

Douglas County Housing Partnership

A Multi-Jurisdictional Housing Authority

Financial Statements
with Independent Auditor's Report

December 31, 2022



**HINKLE &
COMPANY**
Strategic Business Advisors PC

Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

Table of Contents

December 31, 2022

Independent Auditor’s Report	1
Management’s Discussion and Analysis	i
Basic Financial Statements	
<i>Proprietary Funds</i>	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statements of Cash Flows	7
<i>Notes to Financial Statements</i>	8
Required Supplementary Information	
Schedule of Proportionate Share of the Net Pension Liability and Contributions	39
Schedule of Proportionate Share of the Net OPEB Liability and Contributions.....	40
<i>Notes to Required Supplementary Information</i>	42



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

Independent Auditor's Report

Board of Directors
Douglas County Housing Partnership
Lone Tree, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of the Douglas County Housing Partnership (the Authority) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Authority as of December 31, 2022, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Supplementary Information

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

Hick & Company, PC

Englewood, Colorado
March 29, 2023



Douglas County Housing Partnership, a Multi-Jurisdictional Housing Authority Management Discussion and Analysis

Year Ended December 31, 2022

This discussion and analysis provide the management perspective of the Douglas County Housing Partnership (DCHP) financial position and operational performance for the fiscal year ended December 31, 2022. This document is intended to be considered in conjunction with the accompanying audited financial statements.

AGENCY OVERVIEW

Access to affordable and attainable housing options is an essential component of maintaining and growing vibrant communities and local economic strength, yet many people in our community struggle to find housing that meets their needs. We know that housing is about more than providing a roof and four walls. Housing is just the beginning of creating opportunities for individuals and families to realize a sense of home, self-sufficiency or independence, and prosperity. To achieve these goals, DCHP is focusing on housing preservation, opportunity, and stability. By preserving existing affordable housing, creating and promoting opportunities for affordable rental and attainable home ownership, and working to enhance housing security, we contribute to stronger communities where residents continue to thrive.

The primary source of operating revenue for DCHP in 2022 comes from rental income and developer fees. A primary function of DCHP is to provide housing options within our participating jurisdictions. Generally, rental housing is provided to residents whose income is below 60% of the area median income (AMI) – in 2022, a one-person household can earn up to \$49,260 annually, and we can charge up to \$1,319 for a one-bedroom at 60% AMI. Beyond rental income and developer fees, DCHP relies on participating jurisdiction contributions, various partnership fees, and grant funding to maintain our program offerings that reach across the housing continuum.

We strive to create additional cash flow, specifically from rental income and development initiatives. We plan to create operational efficiencies that will drive cash flow and allow DCHP to build internal capacity to further our mission. Cash flow is primarily driven by increasing rental revenue (although rental revenue is limited based on affordable rent limits), reducing

vacancy loss, and properly managing residential accounts receivable, expenses and accounts payable. Development initiatives that DCHP is involved in or pursuing that result in additional cash flow include entering into Special Limited Partnerships and the issuance of Private Activity Bonds to private developers, as well as building affordable housing, acquiring and preserving existing housing, re-developing and converting buildings into affordable housing, etc.

We seek to create operational efficiencies and expand agency capacity. In part DCHP will achieve this through developing new operational efficiencies that reduce internal waste by refining cumbersome processes, automating processes, and creating standard operating procedures that can grow with our organization. Additionally, effective January 1, 2023, DCHP no longer utilizes two different third-party management companies to operate and manage DCHP rental properties. Management Fees from DCHP assets now go directly to DCHP to fund our additional staffing needs and growth. The added efficiencies of in-house management will allow us to implement useful technology and utilize all property staff to advance the DCHP mission and capacity. We are striving towards organizational excellence and an expanded impact. With upcoming growth and changes, we expect spending in technology, staffing, staff development and training will increase over time in support of future goals and plans.

Program compliance is a heightened priority for current and future programs. Compliance related to affordable programs is a high priority for DCHP. In 2022, a third-party management company DCHP contracted incurred program compliance findings—all findings and concerns have since been resolved by DCHP staff. Nevertheless, the monitoring findings highlight the compliance risks DCHP faces, as failure to comply and/or cure findings could result in re-capture of funding and could be detrimental to the DCHP reputation and ability to secure future grant awards. To address this risk, DCHP is employing a Compliance Administrator to monitor internal program compliance and ensure staff is properly trained and informed. Furthermore, DCHP transitioned to financial and residential software that includes a robust compliance platform.

Risk reduction and internal control measures are growing with DCHP. With recent changes to the property management structure and the expectation of grant awards related to housing vouchers, DCHP is making changes to standard operating procedures and risk management protocols. New procedures include enhancements to our three-person control system regarding financial processes, to include accounts receivable and payable for our anticipated new and

expanded programs, and our newly self-managed properties. Additionally, compliance and general risks are reviewed in groups of at least three, at least quarterly. Internal control measures are openly discussed with staff to ensure understanding and adherence. Leadership maintains an open policy regarding discussing concerns and taking recommendations from staff for improvements and risk reduction.

We plan to use our added capacity and efficiencies to expand our impact and program offerings. In addition to the transition of managing our rental properties in-house, we are seeking grant funding from the State of Colorado to enable DCHP to enhance housing stability and opportunity through administering a limited number of housing vouchers, a rapid re-housing program, and a transformational resident services program. Furthermore, in early 2023 DCHP was awarded a grant through Enterprise Community Partners to support staff in identifying affordable housing preservation opportunities, and train staff in preservation best practices. Finally, the added capacity gained through the transition to in-house property management allows DCHP leadership to engage with and support member jurisdictions with important efforts, including initiating a multi-jurisdictional housing needs assessment, and understanding and taking advantage of new funding opportunities, such as Proposition 123.

