

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

YEAR ENDED DECEMBER 31, 2021

**WITH
REPORT OF INDEPENDENT AUDITORS**

**LOVELAND HOUSING AUTHORITY
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YEAR ENDED DECEMBER 31, 2021**

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REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners of the
Loveland Housing Authority:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of Loveland Housing Authority (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the accompanying table of contents. .

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the net position of the primary government and the aggregate discretely presented component units of the Authority, as of December 31, 2021, and the changes in their net position and their cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the blended component unit (Loveland Elder Green House Home for Life Enrichment), which statements reflect total assets, net position, and operating revenues of 25.7%, -6.6%, and 40.8%, respectively of the primary government totals. Those statements were audited by an other auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Loveland Elder Green Housing Home for Life Enrichment is based solely on the report of the other auditor. We did not audit the financial statements of the discretely presented component units. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the discretely presented component units, to conform those financial statement to present in accordance with the accounting standards issued by the Governmental Accounting Standards Board. Our opinions, as they relate to the amounts included for the discretely presented component units, prior to these conversion adjustments, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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, including omissions, 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 auditing standards generally accepted in the United States of America 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.
- 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.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

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

Other Matters (continued)

Other Information (continued)

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 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 the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



October 20, 2022
Toms River, New Jersey

FINANCIAL STATEMENTS

LOVELAND HOUSING AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	ASSETS		
	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	\$ 8,879,941	\$ 1,737,039	\$ 10,616,980
Tenant security deposits	170,998	301,261	472,259
Accounts receivable - tenants, net	56,332	31,068	87,400
Accounts receivable - other	3,640,142	68,371	3,708,513
Prepaid expenses	135,213	49,354	184,567
Inventories, net	78,098	-	78,098
Assets held for sale	<u>8,684,633</u>	<u>-</u>	<u>8,684,633</u>
Total current assets	<u>21,645,357</u>	<u>2,187,093</u>	<u>23,832,450</u>
Non-current assets:			
Restricted cash	480,750	1,575,255	2,056,005
Notes receivable, non-current	20,116,991	-	20,116,991
Accrued interest receivable	598,152	-	598,152
Investment in partnerships	152,489	-	152,489
Other assets	850,604	313,349	1,163,953
Non-depreciable capital assets	6,740,343	5,320,655	12,060,998
Depreciable capital assets, net	<u>36,316,747</u>	<u>81,323,640</u>	<u>117,640,387</u>
Total non-current assets	<u>65,256,076</u>	<u>88,532,899</u>	<u>153,788,975</u>
Total assets	<u>\$ 86,901,433</u>	<u>\$ 90,719,992</u>	<u>\$ 177,621,425</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Operating revenues:			
Tenant revenue	\$ 13,451,141	\$ 3,294,879	\$ 16,746,020
HUD operating grants	6,739,522	-	6,739,522
Other government grants	1,496,230	-	1,496,230
Other revenues	<u>4,671,157</u>	<u>33,161</u>	<u>4,704,318</u>
Total operating revenues	<u>26,358,050</u>	<u>3,328,040</u>	<u>29,686,090</u>
Operating expenses:			
Administrative	13,764,517	728,751	14,493,268
Tenant services	100,530	-	100,530
Utilities	608,364	305,893	914,257
Ordinary repairs and maintenance	1,632,732	770,331	2,403,063
Insurance	333,011	117,267	450,278
General	323,787	294,398	618,185
Housing assistance payments	5,723,528	-	5,723,528
Depreciation	<u>2,467,506</u>	<u>2,084,472</u>	<u>4,551,978</u>
Total operating expenses	<u>24,953,975</u>	<u>4,301,112</u>	<u>29,255,087</u>
Operating income (loss)	<u>1,404,075</u>	<u>(973,072)</u>	<u>431,003</u>
Non-operating revenues (expenses):			
Investment income	600,707	804	601,511
Interest expense	(1,404,461)	(1,004,031)	(2,408,492)
Loss on sale of capital assets	<u>(16,683)</u>	<u>-</u>	<u>(16,683)</u>
Net non-operating revenues (expenses)	<u>(820,437)</u>	<u>(1,003,227)</u>	<u>(1,823,664)</u>
Change in net position	583,638	(1,976,299)	(1,392,661)
Total net position, beginning of year	<u>48,303,299</u>	<u>42,628,943</u>	<u>90,932,242</u>
Total net position, end of year	<u>\$ 48,886,937</u>	<u>\$ 40,652,644</u>	<u>\$ 89,539,581</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and others	\$ 18,243,021
Cash received from grantors	6,854,086
Cash paid to employees	(13,755,743)
Cash paid to vendors and suppliers	<u>(11,770,578)</u>
Net cash used in operating activities	<u>(429,214)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of notes payable	7,549,935
Principal payments on notes payable	(7,129,317)
Interest paid on long term debt	(608,371)
Purchase of capital assets	(1,312,779)
Proceeds from sale of capital assets	<u>2,600,000</u>
Net cash provided by capital and related financing activities	<u>1,099,468</u>
Cash Flows from Investing Activities:	
Issuance of notes receivable	(1,163,431)
Collection of notes receivable	749,125
Interest received	<u>497,067</u>
Net cash provided by investing activities	<u>82,761</u>
Net increase in cash and cash equivalents and restricted cash	753,015
Cash and cash equivalents and restricted cash, beginning of year	<u>8,778,674</u>
Cash and cash equivalents and restricted cash, end of year	<u>\$ 9,531,689</u>
Reconciliation of cash and cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	\$ 8,879,941
Tenant security deposits	170,998
Restricted cash	<u>480,750</u>
Total cash and cash equivalents and restricted cash	<u>\$ 9,531,689</u>

See accompanying notes to financial statements.

LOVELAND HOUSING AUTHORITY
STATEMENT OF CASH FLOWS (continued)
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Primary Government
Reconciliation of operating income to net cash used in operating activities:	
Operating income	\$ 1,404,075
Adjustments to reconcile operating income to net cash used in operating activities:	
Depreciation	2,467,506
Changes in operating assets and liabilities:	
Accounts receivable, net	(1,183,804)
Prepaid expenses	(6,810)
Inventory, net	(7,843)
Other assets	(39,610)
Assets held for sale	(5,462,480)
Accounts payable	1,673,851
Accrued expenses	389,748
Tenant security deposits liability	(29,807)
Prepaid rent	(82,767)
Unearned revenues	(33,185)
Accrued compensated absences	12,260
Other liabilities	469,652
Net cash used in operating activities	\$ (429,214)
Schedule of Non-cash Investing and Financing Activities:	
Issuance of sellers note, net of deferred gain of \$3,618,289 from sale of capital assets	\$ 1,181,711

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
AS OF DECEMBER 31, 2021**

	ASSETS						Total Discretely Presented Component Units
	Brookstone Partnership LLP	Mirasol Senior Housing Partnership II, LLP	Mirasol Senior Housing Partnership III, LLP	The Edge LLP	The Edge II LLP	Meadows Partnership II LLP	
Current assets:							
Cash and cash equivalents	\$ 950,638	\$ 161,257	\$ 207,791	\$ 89,999	\$ 198,923	\$ 128,431	\$ 1,737,039
Tenant security deposits	42,416	49,275	58,117	47,677	59,104	44,672	301,261
Accounts receivable - tenants, net	6,815	-	-	24,253	-	-	31,068
Accounts receivable - other	-	3,206	995	-	31,180	32,990	68,371
Prepaid expenses	15,458	3,000	5,695	13,483	-	11,718	49,354
Total current assets	<u>1,015,327</u>	<u>216,738</u>	<u>272,598</u>	<u>175,412</u>	<u>289,207</u>	<u>217,811</u>	<u>2,187,093</u>
Non-current assets:							
Restricted cash	-	448,382	218,268	500,679	187,170	220,756	1,575,255
Other assets	-	32,502	129,180	34,065	75,647	41,955	313,349
Non-depreciable capital assets	200,000	982,973	936,578	1,230,000	1,311,104	660,000	5,320,655
Depreciable capital assets, net	<u>11,361,981</u>	<u>8,620,345</u>	<u>15,413,014</u>	<u>16,819,039</u>	<u>18,858,837</u>	<u>10,250,424</u>	<u>81,323,640</u>
Total non-current assets	<u>11,561,981</u>	<u>10,084,202</u>	<u>16,697,040</u>	<u>18,583,783</u>	<u>20,432,758</u>	<u>11,173,135</u>	<u>88,532,899</u>
Total assets	<u>\$ 12,577,308</u>	<u>\$ 10,300,940</u>	<u>\$ 16,969,638</u>	<u>\$ 18,759,195</u>	<u>\$ 20,721,965</u>	<u>\$ 11,390,946</u>	<u>\$ 90,719,992</u>

See accompanying notes to financial statements.

