2021, the Authority entered into a funding loan agreement with Citibank in the amount of \$28,725,813. Simultaneously, the Authority entered into a borrower loan agreement with Apex Meridian South, LLC, whereby Apex Meridian South, LLC, constructed a 208-unit multifamily rental housing development in Englewood, Colorado using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Apex Meridian South, LLC will make all principal and interest payments required by the loan agreements, which mature on February 1, 2054. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2021, was approximately \$17,808,758.

In January 2021, the Authority entered into a funding loan agreement with UMB Bank in the amount of \$38,435,000. Simultaneously, the Authority entered into a borrower loan agreement with Bridgewater Castle Rock ALF, LLC, whereby Bridgewater Castle Rock ALF, LLC, constructed a 142-unit multifamily rental housing development in Castle Rock, Colorado using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Bridgewater Castle Rock ALF, LLC will make all principal and interest payments required by the loan agreements, which mature on January 1, 2036, and January 1, 2041. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2021, was approximately \$34,440,000.

Required Supplementary Information

Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2021

	12/31/2020	12/31/2019	12/31/2018
Proportionate Share of the Net Pension Liability			
Authority's Proportion of the Net Pension Liability	0.0362149924%	0.0329494148%	0.0355008374%
Authority's Proportionate Share of the Net Pension Liability	\$ 188,726	\$ 240,989	\$ 446,321
Authority's Covered Payroll	\$ 255,597	\$ 226,905	\$ 232,848
Authority's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	74%	106%	192%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91%	86%	76%
	12/31/2021	12/31/2020	12/31/2019
Authority Contributions			
Statutorily Required Contribution	\$ 37,391	\$ 33,058	\$ 28,772
Contributions in Relation to the Statutorily Required Contribution	(37,391)	(33,058)	(28,772)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 283,261	\$ 255,597	\$ 226,905
Contributions as a Percentage of Covered Payroll	13.20%	12.93%	12.68%

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

(Continued)

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)

Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado Local Government Division Trust Fund
 For the Year Ended December 31, 2021
(Continued)

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

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

Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

Required Supplementary Information

Schedule of Proportionate Share of the OPEB Liability and Contributions Public Employees' Retirement Association of Colorado Health Care Trust Fund For the Year Ended December 31, 2021

	12/31/20	12/31/19	12/31/18	12/31/17
Proportionate Share of the Net Pension Liability				
Authority's Proportion of the Net OPEB Liability	0.0027639702%	0.0025235258%	0.0027530964%	0.0028184352%
Authority's Proportionate Share of the Net OPEB Liability	\$ 26,264	\$ 28,364	\$ 37,457	\$ 36,628
Authority's Covered Payroll	\$ 255,597	\$ 226,905	\$ 232,848	\$ 228,814
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	10%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33%	24%	17%	18%
	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Authority Contributions				
Statutorily Required Contribution	\$ 2,889	\$ 2,607	\$ 2,314	\$ 2,375
Contributions in Relation to the Statutorily Required Contribution	(2,889)	(2,607)	(2,314)	(2,375)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 283,261	\$ 255,597	\$ 226,905	\$ 232,848
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Required Supplementary Information
December 31, 2021

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

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

Changes in Assumptions and Other Inputs

For the year ended December 31, 2021, the total pension liability was determined by an actuarial valuation as of December 31, 2019. The following revised economic and demographic assumptions were effective as of December 31, 2019.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.4% per year. This assumption did not change from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.5% per year. This assumption did not change from the prior year.
- Healthy and disabled mortality assumptions are based on the RP-2014 Mortality Tables.

Federal Financial Assistance



**HINKLE &
COMPANY**
Strategic PC
Business Advisors

**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***

Board of Directors
Douglas County Housing Partnership
Lone Tree, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Douglas County Housing Partnership (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, and have issued our report thereon dated March 29, 2022.

Internal Control Over Financial Reporting

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

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 Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 the Authority's internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
March 29, 2022





**Independent Auditors' Report on Compliance for each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of Directors
Douglas County Housing Partnership
Lone Tree, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Douglas County Housing Partnership's (the Authority) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2021. The 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 Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 Authority's compliance with the compliance requirements referred to above.

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Colorado Springs, CO
Denver, CO
Tulsa, OK

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750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
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FAX: 303.796.1001
www.HinkleCPAs.com

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 Authority's federal programs.

Auditor's 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 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 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 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 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 Authority'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 Auditor's 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the Authority as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority. We issued our report thereon dated March 29, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hick & Company, PC

Englewood, Colorado
March 29, 2022



Douglas County Housing Partnership
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2021

Section I: Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

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

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

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
21.023	Emergency Rental Assistance

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? Yes No

Section II: Financial Statement Findings

No current year findings or questioned costs were reported.

Section III: Federal Award Findings and Questioned Costs

No current year findings or questioned costs were reported.

Douglas County Housing Partnership
 (A Multi-Jurisdictional Housing Authority)
 Schedule of Expenditures Federal Awards
 For the Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Passed through the Colorado Housing and Finance Authority Housing Counseling Assistance Program	14.169	\$ 22,708
Passed through the Colorado Department of Housing Home Investment Partnerships Program	14.239	715,725
Passed through Douglas County Community Development Block Grants/Entitlement Grants	14.218	<u>93,584</u>
Total U.S. Department of Housing and Urban Development		832,017
U.S. Department of the Treasury		
Passed through Douglas County Emergency Rental Assistance	21.023	<u>1,053,609</u>
Total U.S. Department of Housing and Urban Development		<u>1,053,609</u>
Total Federal Financial Assistance		<u><u>\$ 1,885,626</u></u>

Douglas County Housing Partnership
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The Authority does not use a de minimis cost.

Note 2: Program Income

The amounts shown as current year expenditures for the Authority's Community Development Block Grants/Entitlement Grants program represent income generated and utilized by the program.