LOVELAND HOUSING AUTHORITY
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Brookstone Partnership LLP	Mirasol Senior Housing Partnership II, LLP	Mirasol Senior Housing Partnership III, LLP	The Edge LLP	The Edge II LLP	Meadows Partnership II LLP	Total Discretely Presented Component Units
Operating revenues:							
Tenant revenue	\$ 246,331	\$ 624,009	\$ 672,935	\$ 754,229	\$ 287,359	\$ 710,016	\$ 3,294,879
Other revenues	<u>25</u>	<u>5,558</u>	<u>409</u>	<u>4,280</u>	<u>2,398</u>	<u>20,491</u>	<u>33,161</u>
Total operating revenues	<u>246,356</u>	<u>629,567</u>	<u>673,344</u>	<u>758,509</u>	<u>289,757</u>	<u>730,507</u>	<u>3,328,040</u>
Operating expenses:							
Administrative	56,038	151,892	136,754	182,927	55,503	145,637	728,751
Utilities	27,793	79,912	71,214	64,404	18,264	44,306	305,893
Ordinary repairs and maintenance	83,398	215,230	86,299	167,000	22,511	195,893	770,331
Insurance	10,102	31,602	23,852	23,876	2,808	25,027	117,267
General	2,833	9,381	127,884	45,097	102,025	7,178	294,398
Depreciation	<u>75,000</u>	<u>361,576</u>	<u>489,593</u>	<u>584,075</u>	<u>255,578</u>	<u>318,650</u>	<u>2,084,472</u>
Total operating expenses	<u>255,164</u>	<u>849,593</u>	<u>935,596</u>	<u>1,067,379</u>	<u>456,689</u>	<u>736,691</u>	<u>4,301,112</u>
Operating loss	<u>(8,808)</u>	<u>(220,026)</u>	<u>(262,252)</u>	<u>(308,870)</u>	<u>(166,932)</u>	<u>(6,184)</u>	<u>(973,072)</u>
Non-operating revenues (expenses):							
Investment income	-	572	77	141	2	12	804
Interest expense	<u>(35,045)</u>	<u>(105,040)</u>	<u>(222,249)</u>	<u>(158,021)</u>	<u>(193,033)</u>	<u>(290,643)</u>	<u>(1,004,031)</u>
Net non-operating revenues (expenses)	<u>(35,045)</u>	<u>(104,468)</u>	<u>(222,172)</u>	<u>(157,880)</u>	<u>(193,031)</u>	<u>(290,631)</u>	<u>(1,003,227)</u>
Change in net position	(43,853)	(324,494)	(484,424)	(466,750)	(359,963)	(296,815)	(1,976,299)
Net position, beginning of year	1,672,676	8,686,589	12,410,944	8,131,109	8,507,016	3,220,609	42,628,943
Net position, end of year	<u>\$ 1,628,823</u>	<u>\$ 8,362,095</u>	<u>\$ 11,926,520</u>	<u>\$ 7,664,359</u>	<u>\$ 8,147,053</u>	<u>\$ 2,923,794</u>	<u>\$ 40,652,644</u>

See accompanying notes to financial statements.

**LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Basis of Accounting / Financial Statement Presentation

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

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

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

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

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

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

C. Reporting Entity

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

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

Based upon the application of these criteria, this report includes blended component units and discretely presented component units. The Authority's blended component units as of December 31, 2021 consisted of the following:

Pine Tree Village Partnership, LLLP

Pine Tree Village Partnership, LLLP ("Brookstone Apts") was formed on July 23, 1998 for the purpose to acquire, own, operate, and manage a seventy-two (72) unit multifamily rental housing project in the City, known as Brookstone Apartments. Brookstone Apts operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credits. The General Partner is Loveland Housing Development Corporation ("LHDC") (0.10%) and the Limited Partner is the Authority (99.90%). Brookstone Apts is managed by the Authority. Brookstone Apts was sold on August 12, 2021 to Brookstone Partnership LLLP and is reported as a discretely presented component unit of the Authority.

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Loveland Elder Green House Home for Life Enrichment

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

The Authority's discretely presented component units are reported as of and for the year ended December 31, 2021 in a separate column to emphasize that they are legally separate from the primary government and are included under the "Discretely Presented Component Units" column on the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. As of December 31, 2021, the Authority's discretely presented component units consisted of the following:

Brookstone Partnership LLLP

Brookstone Partnership, LLLP ("Brookstone") was formed on August 12, 2021 for the purpose to acquire, own, operate, manage, and sell a seventy-two (72) unit rental housing project in the City, known as The Brookstone Apartments. Brookstone operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partner is HousingQuest Corporation (0.01%) and the Limited Partner is the Wells Fargo Affordable Housing Community Development Corporation (99.99%).

Mirasol Senior Housing Partnership II, LLLP

Mirasol Senior Housing Partnership II, LLLP ("Mirasol II") was formed on March 11, 2011 for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a sixty (60) unit rental housing project in the City, known as The Mirasol II Apartments. Mirasol II operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partner is HousingQuest Corporation (0.01%) and the Limited Partner is TRG I West, LLC (99.99%).

Mirasol Senior Housing Partnership III, LLLP

Mirasol Senior Housing Partnership III, LLLP ("Mirasol III") was formed on April 16, 2019 for the purpose of acquiring, owning, operating, managing, and selling or otherwise disposing of a sixty (60) unit rental housing project in the City, known as The Mirasol III Apartments. Mirasol III operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partner is HousingQuest Corporation (0.01%) and the Limited Partner is the Wells Fargo Affordable Housing Community Development Corporation (99.99%).

The Edge LLLP

The Edge LLLP ("The Edge") was formed on November 12, 2014 for the purpose of constructing, acquiring, owning, operating, managing, and selling or otherwise disposing of a seventy (70) unit rental housing project in the City, known as The Edge. The Edge operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partner is HousingQuest Corporation (0.01%) and the Limited Partners are the Wells Fargo Affordable Housing Community Development Corporation (98.99%) and Colorado Fund 2015 II LLC (1.0%).

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

The Edge II LLLP

The Edge II LLLP ("The Edge II") was formed on May 15, 2020 for the purpose of acquiring, owning, operating, managing, and selling or otherwise disposing of a sixty-nine (69) unit rental housing project in the City, known as The Edge Phase II Apartments. The Edge II operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partners are HousingQuest Corporation (0.005%) and the Authority (0.005%) and the Limited Partners are the Wells Fargo Affordable Housing Community Development Corporation (99.98%) and Affordable Housing Fund II, LLC (0.01%).

Meadows Partnership II LLLP

Meadows Partnership II LLLP ("Meadows II") was formed on July 25, 2018 for the purpose of acquiring, owning, operating, managing, and selling or otherwise disposing of a sixty (60) unit rental housing project in the City, known as The Meadows. Meadows II operates in accordance with a regulatory agreement intended to keep the units in compliance with Section 42 of the Internal Revenue Code and qualify for the Federal Low Income Housing Tax Credit for a period of ten years. The General Partners are HousingQuest Corporation (0.01%) and Loveland Housing Development Corporation (0.01%) and the Limited Partner is the Wells Fargo Affordable Housing Community Development Corporation (99.98%).

The blended and discretely presented component units' issue their own separate audited financial statements which are presented as of and for the year ended December 31, 2021 and can be obtained by writing to the Executive Director, Loveland Housing Authority, 375 W 37th Street, #200, Loveland, CO 80538.

D. Description of Programs

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

Section 8 Housing Choice Vouchers

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

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

The Section 8 New Construction and Substantial Rehabilitation Program allows for the construction, purchase and rehabilitation of low-income housing units to be subsidized for a contracted period of time. The Authority administers the program for HUD.

Section 8 Housing Assistance Payments Program (Orchard Place)

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

Business Activities

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

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs (continued)

CARES Act Funding Programs

During the year ended December 31, 2021, the Authority was awarded CARES Act funding as part of the Section 8 Housing Choice Vouchers Program. These funds are to be used to prevent, prepare for, and respond to the Coronavirus ("COVID-19"), as well as help the Authority maintain normal operations during the period impacted by COVID-19.

E. Use of Management Estimates

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

F. Cash and Cash Equivalents

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

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

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

G. Accounts Receivable, Net

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

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

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Allowance for Doubtful Accounts

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

I. Prepaid Expenses

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

J. Notes Receivable

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

K. Inventories, Net

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

L. Capital Assets, Net

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

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

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

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Impairment of Long Lived Assets

The Authority evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Authority determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Authority's financial statements. For the year ended December 31, 2021, there were no impairment losses incurred.

N. Inter-fund Receivables and Payables

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

O. Accounts Payable and Accrued Liabilities

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

P. Compensated Absences

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

Q. Prepaid Rent

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

R. Equity Classifications

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

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

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Equity Classifications (continued)

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

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

S. Operating Revenues and Expenses

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

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

T. Taxes

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

U. Economic Dependency

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

V. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Contingencies

The Authority receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD. As of December 31, 2021, the Authority estimates that no material liabilities will result from such audits.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2021, the Authority had funds on deposit in checking, savings, and certificates of deposits. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was \$9,531,689, and the bank balances approximated \$9,148,331.

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Unrestricted	\$ 8,879,941	\$ 1,737,039	\$ 10,616,980
Tenant security deposits	170,998	301,261	472,259
Restricted	<u>480,750</u>	<u>1,575,255</u>	<u>2,056,005</u>
Total cash and cash equivalents	<u>\$ 9,531,689</u>	<u>\$ 3,613,555</u>	<u>\$ 13,145,244</u>

Of the primary government's bank balances, \$1,109,676 was covered by federal depository insurance and the remaining \$8,038,655 was collateralized with the pledging financial institutions as of December 31, 2021.

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority does not have a formal policy for custodial credit risk. As of December 31, 2021, the Authority's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2021:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Accounts receivable - tenants, net	\$ 56,332	\$ 31,068	\$ 87,400
Accounts receivable - miscellaneous	<u>3,640,142</u>	<u>68,371</u>	<u>3,708,513</u>
Total accounts receivable, net	<u>\$ 3,696,474</u>	<u>\$ 99,439</u>	<u>\$ 3,795,913</u>

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 3. ACCOUNTS RECEIVABLE, NET (continued)

Accounts Receivable - Tenants, Net

Tenant accounts receivable represents amounts owed to the Authority by tenants for outstanding rent. The balance is shown net of an allowance for doubtful accounts of \$6,078.

Accounts Receivable - Miscellaneous

Accounts receivable - miscellaneous consists of amounts owed for the reimbursement of expenses, developer fees, and management fees from affiliate entities. The balance is shown net of an allowance for doubtful accounts of \$8,778.

NOTE 4. RESTRICTED DEPOSITS

As of December 31, 2021, restricted deposits consisted of the following:

<u>Cash Category</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Replacement reserves	\$ 404,182	\$ 266,150	\$ 670,332
Operating reserves	76,568	1,309,105	1,385,673
Tenant security deposits	<u>170,998</u>	<u>301,261</u>	<u>472,259</u>
Total restricted deposits	<u>\$ 651,748</u>	<u>\$ 1,876,516</u>	<u>\$ 2,528,264</u>

Replacement reserves represent funds that are restricted for repairs and replacement of building components and equipment.

Operating reserves represent funds that are restricted for the payment of operating expenses.

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

NOTE 5. ASSETS HELD FOR SALE

Assets held for sale consists of numerous lots and properties purchased for construction, rehabilitation and resale. As of December 31, 2021, assets held for sale totaled \$8,684,633. The following is a summary of the changes in assets held for sale for the year ended December 31, 2021:

	<u>Amount</u>
Balance at December 31, 2020	\$ 3,222,153
Purchases	1,734,900
Expenditures	3,894,887
Disposals	<u>(167,307)</u>
Balance at December 31, 2021	<u>\$ 8,684,633</u>

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 6. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2021:

Description	December 31, 2020	Additions	Dispositions	Transfers	December 31, 2021
<u>Non-depreciable:</u>					
Land	\$ 6,979,672	\$ 2,771	\$ (242,100)	\$ -	\$ 6,740,343
<u>Depreciable:</u>					
Buildings and improvements	63,058,406	1,241,895	(7,613,650)	-	56,686,651
Furniture and equipment	2,558,615	68,113	(218,764)	-	2,407,964
Subtotal	<u>65,617,021</u>	<u>1,310,008</u>	<u>(7,832,414)</u>	<u>-</u>	<u>59,094,615</u>
Less: accumulated depreciation	<u>24,575,853</u>	<u>2,467,506</u>	<u>(4,265,491)</u>	<u>-</u>	<u>22,777,868</u>
Net capital assets	<u>\$ 48,020,840</u>	<u>\$ (1,154,727)</u>	<u>\$ (3,809,023)</u>	<u>\$ -</u>	<u>\$ 43,057,090</u>

The following is a summary of the discretely presented component units' capital assets activity for the year ended December 31, 2021:

Description	December 31, 2020	Additions	Dispositions	Transfers	December 31, 2021
<u>Non-depreciable:</u>					
Land	\$ 3,809,551	\$ 1,511,104	\$ -	\$ -	\$ 5,320,655
Construction in progress	-	4,236,981	-	-	4,236,981
Subtotal	<u>3,809,551</u>	<u>5,748,085</u>	<u>-</u>	<u>-</u>	<u>9,557,636</u>
<u>Depreciable:</u>					
Buildings and improvements	56,092,740	26,256,462	-	-	82,349,202
Furniture and equipment	2,961,102	262,088	(204,135)	-	3,019,055
Subtotal	<u>59,053,842</u>	<u>26,518,550</u>	<u>(204,135)</u>	<u>-</u>	<u>85,368,257</u>
Less: accumulated depreciation	<u>6,197,126</u>	<u>2,084,472</u>	<u>-</u>	<u>-</u>	<u>8,281,598</u>
Net capital assets	<u>\$ 56,666,267</u>	<u>\$ 30,182,163</u>	<u>\$ (204,135)</u>	<u>\$ -</u>	<u>\$ 86,644,295</u>

Depreciation expense for the primary government and discretely presented component units for the year ended December 31, 2021 amounted to \$2,467,506 and \$2,084,472, respectively.

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 7. NOTES RECEIVABLE

Outstanding notes receivable for the primary government as of December 31, 2021 consisted of the following:

<u>Description</u>	<u>Amount</u>
On May 30, 2012, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$40,000. The loan accrues interest at 7.50% and matures on December 31, 2052, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$24,518 as of December 31, 2021. (City of Loveland CDBG)	\$ 40,000
On April 1, 2013, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$658,376. The loan accrues interest at 7.50% and matures on December 31, 2053, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$153,871 as of December 31, 2021. (General Partner)	456,245
On May 30, 2012, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership II, LLLP in the amount of \$75,000. The loan accrues interest at 7.50% and matures on December 31, 2052, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$45,971 as of December 31, 2021. (City of Loveland CDBG)	75,000
On April 16, 2019, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$1,420,000. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$19,786 as of December 31, 2021. (General Partner)	803,209
On April 16, 2019, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$285,885. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$23,543 as of December 31, 2021. (City of Loveland CDBG)	285,885
On April 16, 2019, the Authority entered into a loan agreement with Mirasol Senior Housing Partnership III, LLLP in the amount of \$600,000. The loan accrues interest at 3.00% and matures on December 31, 2059, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$42,747 as of December 31, 2021. (Colorado Division of Housing)	600,000

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 7. NOTES RECEIVABLE (continued)

<p>On October 29, 2015, the Authority entered into a loan agreement with The Edge, LLLP in the amount of \$3,500,000. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (General Partner)</p>	3,500,000
<p>On October 29, 2015, the Authority entered into a loan agreement with The Edge, LLLP in the amount of \$135,000. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland CDBG)</p>	135,000
<p>On October 29, 2015, the Authority entered into a loan agreement with The Edge, LLLP in the amount of \$1,247,170. The loan is interest free and matures on December 31, 2045, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland Fee Waivers)</p>	747,170
<p>On October 17, 2018, the Authority entered into a loan agreement with Meadows Partnership II, LLLP in the amount of \$4,400,000. The loan accrues interest at 2.99% and matures on December 31, 2048, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$262,967 as of December 31, 2021. (General Partner)</p>	4,281,305
<p>On October 17, 2018, the Authority entered into a loan agreement with Meadows Partnership II, LLLP in the amount of \$400,000. The loan is interest free and matures on December 31, 2048, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (Colorado Division of Housing)</p>	267,667
<p>On May 15, 2020, the Authority entered into a loan agreement with The Edge II, LLLP in the amount of \$1,044,049. The loan accrues interest at 1.44% and matures on December 31, 2060, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by a deed of trust. Accrued interest on the loan totaled \$24,749 as of December 31, 2021. (Land Purchase)</p>	1,044,049
<p>On May 15, 2020, the Authority entered into a loan agreement with The Edge II, LLLP in the amount of \$3,214,306. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (General Partner)</p>	3,214,306
<p>On May 15, 2020, the Authority entered into a loan agreement with The Edge II, LLLP in the amount of \$1,191,513. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland Fee Waivers)</p>	1,191,513

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 7. NOTES RECEIVABLE (continued)

On May 15, 2020, the Authority entered into a loan agreement with The Edge II, LLLP in the amount of \$1,035,000. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (Colorado Division of Housing)	931,500
On May 15, 2020, the Authority entered into a loan agreement with The Edge II, LLLP in the amount of \$200,000. The loan is interest free and matures on December 31, 2060, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City of Loveland CDBG)	200,000
On August 12, 2021, the Authority entered into a loan agreement with Brookstone Partnership, LLLP in the amount of \$4,800,000. The loan bears interest at 1.89% compounded annually and matures on December 31, 2061, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. The note is shown net of a deferred gain from the sale in the amount of \$3,618,289.(Seller Carry Loan)	1,181,711
On August 12, 2021, the Authority entered into a loan agreement with Brookstone Partnership, LLLP in the amount of \$1,065,000. The loan is interest free and matures on December 31, 2061, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (CDOH HOME Loan)	870,876
On August 12, 2021, the Authority entered into a loan agreement with Brookstone Partnership, LLLP in the amount of \$211,522. The loan is interest free and matures on December 31, 2061, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City CDBG Loan)	211,522
On August 12, 2021, the Authority entered into a loan agreement with Brookstone Partnership, LLLP in the amount of \$160,910. The loan is interest free and matures on December 31, 2061, at which time the entire balance of principal shall be due and payable in full. The loan is secured by a deed of trust. (City Fees Loan)	<u>80,033</u>
Total notes receivable	20,116,991
Accrued interest receivable	<u>598,152</u>
Total notes receivable and accrued interest receivable	<u>\$ 20,715,143</u>

NOTE 8. ACCOUNTS PAYABLE

As of December 31, 2021, the primary government and the discretely presented component units' accounts payable consisted of amounts due to vendors totaling \$2,779,389 and \$2,360,304, respectively. Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE

Notes payable of the primary government consisted of the following as of December 31, 2021:

<u>Serviced notes payable:</u>	<u>Principal Balance</u>	<u>Interest Balance</u>
Silver Leaf II Apartments - FirstBank	\$ 1,503,834	\$ 4,014
Orchard Place - FirstBank	2,334,927	6,233
Management Fund - First National Bank of Omaha	213,389	1,313
Rock Crest - ANB Bank	1,100,000	3,392
Willow Place - FirstBank	497,849	1,329
Cornerstone Apartments - FirstBank	246,947	660
Rentals Loan - First National Bank	4,080,933	1,730
Mirasol Senior - Bank of Colorado	2,300,000	-
Grace - ANB Bank	549,321	-
LEGH - State of Colorado	542,651	-
LEGH - FirstBank	15,702,686	-
 <u>Non-serviced notes payable:</u>		
Management Fund - Federal Home Loan Bank of Topeka	400,000	-
Willow Place - LHDC	1,013,027	488,395
Cornerstone Apartments - LHDC	<u>658,537</u>	<u>317,490</u>
 Total notes payable and accrued interest	 <u>\$ 31,144,101</u>	 <u>\$ 824,556</u>

"Serviced notes payable" represent borrowings that have monthly principal and interest payments with "Non-serviced notes payable" representing amounts borrowed that do not have regular monthly repayment terms.

<u>Description</u>	<u>Amount</u>
On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$1,900,000 to refinance the existing mortgage on the Silver Leaf II Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$8,055. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$4,014 as of December 31, 2021.	\$ 1,503,834
On January 2, 2013, the Authority entered into a loan agreement with FirstBank in the amount of \$2,952,000 to refinance the existing mortgage on the Orchard Place Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$12,515. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$6,233 as of December 31, 2021.	2,334,927

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (continued)

<p>On May 1, 2014, the Authority entered into a loan agreement with First National Bank of Omaha in the amount of \$744,398 to refinance the existing mortgage on the administrative offices of the Authority. The loan accrues interest at a rate of 3.40% for the first five years and note to exceed the 5-year treasury rate plus 2.54 basis points for the last five years. The loan is due in monthly payments of principal and interest of \$7,570 and matures on May 1, 2024. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$1,313 as of December 31, 2021.</p>	213,389
<p>On June 24, 2005, the Authority entered into a loan agreement with the Federal Home Loan Bank of Topeka in the amount of \$400,000 for the purpose of lending the proceeds to Mirasol Senior Housing Partnership, LLLP. The loan is interest free and is in the process of being forgiven in 2022. The loan is secured by interest in the real property.</p>	400,000
<p>On August 19, 2002, the Authority entered into a loan agreement with the Colorado Housing Finance Agency in the amount of \$1,406,000 to purchase and rehabilitate the Rock Crest Apartment Complex. The loan accrues interest at a rate of 6.05% and is due in monthly payments of principal and interest of \$8,475. The loan matures on December 1, 2032 and is secured by interest in the real property. On November 6, 2020, the Authority refinanced the loan with ANB Bank in the amount of \$1,100,000. The loan accrues interest at a rate of 3.70% and matures on November 6, 2025, at which time the entire balance of principal shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$3,392 as of December 31, 2021.</p>	1,100,000
<p>On September 2, 2008, the Authority entered into a loan agreement with the LHDC in the amount of \$1,013,027 to purchase the Willow Place Apartment Complex. The loan accrues interest at a rate of 3.00% and matures on September 1, 2023, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$488,395 as of December 31, 2021.</p>	1,013,027
<p>On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$629,000 to refinance Willow Place Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$2,677. The loan matures on January 1, 2026, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$1,329 as of December 31, 2021.</p>	497,849
<p>On September 2, 2008, the Authority entered into a loan agreement with the LHDC in the amount of \$658,537 to purchase the Cornerstone Apartment Complex. The loan accrues interest at a rate of 3.00% and matures on September 1, 2023, at which time the entire balance of principal and interest shall be due and payable in full. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$317,490 as of December 31, 2021.</p>	658,537

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (continued)

On December 31, 2012, the Authority entered into a loan agreement with FirstBank in the amount of \$312,000 to refinance Cornerstone Apartment Complex. The loan accrues interest at a rate of 3.00% and is due in monthly payments of principal and interest of \$1,323. The loan matures on January 1, 2028, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$660 as of December 31, 2021. 246,947

On March 10, 2021, the Authority entered into a loan agreement with the First National Bank of Omaha in the amount of \$4,148,551.29 to refinance the Mirasol Rental Homes. The loan accrues interest at a rate of 2.67% and is due in monthly payments of principal and interest of \$16,846.99. The loan matures on March 10, 2031, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. Accrued interest on the loan totaled \$1,730 as of December 31, 2021. 4,080,933

On April 21, 2021, the Authority entered into a loan agreement with the Bank of Colorado in the amount of \$2,300,000. The loan accrues interest at a rate of 3.29% and is due in monthly payments of principal and interest of \$10,121. The loan matures on April 21, 2031, at which time a final balloon payment of principal is due. The loan is secured by interest in the real property. 2,300,000

On June 30, 2021, the Authority entered into a loan agreement with ANB Bank in the amount of \$3,310,031. The loan accrues interest at a rate of 2.95% and is due in monthly payments of principal and interest of \$177,940.38. The loan matures on June 30, 2027 and is secured by interest in the real property. 549,321

On December 11, 2020, LEGH entered into a loan agreement with the State of Colorado in the amount of \$600,000. The loan accrues interest at a rate of 1.00% and is due in monthly payments of principal and interest of \$6,349. The loan matures on January 1, 2031 and is secured by interest in the real property. 542,651

On December 6, 2020, LEGH entered into a loan agreement with FirstBank in the amount of \$16,336,207. Upon the last draw of the construction note, the draw period ends and the permanent loan period begins, which will be no later than February 1, 2022. Until conversion date, interest only payments are due monthly at an interest rate of 3.90%. 15,702,686

Total notes payable 31,144,101
Less: current portion 1,644,437

Notes payable, net of current portion \$ 29,499,664

Interest expense for the primary government for the year ended December 31, 2021 totaled \$1,404,461. Accrued interest payable totaled \$824,556 as of December 31, 2021.

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (continued)

The primary government's annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,644,437	\$ 360,274	\$ 2,004,711
2023	17,034,680	1,059,934	18,094,614
2024	428,576	294,594	723,170
2025	1,497,565	487,624	1,985,189
2026	814,362	274,300	1,088,662
2027-2031	<u>9,724,481</u>	<u>806,398</u>	<u>10,530,879</u>
	<u>\$ 31,144,101</u>	<u>\$ 3,283,124</u>	<u>\$ 34,427,225</u>

A summary of the Authority's discretely presented component units long-term debt is as follows:

<u>Loans payable to the Authority as evidenced by a Note Receivable</u> <u>(see Note 7):</u>	<u>Amount</u>
Pine Tree Village Apartments, LLLP loan for Brookstone Partnership, LLLP	\$ 4,800,000
CDOH HOME loan for Brookstone Partnership, LLLP	870,876
CDBG loan for Brookstone Partnership, LLLP	211,522
City fees loan for Brookstone Partnership, LLLP	80,033
CDBG loan for Mirasol Senior Housing Partnership II, LLLP	40,000
Authority loan for Mirasol Senior Housing Partnership II, LLLP	456,245
Homequest loan for Mirasol Senior Housing Partnership II, LLLP	75,000
Development loan for Mirasol Senior Housing Partnership III, LLLP	803,209
CDBG loan for Mirasol Senior Housing Partnership III, LLLP	285,885
CDOH loan for Mirasol Senior Housing Partnership III, LLLP	600,000
Land loan for The Edge II LLLP	1,044,049
Sponsor loan for The Edge II LLLP	3,214,306
City loan for The Edge II LLLP	1,191,513
CDOH loan for The Edge II LLLP	931,500
CDBG loan for The Edge II LLLP	200,000
Disposition Funds loan for The Edge LLLP	3,500,000
CDBG Fifth Mortgage loan for The Edge LLLP	135,000
City Fee Contribution loan for The Edge LLLP	747,170
Seller Carryback loan for Meadows Partnership II LLLP	4,281,305
Development loan for Meadows Partnership II LLLP	<u>267,667</u>
Total primary government loans to discretely presented component units	<u>\$ 23,735,280</u>

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (continued)

Notes payable of the discretely presented component units to other lenders consisted of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
On August 12, 2021, Brookstone Partnership LLLP entered into a loan agreement with Wells Fargo in the amount of \$9,700,000 to finance the construction of the Project. The loan accrues interest at a rate of 0.5% The loan's conversion date is August 12, 2023 when it will convert to a permanent loan. All interest incurred during the rehab period will be capitalized.	\$ 2,241,470
On March 28, 2014, Mirasol Senior Housing Partnership II, LLLP entered into a permanent loan for \$1,215,000 with Bank of Colorado.. The loan bears interest at 5.3% and has a term of 16 years and monthly payments of \$6,806. The loan is shown net of debt issuance costs.	1,025,241
On March 19, 2021 Mirasol Senior Housing Partnership III, LLLP entered into a permanent loan with Bank of Colorado in the amount of \$3,140,000. The permanent loan has an original maturity date of March 19, 2037. The loan bears interest at a rate of 4.95% compounded monthly. Monthly payments are required in the amount of \$15,744.41.	3,072,707
On May 15, 2020, The Edge II LLLP entered into a construction loan with ANB Bank in the amount of \$12,000,000. During the construction phase, the loan has a fixed interest rate equal to 3.90% per annum. The construction loan has an original maturity date of June 29, 2021 (extended to March 2022). Payments of interest only are required under this loan. Construction period interest of \$129,950 was capitalized to fixed assets. The permanent phase will have an amortization period of 35 years. After 18 years, all unpaid principal and interest become due and payable.	4,054,800
On September 20, 2017, The Edge LLLP entered into a loan with Bank of Colorado in the amount of \$3,900,000. The loan bears interest at 4.23% and is amortized over 30 years with a maturity date of September 21, 2035.	3,496,756
On October 29, 2015, The Edge LLLP entered into a loan with Colorado Division of Housing in the amount of \$2,700,000 funded by Community Development Block Grant Disaster Recovery funds. The loan is dated October 29, 2015 and matures on November 1, 2055. The loan bears interest at 0% and requires payments from cash flow only.	2,700,000

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 9. NOTES PAYABLE (continued)

On October 26, 2018, the Meadows Partnership II LLLP entered into a construction loan with ANB Bank in conjunction with the Authority in the amount of \$6,500,000 as Colorado Multifamily Housing Revenue Bonds to finance the renovation of apartments. Upon satisfaction of stabilization conditions (October 26, 2020), the loan converted to permanent phase with a principal amount of \$3,775,000 and a fixed rate of 4.167803% per annum. Payments of interest only were due monthly during the construction phase. The permanent phase will be amortized over 35 years with all amounts payable at final maturity. Construction period interest of \$169,609 was capitalized to the cost of the renovated assets.

3,557,338

Total notes payable to other lenders

20,148,312

Total notes payable

\$ 43,883,592

Accrued interest payable as of December 31, 2021 and interest expense for the year then ended for the discretely presented component units both totaled \$633,051.

The five-year maturity disclosure information can be found in the financial statements of each individual discretely presented component unit, which can be obtained from management of the Authority.

NOTE 10. NON-CURRENT LIABILITIES

Non-current liabilities of the primary government as of December 31, 2021 consisted of the following:

Description	December 31, 2020	Additions	Reductions/ Payments	December 31, 2021	Amounts due within one Year
Accrued compensated absences	\$ 290,967	\$ 303,227	\$ (290,967)	\$ 303,227	\$ 303,227
Notes payable	30,723,483	7,549,937	(7,129,319)	31,144,101	1,644,437
Accrued interest payable	762,366	73,716	(11,526)	824,556	824,556
Developer fee	<u>425,437</u>	<u>-</u>	<u>(425,437)</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>\$ 32,202,253</u>	<u>\$ 7,926,880</u>	<u>\$ (7,857,249)</u>	<u>\$ 32,271,884</u>	<u>\$ 2,772,220</u>

Non-current liabilities of the discretely presented component units as of December 31, 2021 consisted of the following:

Description	December 31, 2020	Additions	Reductions/ Payments	December 31, 2021	Amounts due within one Year
Related party payables	\$ 170,684	\$ 113,757	\$ (82,129)	\$ 202,312	\$ -
Notes payable	31,296,922	18,840,068	(6,253,398)	43,883,592	-
Accrued interest payable	454,978	1,004,031	(825,958)	633,051	633,051
Developer fee	<u>1,335,127</u>	<u>3,551,216</u>	<u>(2,262,418)</u>	<u>2,623,925</u>	<u>-</u>
Total non-current liabilities	<u>\$ 33,257,711</u>	<u>\$ 23,509,072</u>	<u>\$ (9,423,903)</u>	<u>\$ 47,342,880</u>	<u>\$ 633,051</u>

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

NOTE 11. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2021:

<u>Description</u>	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity (Memorandum Only)</u>
Replacement reserves	\$ 404,182	\$ 266,150	\$ 670,332
Operating reserves	<u>76,568</u>	<u>1,309,105</u>	<u>1,385,673</u>
Total restricted net position	<u>\$ 480,750</u>	<u>\$ 1,575,255</u>	<u>\$ 2,056,005</u>

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

Operating reserves represents funds that are restricted for the payment of operating expenses.

NOTE 12. CONDENSED FINANCIAL INFORMATION OF THE BLENDED COMPONENT UNITS

	<u>LEGH</u>	<u>Brookstone Apts</u>
Assets:		
Current assets	\$ 1,201,821	\$ -
Non-current assets	-	-
Capital assets, net	<u>22,005,657</u>	<u>-</u>
Total assets	<u>23,207,478</u>	<u>-</u>
Liabilities:		
Current liabilities	10,511,415	-
Non-current liabilities	<u>16,158,207</u>	<u>-</u>
Total liabilities	<u>26,669,622</u>	<u>-</u>
Net Position:		
Net investment in capital assets	5,760,320	-
Restricted	-	-
Unrestricted	<u>(9,222,464)</u>	<u>-</u>
Net position	<u>(3,462,144)</u>	<u>-</u>
Total liabilities and net position	<u>\$ 23,207,478</u>	<u>\$ -</u>

LOVELAND HOUSING AUTHORITY
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2021

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

	<u>LEGH</u>	<u>Brookstone Apts</u>
Operating revenues:		
Tenant revenue	\$ 10,361,148	\$ 467,559
Other governmental grants	304,423	-
Other revenues	<u>78,903</u>	<u>-</u>
Total operating revenues	<u>10,744,474</u>	<u>467,559</u>
Operating expenses:		
Administrative	10,496,231	81,350
Tenant services	-	258
Utilities	206,381	41,550
Repairs and maintenance	123,101	99,466
Insurance	158,592	10,973
General	18,148	275,056
Depreciation	<u>1,111,353</u>	<u>123,012</u>
Total operating expenses	<u>12,113,806</u>	<u>631,665</u>
Non-operating revenues (expenses)	<u>(814,771)</u>	<u>(34,707)</u>
Transfer of equity	<u>-</u>	<u>(2,577,308)</u>
Change in net position	<u>\$ (2,184,103)</u>	<u>\$ (2,776,121)</u>

NOTE 13. DEFERRED COMPENSATION PLAN

The Authority provides deferred compensation benefits for all of its regular employees through a defined contribution plan. The plan is administered by Empower Retirement. The Authority contributes up to 5% of the employees' covered salary. For the year ended December 31, 2021, the Authority contributed \$281,576 to the plan.

NOTE 14. VULNERABILITY - IMPACT OF COVID-19

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

NOTE 15. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Subsequent events have been evaluated through October 20, 2022, which is the date the financial statements were available to be issued, and management concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

To the Board of Commissioners of the
Loveland Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities (primary government) and the discretely presented component units of Loveland Housing Authority (the "Authority"), which comprise the statement of net position as of December 31, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 20, 2022. Our report includes a reference to other auditors who audited the financial statements of the blended component unit (Loveland Elder Green House Home for Life Enrichment) and the discretely presented component units of the Authority as described in our report on the Authority's financial statements. The financial statements of the blended component unit and the discretely presented component units were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 communication is not suitable for any other purpose.

Novogradac & Company LLP

October 20, 2022
Toms River, New Jersey

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

To the Board of Commissioners of the
Loveland Housing Authority:

Opinion on Each Major Federal Program

We have audited the Loveland Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the Uniform Guidance 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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.

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 its federal programs.

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 generally accepted auditing standards, *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.

Auditors' Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of this Report

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

Norogradac & Company LLP

October 20, 2022
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

**LOVELAND HOUSING AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Grant Expenditures</u>
U.S. Department of Housing and Urban Development:			
Housing Voucher Cluster			
Section 8 Housing Choice Vouchers	14.871	N/A	\$ 6,229,201
Section 8 Housing Choice Vouchers CARES Act	14.HCC	N/A	<u>33,185</u>
Total Housing Voucher Cluster			<u>6,262,386</u>
Section 8 Project Based Cluster			
Section 8 New Construction and Substantial Rehabilitation	14.182	N/A	662,380
Section 8 Housing Assistance Payments Program	14.195	N/A	<u>376,137</u>
Total Section 8 Project Based Cluster			<u>1,038,517</u>
Passed-Through Programs from the City of Loveland:			
Community Development Block Grant	14.218	B-19-MC-08-0012	<u>239,899</u>
Total Expenditures of Federal Awards			<u>\$ 7,540,802</u>

**LOVELAND HOUSING AUTHORITY
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 (the "Schedule") includes the federal grant activity of the Authority under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial position, changes in net position or cash flows of the Authority. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3. INDIRECT COST RATE

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

**LOVELAND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

I. Summary of Auditors' Results

Financial Statement Section

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

Federal Awards Section

- | | | |
|----|--|---------------|
| 1. | Internal Control over compliance: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified? | None Reported |
| 2. | Type of auditors' report on compliance for major programs: | Unmodified |
| 3. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |
| 4. | Identification of major programs: | |

CFDA Number

Name of Federal Program

Housing Voucher Cluster:
14.871
14.HCC

Section 8 Housing Choice Vouchers
Section 8 Housing Choice Vouchers CARES Act

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

LOVELAND HOUSING AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2021

II. Financial Statement Findings

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

III. Federal Award Findings and Questioned Costs

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

IV. Schedule of Prior Year Federal Audit Findings

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

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF NET POSITION
DECEMBER 31, 2021

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
Current assets:								
Cash and cash equivalents	\$ 76,957	\$ 1,229,207	\$ 23,354	\$ 5,164,343	\$ 2,450	\$ 3,520	\$ 545,491	\$ 925,124
Tenant security deposits	-	23,675	15,025	-	-	-	36,684	9,717
Accounts receivable - tenants, net	-	1,627	10,440	-	-	-	28,355	9,012
Accounts receivable - other	-	-	-	2,911,297	-	-	(300)	-
Prepaid expenses	-	4,463	21,959	33,503	-	-	11,649	731
Inventories, net	-	-	-	78,098	-	-	-	-
Assets held for sale	-	-	-	8,684,633	-	-	-	-
Interfund receivables	-	-	-	10,685,871	-	-	-	-
Total current assets	76,957	1,258,972	70,778	27,557,745	2,450	3,520	621,879	944,584
Non-current assets:								
Restricted cash	-	181,132	154,569	-	-	-	-	-
Notes receivable, non-current	-	-	-	19,996,020	-	120,971	-	-
Accrued interest receivable	-	-	-	598,152	-	-	-	-
Investment in partnerships	-	-	-	152,489	-	-	-	-
Other assets	-	-	-	-	-	-	(1,980)	-
Non-depreciable capital assets	-	139,996	192,515	1,265,375	-	-	504,000	238,662
Depreciable capital assets, net	-	780,736	3,372,918	2,509,247	-	-	1,779,325	798,238
Total non-current assets	-	1,101,864	3,720,002	24,521,283	-	120,971	2,281,345	1,036,900
Total assets	\$ 76,957	\$ 2,360,836	\$ 3,790,780	\$ 52,079,028	\$ 2,450	\$ 124,491	\$ 2,903,224	\$ 1,981,484

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF NET POSITION
DECEMBER 31, 2021

	Section 8 Housing Choice Vouchers	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
Current liabilities:								
Accounts payable	\$ 7,263	\$ 17,460	\$ 17,134	\$ 969,648	\$ -	\$ -	\$ 109,075	\$ 1,330
Accrued expenses	-	-	-	346,997	-	-	-	-
Tenant security deposits	-	21,952	14,004	500	-	-	35,493	8,011
Prepaid rent	-	4,106	7,596	-	-	-	8,481	1,536
Unearned revenue	-	-	-	-	-	-	-	-
Accrued compensated absences, current	27,022	7,793	8,819	235,148	-	-	7,205	4,840
Notes payable, current	-	51,640	80,280	483,926	-	-	-	505,491
Accrued interest payable	-	4,014	6,233	1,313	-	-	3,392	489,724
Other current liabilities	-	-	-	1,500,000	-	-	-	-
Interfund payables	-	-	-	40,768	-	41,069	-	-
Total current liabilities	34,285	106,965	134,066	3,578,300	-	41,069	163,646	1,010,932
Non-current liabilities:								
Notes payable, non-current	-	1,452,194	2,254,647	678,784	-	-	1,100,000	1,005,385
Other non-current liabilities	-	-	-	-	-	-	-	-
Total non-current liabilities	-	1,452,194	2,254,647	678,784	-	-	1,100,000	1,005,385
Total liabilities	34,285	1,559,159	2,388,713	4,257,084	-	41,069	1,263,646	2,016,317
Net position:								
Net investment in capital assets	-	(583,102)	1,230,506	3,011,912	-	-	1,183,325	(473,976)
Restricted	-	181,132	154,569	-	-	-	-	-
Unrestricted	42,672	1,203,647	16,992	44,810,032	2,450	83,422	456,253	439,143
Total net position	42,672	801,677	1,402,067	47,821,944	2,450	83,422	1,639,578	(34,833)
Total liabilities and net position	\$ 76,957	\$ 2,360,836	\$ 3,790,780	\$ 52,079,028	\$ 2,450	\$ 124,491	\$ 2,903,224	\$ 1,981,484

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF NET POSITION
DECEMBER 31, 2021

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	State and Local	Brookstone Apts	Elimination	Total
Current assets:									
Cash and cash equivalents	\$ 108,169	\$ 53,950	\$ 105,963	\$ 69,251	\$ 572,162	\$ -	\$ -	\$ -	\$ 8,879,941
Tenant security deposits	4,504	-	41,969	39,424	-	-	-	-	170,996
Accounts receivable - tenants, net	6,847	-	35	16	(8,778)	-	-	-	47,554
Accounts receivable - other	-	137,556	-	3,548	596,819	-	-	-	3,648,920
Prepaid expenses	4,441	-	10,536	6,313	41,618	-	-	-	135,213
Inventories, net	-	-	-	-	-	-	-	-	78,098
Assets held for sale	-	-	-	-	-	-	-	-	8,684,633
Interfund receivables	-	-	-	40,768	-	-	-	(10,726,639)	-
Total current assets	123,961	191,506	158,503	159,320	1,201,821	-	-	(10,726,639)	21,645,357
Non-current assets:									
Restricted cash	-	-	144,049	1,000	-	-	-	-	480,750
Notes receivable, non-current	-	-	-	-	-	-	-	-	20,116,991
Accrued interest receivable	-	-	-	-	-	-	-	-	598,152
Investment in partnerships	-	-	-	-	-	-	-	-	152,489
Other assets	-	-	-	852,584	-	-	-	-	850,604
Non-depreciable capital assets	176,587	-	1,683,903	-	2,539,305	-	-	-	6,740,343
Depreciable capital assets, net	361,855	-	2,936,311	4,311,765	19,466,352	-	-	-	36,316,747
Total non-current assets	538,442	-	4,764,263	5,165,349	22,005,657	-	-	-	65,256,076
Total assets	\$ 662,403	\$ 191,506	\$ 4,922,766	\$ 5,324,669	\$ 23,207,478	\$ -	\$ -	\$ (10,726,639)	\$ 86,901,433

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF NET POSITION
DECEMBER 31, 2021

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	State and Local	Brookstone Apts	Elimination	Total
Current liabilities:									
Accounts payable	\$ 3,977	\$ 68,285	\$ 12,593	\$ 29,987	\$ 1,542,637	\$ -	\$ -	\$ -	\$ 2,779,389
Accrued expenses	-	90,831	-	-	373,395	-	-	-	811,223
Tenant security deposits	3,528	-	41,087	35,963	-	-	-	-	160,538
Prepaid rent	830	-	3,576	2,065	334,283	-	-	-	362,473
Unearned revenue	-	-	-	-	-	-	-	-	-
Accrued compensated absences, current	1,347	-	4,913	6,140	-	-	-	-	303,227
Notes payable, current	325,970	-	91,054	18,946	87,130	-	-	-	1,644,437
Accrued interest payable	318,147	-	1,733	-	-	-	-	-	824,556
Other current liabilities	-	-	-	-	128,989	-	-	-	1,628,989
Interfund payables	-	-	-	2,599,821	8,044,981	-	-	(10,726,639)	-
Total current liabilities	653,799	159,116	154,956	2,692,922	10,511,415	-	-	(10,726,639)	8,514,832
Non-current liabilities:									
Notes payable, non-current	579,514	-	3,989,879	2,281,054	16,158,207	-	-	-	29,499,664
Other non-current liabilities	-	-	-	-	-	-	-	-	-
Total non-current liabilities	579,514	-	3,989,879	2,281,054	16,158,207	-	-	-	29,499,664
Total liabilities	1,233,313	159,116	4,144,835	4,973,976	26,669,622	-	-	(10,726,639)	38,014,496
Net position:									
Net investment in capital assets	(367,042)	-	539,281	2,011,765	5,760,320	-	-	-	12,312,989
Restricted	-	-	145,049	-	-	-	-	-	480,750
Unrestricted	(203,868)	32,390	93,601	(1,661,072)	(9,222,464)	-	-	-	36,093,198
Total net position	(570,910)	32,390	777,931	350,693	(3,462,144)	-	-	-	48,886,937
Total liabilities and net position	\$ 662,403	\$ 191,506	\$ 4,922,766	\$ 5,324,669	\$ 23,207,478	\$ -	\$ -	\$ (10,726,639)	\$ 86,901,433

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021

	Section 8 Housing Choice Vouchers & CARES	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
Operating revenues:								
Tenant revenues	\$ -	\$ 260,199	\$ 172,651	\$ 18,228	\$ -	\$ -	\$ 634,454	\$ 310,440
HUD operating grants	5,701,005	662,380	376,137	-	-	-	-	-
Other governmental grants	-	-	-	923,531	-	-	-	28,377
Other revenues	21,660	75	-	5,142,837	-	-	60	-
Total operating revenues	5,722,665	922,654	548,788	6,084,596	-	-	634,514	338,817
Operating expenses:								
Administrative	536,871	340,752	157,658	1,893,655	-	-	147,899	79,329
Tenant services	-	86,161	5,543	-	-	-	759	217
Utilities	-	78,101	40,323	39,389	-	-	54,122	16,123
Ordinary repairs and maintenance	-	200,280	158,039	628,985	-	-	167,111	142,208
Insurance	1,987	14,158	22,559	59,603	-	475	17,756	6,467
General	-	-	3,952	(20,304)	-	-	3,145	(815)
Extraordinary maintenance	-	-	-	-	-	-	-	-
Housing assistance payments	5,723,528	-	-	-	-	-	-	-
Depreciation	-	131,977	198,290	118,700	-	-	214,865	62,889
Total operating expenses	6,262,386	851,429	586,364	2,720,028	-	475	605,657	306,418
Operating income (loss)	(539,721)	71,225	(37,576)	3,364,568	-	(475)	28,857	32,399

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021

	Section 8 Housing Choice Vouchers & CARES	Silver Leaf II Apartments	Orchard Place	Management Fund	Housing Quest	Home Quest	Rock Crest	Willow Place
Non-operating revenues (expenses)								
Investment income	2,379	5,452	22	580,455	20	5,625	130	4,246
Mortgage interest income	-	-	-	-	-	-	-	-
Interest expense	-	(46,569)	(72,307)	(13,817)	-	-	(41,265)	(59,043)
Loss on assets held for sale	-	-	-	(16,683)	-	-	-	-
Net non-operating revenues (expenses)	2,379	(41,117)	(72,285)	549,955	20	5,625	(41,135)	(54,797)
Special Item - Gain/Loss	-	-	-	1,377,308	-	-	-	-
Change in net position	(537,342)	30,108	(109,861)	5,291,831	20	5,150	(12,278)	(22,398)
Total net position, beginning of year	580,014	771,569	1,511,928	42,137,231	2,430	78,272	1,651,856	(12,435)
Equity transfers	-	-	-	392,882	-	-	-	-
Distribution	-	-	-	-	-	-	-	-
Total net position, end of year	\$ 42,672	\$ 801,677	\$ 1,402,067	\$ 47,821,944	\$ 2,450	\$ 83,422	\$ 1,639,578	\$ (34,833)

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	State and Local	Brookstone Apts	Elimination	Total
Operating revenues:									
Tenant revenues	\$ 119,128	\$ -	\$ 593,984	\$ 513,350	\$ 10,361,148	\$ -	\$ 467,559	\$ -	\$ 13,451,141
HUD operating grants	-	-	-	-	-	-	-	-	6,739,522
Other governmental grants	-	-	-	-	304,423	239,899	-	-	1,496,230
Other revenues	25	(45)	-	44,317	78,903	-	-	(537,426)	4,750,406
Total operating revenues	119,153	(45)	593,984	557,667	10,744,474	239,899	467,559	(537,426)	26,437,299
Operating expenses:									
Administrative	24,461	52	157,908	229,325	10,496,231	-	81,350	-	14,145,491
Tenant services	82	-	3,235	4,275	-	-	258	-	100,530
Utilities	15,556	-	23,258	93,561	206,381	-	41,550	-	608,364
Ordinary repairs and maintenance	58,731	-	77,822	184,307	123,101	28,377	99,466	(537,426)	1,331,007
Insurance	5,158	-	23,827	11,456	158,592	-	10,973	-	333,011
General	1,143	-	38,854	4,608	18,148	-	275,056	-	323,787
Extraordinary maintenance	-	-	-	-	-	-	-	-	-
Housing assistance payments	-	-	-	-	-	-	-	-	5,723,528
Depreciation	32,361	-	186,386	287,673	1,111,353	-	123,012	-	2,467,506
Total operating expenses	137,498	52	511,290	815,205	12,113,806	28,377	631,665	(537,426)	25,033,224
Operating income (loss)	(18,345)	(97)	82,694	(257,538)	(1,369,332)	211,522	(164,106)	-	1,404,075

LOVELAND HOUSING AUTHORITY
SCHEDULE OF COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
DECEMBER 31, 2021

	Cornerstone Apartments	Revolving Fund	Mirasol Rentals	Mirasol I	LEGH	State and Local	Brookstone Apts	Elimination	Total
Non-operating revenues (expenses)									
Investment income	392	1,730	28	89	2	-	137	-	600,707
Mortgage interest income	-	-	-	-	-	-	-	-	-
Interest expense	(36,005)	-	(116,969)	(168,869)	(814,773)	-	(34,844)	-	(1,404,461)
Loss on assets held for sale	-	-	-	-	-	-	-	-	(16,683)
Net non-operating revenues (expenses)	(35,613)	1,730	(116,941)	(168,780)	(814,771)	-	(34,707)	-	(820,437)
Special Item - Gain/Loss	-	-	-	-	-	-	(2,577,308)	1,200,000	-
Change in net position	(53,958)	1,633	(34,247)	(426,318)	(2,184,103)	211,522	(2,776,121)	1,200,000	583,638
Total net position, beginning of year	(516,952)	30,757	812,178	-	(1,278,041)	-	2,776,121	(1,200,000)	47,344,928
Equity transfers	-	-	-	777,011	-	(211,522)	-	-	958,371
Distribution	-	-	-	-	-	-	-	-	-
Total net position, end of year	\$ (570,910)	\$ 32,390	\$ 777,931	\$ 350,693	\$ (3,462,144)	\$ -	\$ -	\$ -	\$ 48,886,937

Loveland Housing Authority (CO034)

Loveland, CO

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/202

	6.2 Component Unit Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.195 Section 9 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	6.1 Component Unit Discretely Presented	14.218 Community Development Block Grants/Entitlement Grants	ELIM	Total
111 Cash - Unrestricted	\$572,162	\$1,229,207	\$6,978,261	\$23,354	\$76,957		\$1,737,039			\$10,616,980
112 Cash - Restricted - Modernization and Development										
113 Cash - Other Restricted		\$181,132	\$145,049	\$154,569			\$1,575,255			\$2,056,005
114 Cash - Tenant Security Deposits		\$23,675	\$132,298	\$15,025			\$301,261			\$472,259
115 Cash - Restricted for Payment of Current Liabilities										
100 Total Cash	\$572,162	\$1,434,014	\$7,255,608	\$192,948	\$76,957	\$0	\$3,613,555	\$0	\$0	\$13,145,244
121 Accounts Receivable - PHA Projects										
122 Accounts Receivable - HUD Other Projects										
124 Accounts Receivable - Other Government										
125 Accounts Receivable - Miscellaneous	\$596,819		\$3,052,101				\$68,371			\$3,717,291
126 Accounts Receivable - Tenants		\$1,627	\$45,078	\$12,872			\$33,901			\$93,478
126.1 Allowance for Doubtful Accounts -Tenants	-\$8,778	\$0	-\$813	-\$2,432			-\$2,833			-\$14,856
126.2 Allowance for Doubtful Accounts - Other	\$0						\$0			\$0
127 Notes, Loans, & Mortgages Receivable - Current										
128 Fraud Recovery										
128.1 Allowance for Doubtful Accounts - Fraud										
129 Accrued Interest Receivable										
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$588,041	\$1,627	\$3,096,366	\$10,440	\$0	\$0	\$99,439	\$0	\$0	\$3,795,913
131 Investments - Unrestricted										
132 Investments - Restricted										
135 Investments - Restricted for Payment of Current Liability										
142 Prepaid Expenses and Other Assets	\$41,618	\$4,463	\$67,173	\$21,959			\$49,354			\$184,567
143 Inventories			\$78,098							\$78,098
143.1 Allowance for Obsolete Inventories			\$0							\$0
144 Inter Program Due From	\$0		\$10,726,639						-\$10,726,639	\$0
145 Assets Held for Sale			\$8,684,633							\$8,684,633
150 Total Current Assets	\$1,201,821	\$1,440,104	\$29,908,517	\$225,347	\$76,957	\$0	\$3,762,348	\$0	-\$10,726,639	\$25,888,455
161 Land	\$2,539,305	\$139,996	\$3,868,527	\$192,515			\$5,320,655			\$12,060,998
162 Buildings	\$22,787,949	\$2,960,549	\$25,500,451	\$5,437,702			\$78,653,774			\$135,340,425
163 Furniture, Equipment & Machinery - Dwellings	\$1,520,562	\$134,800	\$748,131	\$4,471			\$3,019,055			\$5,427,019
164 Furniture, Equipment & Machinery - Administration										
165 Leasehold Improvements							\$3,695,428			\$3,695,428
166 Accumulated Depreciation	-\$4,842,159	-\$2,314,613	-\$13,551,841	-\$2,069,255			-\$8,281,598			-\$31,059,466
167 Construction in Progress							\$4,236,981			\$4,236,981
168 Infrastructure										
170 Total Capital Assets, Net of Accumulated Depreciation										\$129,701,385
171 Notes, Loans and Mortgages Receivable - Non-Current	\$0		\$20,715,143							\$20,715,143
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due										
173 Grants Receivable - Non Current										
174 Other Assets	\$0		\$1,003,093				\$313,349			\$1,316,442
176 Investments in Joint Ventures										
180 Total Non-Current Assets	\$22,005,657	\$920,732	\$38,283,504	\$3,565,433	\$0	\$0	\$86,957,644	\$0	\$0	\$151,732,970
200 Deferred Outflow of Resources										
290 Total Assets and Deferred Outflow of Resources	\$23,207,478	\$2,360,836	\$68,192,021	\$3,790,780	\$76,957	\$0	\$90,719,992	\$0	-\$10,726,639	\$177,621,425

Loveland Housing Authority (CO034)

Loveland, CO

Submission Type: Audited/Single Audit

Entity Wide Balance Sheet Summary

Fiscal Year End: 12/31/2021

	6.2 Component Unit Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.195 Section 9 Housing Assistance Payments Program_Special Allocations	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	6.1 Component Unit Discretely Presented	14.218 Community Development Block Grants/Entitlement Grants	ELIM	Total
311 Bank Overdraft										
312 Accounts Payable <= 90 Days	\$1,542,637	\$17,460	\$1,194,895	\$17,134	\$7,263		\$2,360,304			\$5,139,693
313 Accounts Payable >90 Days Past Due										
321 Accrued Wage/Payroll Taxes Payable	\$373,395		\$90,831				\$29,303			\$493,529
322 Accrued Compensated Absences - Current Portion		\$7,793	\$259,593	\$8,819	\$27,022					\$303,227
324 Accrued Contingency Liability			\$346,997							\$346,997
325 Accrued Interest Payable		\$4,014	\$814,309	\$6,233			\$633,051			\$1,457,607
331 Accounts Payable - HUD PHA Programs										
332 Account Payable - PHA Projects										
333 Accounts Payable - Other Government										
341 Tenant Security Deposits		\$21,952	\$124,582	\$14,004			\$289,820			\$450,358
342 Unearned Revenue	\$334,283	\$4,106	\$16,488	\$7,596			\$45,041			\$407,514
344 Current Portion of Long-term Debt - Operating Borrowings	\$87,130	\$51,640	\$1,425,387	\$80,280						\$1,644,437
345 Other Current Liabilities			\$1,500,000							\$1,500,000
346 Accrued Liabilities - Other	\$128,989									\$128,989
347 Inter Program - Due To	\$8,044,981		\$2,681,658						-\$10,726,639	\$0
348 Loan Liability - Current										
310 Total Current Liabilities	\$10,511,415	\$106,965	\$8,454,740	\$134,066	\$34,285	\$0	\$3,357,519	\$0	-\$10,726,639	\$11,872,351
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$16,158,207	\$1,452,194	\$9,234,616	\$2,254,647			\$43,883,592			\$72,985,256
352 Long-term Debt, Net of Current - Operating Borrowings			\$400,000							\$400,000
353 Non-current Liabilities - Other							\$2,826,237			\$2,826,237
354 Accrued Compensated Absences - Non Current										
355 Loan Liability - Non Current										
356 FASB 5 Liabilities										
357 Accrued Pension and OPEB Liabilities										
350 Total Non-Current Liabilities	\$16,158,207	\$1,452,194	\$9,634,616	\$2,254,647	\$0	\$0	\$46,709,829	\$0	\$0	\$76,209,493
300 Total Liabilities	\$26,669,622	\$1,559,159	\$18,089,356	\$2,388,713	\$34,285	\$0	\$50,067,348	\$0	-\$10,726,639	\$88,081,844
400 Deferred Inflow of Resources										
508.4 Net Investment in Capital Assets	\$5,760,320	-\$583,102	\$5,905,265	\$1,230,506	\$0		\$42,760,703			\$55,073,692
511.4 Restricted Net Position	\$0	\$181,132	\$145,049	\$154,569			\$1,575,255			\$2,056,005
512.4 Unrestricted Net Position	-\$9,222,464	\$1,203,647	\$4,052,351	\$16,992	\$42,672	\$0	-\$3,683,314	\$0		\$32,409,884
513 Total Equity - Net Assets / Position	-\$3,462,144	\$901,677	\$50,102,665	\$1,402,067	\$42,672	\$0	\$40,652,644	\$0	\$0	\$89,539,581
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$23,207,478	\$2,360,836	\$68,192,021	\$3,790,780	\$76,957	\$0	\$90,719,992	\$0	-\$10,726,639	\$177,621,425

See report of independent auditors.

Loveland Housing Authority (CO034)

Loveland, CO

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

Entity Wide Revenue and Expense Summary

	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	6.1 Component Unit - Discretely Presented	14.218 Community Development Block Grants/Entitlement Grants	ELIM	Total
70300 Net Tenant Rental Revenue	\$10,773,646	\$260,199	\$2,154,802	\$366,896			\$3,294,916			\$16,650,459
70400 Tenant Revenue - Other	\$55,061		\$34,782	\$5,755			-\$37			\$95,561
70500 Total Tenant Revenue	\$10,828,707	\$260,199	\$2,189,584	\$172,651	\$0	\$0	\$3,294,879	\$0	\$0	\$16,746,020
70600 HUD PHA Operating Grants		\$62,380		\$376,137		\$33,185				\$6,739,522
70610 Capital Grants										
70710 Management Fee										
70720 Asset Management Fee										
70730 Book Keeping Fee										
70740 Front Line Service Fee										
70750 Other Fees			\$868,685						-\$380,974	\$487,711
70700 Total Fee Revenue									-\$380,974	-\$380,974
70800 Other Government Grants	\$304,423		\$951,908					\$239,899		\$1,496,230
71100 Investment Income - Unrestricted	\$139	\$5,452	\$992,715	\$22	\$2,379		\$804			\$601,511
71200 Mortgage Interest Income										
71300 Proceeds from Disposition of Assets Held for Sale			\$0							\$0
71310 Cost of Sale of Assets			\$0							\$0
71400 Fraud Recovery					\$3,214					\$3,214
71500 Other Revenue		\$75	\$4,318,509	\$376,137	\$18,446		\$33,161		-\$235,701	\$4,213,393
71600 Gain or Loss on Sale of Capital Assets				-\$16,683						-\$16,683
72000 Investment Income - Restricted										
70000 Total Revenue	\$11,212,172	\$928,106	\$8,904,718	\$548,810	\$5,691,859	\$33,185	\$3,328,844	\$239,899	-\$616,675	\$30,270,918
91100 Administrative Salaries	\$6,164,438	\$65,369	\$1,168,222	\$80,709	\$165,519	\$33,185	\$186,800			\$7,864,242
91200 Auditing Fees	\$47,604	\$3,000	\$63,137	\$2,000	\$2,000		\$27,869			\$145,610
91300 Management Fee	\$564,411	\$79,249	\$113,514	\$29,813	\$180,870		\$274,133		-\$380,974	\$861,016
91310 Book-keeping Fee							\$48,528			\$48,528
91400 Advertising and Marketing	\$10,837		\$38,189							\$49,026
91500 Employee Benefit Contributions - Administrative	\$428,070	\$16,155	\$409,593	\$18,852	\$39,023		\$5,276			\$916,969
91600 Office Expenses	\$1,308,750	\$174,517	\$707,087	\$11,825	\$111,800		\$23,442			\$2,337,421
91700 Legal Expense	\$2,652	\$1,615	\$12,563	\$3,422	\$2,303		\$30,579			\$53,134
91800 Travel		\$647	\$15,208	\$649						\$16,704
91810 Allocated Overhead										
91900 Other	\$2,050,819		\$5,116		\$2,171		\$103,486			\$2,161,592
91000 Total Operating - Administrative	\$10,577,581	\$340,752	\$2,532,659	\$147,270	\$503,696	\$33,185	\$700,113	\$0	-\$380,974	\$14,454,242
92000 Asset Management Fee				\$10,388			\$28,638			\$39,026
92100 Tenant Services - Salaries										
92200 Relocation Costs										
92300 Employee Benefit Contributions - Tenant Services										
92400 Tenant Services - Other	\$258	\$86,161	\$8,568	\$5,543						\$100,530
92500 Total Tenant Services	\$258	\$86,161	\$8,568	\$5,543	\$0	\$0	\$0	\$0	\$0	\$100,530

Loveland Housing Authority (CO034)

Loveland, CO

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

Entity Wide Revenue and Expense Summary

	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	6.1 Component Unit - Discretely Presented	14.218 Community Development Block Grants/Entitlement Grants	ELIM	Total
93100 Water	\$39,625	\$14,120	\$56,429	\$14,014			\$56,439			\$180,627
93200 Electricity	\$134,621	\$35,059	\$74,203	\$9,015			\$148,315			\$401,213
93300 Gas	\$23,979	\$6,885	\$32,372	\$10,064			\$17,999			\$91,299
93400 Fuel							\$6,880			\$6,880
93500 Labor										
93600 Sewer	\$40,526	\$10,156	\$48,807				\$76,260			\$175,749
93700 Employee Benefit Contributions - Utilities										
93800 Other Utilities Expense	\$9,180	\$11,881	\$30,198	\$7,230						\$58,489
93900 Total Utilities	\$247,931	\$78,101	\$242,009	\$40,323			\$305,893	\$0	\$0	\$914,257
94100 Ordinary Maintenance and Operations - Labor			\$515,286							\$515,286
94200 Ordinary Maintenance and Operations - Materials and Other	\$1,315	\$4,760	\$25,163	\$4,102			\$14,338	\$28,377		\$78,055
94300 Ordinary Maintenance and Operations Contracts	\$221,252	\$195,520	\$718,721	\$153,937			\$759,953		-\$235,701	\$1,888,722
94500 Employee Benefit Contributions - Ordinary Maintenance										
94000 Total Maintenance	\$222,567	\$200,280	\$1,259,170	\$158,039	\$0	\$0	\$770,331	\$28,377	-\$235,701	\$2,403,063
95100 Protective Services - Labor										
95200 Protective Services - Other Contract Costs										
95300 Protective Services - Other										
95500 Employee Benefit Contributions - Protective Services										
95000 Total Protective Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
96110 Property Insurance										
96120 Liability Insurance										
96130 Workmen's Compensation	\$475	\$765	\$18,060	\$942	\$1,987		\$2,877			\$25,106
96140 All Other Insurance							\$41,881			\$41,881
96100 Total Insurance Premiums	\$169,585	\$14,158	\$124,742	\$22,559	\$1,987	\$0	\$117,267	\$0	\$0	\$450,278
96200 Other General Expenses	\$272,992		\$18,550				\$251,831			\$543,373
96210 Compensated Absences										
96300 Payments in Lieu of Taxes							\$17,070			\$17,070
96400 Bad debt - Tenant Rents	\$1,945		\$1,576	\$3,952			\$954			\$8,127
96500 Bad debt - Mortgages										
96600 Bad debt - Other	\$18,148									\$18,148
96800 Severance Expense										
96000 Total Other General Expenses	\$292,785	\$0	\$20,126	\$3,952	\$0	\$0	\$269,855	\$0	\$0	\$586,718
96710 Interest of Mortgage (or Bonds) Payable	\$849,617	\$46,569	\$262,708	\$72,307			\$1,007,527			\$2,238,728
96720 Interest on Notes Payable (Short and Long Term)			\$173,260							\$173,260
96730 Amortization of Bond Issue Costs	\$419		\$6,505				\$21,047			\$27,971
96700 Total Interest Expense and Amortization Cost	\$850,036	\$46,569	\$442,473	\$72,307	\$0	\$0	\$1,028,574	\$0	\$0	\$2,439,959

Loveland Housing Authority (CO034)

Loveland, CO

Submission Type: Audited/Single Audit

Fiscal Year End: 12/31/2021

Entity Wide Revenue and Expense Summary

	6.2 Component Unit - Blended	14.182 N/C S/R Section 8 Programs	1 Business Activities	14.195 Section 8 Housing Assistance Payments Program, Special Allocations	14.871 Housing Choice Vouchers	14.HCC HCV CARES Act Funding	6.1 Component Unit - Discretely Presented	14.218 Community Development Block Grants/Entitlement Grants	ELIM	Total
96900 Total Operating Expenses	\$12,360,729	\$766,021	\$4,629,717	\$460,381	\$505,673	\$33,185	\$3,220,671	\$28,377	-\$616,675	\$21,388,623
97000 Excess of Operating Revenue over Operating Expenses	-\$1,148,551	\$162,085	\$4,275,001	\$88,429	\$5,186,186	\$0	\$108,173	-\$211,522	\$0	\$8,862,845
97100 Extraordinary Maintenance										
97200 Casually Losses - Non-capitalized										
97300 Housing Assistance Payments										\$5,723,528
97350 HAP Portability-In										
97400 Depreciation Expense	\$1,234,365	\$131,977	\$902,874	\$198,290			\$2,084,472			\$4,551,978
97500 Fraud Losses										
97600 Capital Outlays - Governmental Funds										
97700 Debt Principal Payment - Governmental Funds										
97800 Dwelling Units Rent Expense										
90000 Total Expenses	\$13,595,088	\$897,998	\$5,532,591	\$658,671	\$6,229,201	\$33,185	\$5,305,143	\$28,377	-\$616,675	\$31,663,579
10010 Operating Transfer In										
10020 Operating transfer Out										
10030 Operating Transfers from/to Primary Government										
10040 Operating Transfers from/to Component Unit										
10050 Proceeds from Notes, Loans and Bonds										
10060 Proceeds from Property Sales										
10070 Extraordinary Items, Net Gain/Loss										
10080 Special Items (Net Gain/Loss)	-\$2,577,308									\$1,200,000
10091 Inter Project Excess Cash Transfer In										
10092 Inter Project Excess Cash Transfer Out										
10093 Transfers between Program and Project - In			\$211,522							\$211,522
10094 Transfers between Project and Program - Out										-\$211,522
10100 Total Other financing Sources (Uses)	-\$2,577,308	\$0	\$1,588,830	\$0	\$0	\$0	\$0	-\$211,522	\$1,200,000	\$0
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-\$4,960,224	\$30,108	\$4,960,957	-\$109,861	-\$537,342	\$0	-\$1,976,299	\$0	\$1,200,000	-\$1,392,661
11020 Required Annual Debt Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11030 Beginning Equity	\$2,456,451	\$71,569	\$4,183,337	\$1,511,928	\$80,014	\$0	\$0	\$0		\$49,503,299
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-\$958,371		\$958,371				\$42,628,943			\$42,628,943
11050 Changes in Compensated Absence Balance										
11060 Changes in Contingent Liability Balance										
11070 Changes in Unrecognized Pension Transition Liability										
11080 Changes in Special Term/Severance Benefits Liability										
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents										
11100 Changes in Allowance for Doubtful Accounts - Other										
11170 Administrative Fee Equity					\$42,672					\$42,672
11180 Housing Assistance Payments Equity										
11190 Unit Months Available					\$0					\$0
11210 Number of Unit Months Leased	576	864	2064	600	100					4004