OVERVIEW OF DCHP PROGRAMS AND ECONOMIC CONDITIONS

We proudly offer a range of housing related programs designed to achieve economically thriving communities. These programs reach across the housing continuum to first-time home buyers, homeowners struggling or facing foreclosure, and people 62 and older looking to access equity in their home or find a rental community where they can age in place.

DCHP Housing Counseling programs are predominantly funded by grants from Colorado Housing Finance Authority (CHFA) and the U.S. Department of Housing and Urban Development (HUD); in 2022 DCHP received \$129,950 in grant funding to provide the following impactful services.

Home Ownership Education

Home ownership classes are typically offered monthly and provide valuable educational support to first-time homebuyers. The information provided allows attendees to determine if they are ready to purchase a home and answers questions about the buying process.

In 2022, 483 households received homebuyer education.

Down Payment Assistance

We offer down payment assistance (DPA) funded through three funding sources:

1) Home Investment Partnerships Program (HOME), 2) Community Development Block Grant (CDBG), and 3) Douglas County Cash-in-Lieu (CIL) funds. There are two options for down payment assistance, an amortizing second position loan or a shared equity investment. The Amortized Loan Program (ALP) offers a \$15,000 loan amortized over 30 years at a 3% interest rate. The DCHP Shared Equity Program (SEP) provides funds for down payment with no monthly payments required until the sale or refinance of the property. When the sale or refinance occurs, DCHP is repaid the investment at the same percentage as was initially invested. All loan payments and payoffs are deposited into the appropriate revolving loan fund (RLF) to be re-lent.

Unfortunately, we were unable to fund any down payment assistance applications in 2022 due to rising housing prices and rising interest rates, making homeownership unattainable for the 33 households who applied for assistance.

In 2022, eight clients paid off their down payment assistance, which returned \$252,697 to the revolving loan fund.

Program	Type of DPA	Number of Clients	2022 Payoff Amount
HOME	SEP	3	\$129,099
HOME	ALP	2	\$ 21,120
CDBG	SEP	2	\$ 79,868
CDBG	ALP	1	\$ 22,610
	<i>Totals</i>	8	\$252,967

Foreclosure Counseling

The Foreclosure Mitigation Program provides an important service to residents facing housing instability. In 2022, DCHP provided foreclosure counseling services to 104 households seeking to avoid foreclosure after defaulting on their mortgages.

Home Equity Conversion Mortgage (HECM) Counseling

This counseling is provided to households 62 years of age and older who are considering this option. Demand for this service continues to grow, with 336 HECM counseling sessions provided in 2022. In 2023, we expect to see a decrease in HECM services provided due to DCHP counseling staff retiring and the training of new staff.

Rental Housing

As of 2022, DCHP is part of 2,106 income restricted rental housing units in participating jurisdictions. In some cases, we act as a conduit to provide private activity bonds and/or serve as a special limited partner. We strive to ensure the new developments further the DCHP mission. These developer partnerships resulted in Operating Revenues of \$95,871 in 2022. As of March 2023, DCHP is working on development initiatives and partnerships to increase the rental housing count by 921 units in upcoming years.

Rental income comes from DCHP assets rented to predominately low-income households. DCHP owns and operates 74* units. Housing programs include HOME, CDBG, Emergency Temporary Housing through DC Cares, etc. In Q3 of 2023, DCHP plans to acquire and manage Reyn Rock Plaza, which will add 33 units of subsidized housing for elderly, low-income residents. In 2023, we expect a slight reduction in rental income from Stonecreek due to the inclusion of DC Cares units, and several units being held off-line for repairs in Q1. We expect Oakwood Senior rental revenue will increase, as less vacancy loss is expected in 2023. Oakwood Senior, Stonecreek, and Scattered Sites Rental Revenues for 2022 increased by \$147,387 or 22.93% due to the addition of 15 Stonecreek units.

*As tax credit entity, Oakwood Senior II, LLC (53 units) property financials including Rental Revenues are not included in the DCHP financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

DCHP uses fund accounting to report its financial position and activities. Each fund is used to maintain control over resources that have been segregated for specific activities or objectives. In 2022, DCHP had three funds: General Fund, Loan Fund, and Oakwood Apartments Fund. The General Fund includes general administration, operations, and housing services and counseling. The Loan Fund includes down payment assistance programs financed by grants, and designated Cash in Lieu (CIL) funds received from private developers. The Oakwood Apartments Fund accounts for the activities of the senior apartment community owned by DCHP through the Douglas County Housing Partnership Oakwood Apartments Enterprise.

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

Nonoperating revenues and expenses include grant and interest activity.

The Financial Section consists of three sections: Management Discussion and Analysis, Financial Statements with notes, and Required Supplementary Information related to the pension plan. The Statement of Net Position reports our assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. The revenues and expenses are recorded in the Statement of Revenues, Expenses and Changes in Net Position. Grant expenditures for Federal programs are required to be audited for compliance and internal controls in accordance with government auditing standards and OMB Uniform Guidance. If we expend over \$750,000 in Federal grant awards, a Single Audit is required; in 2022 expenditures were not above the threshold and a Single Audit was not required.

STATEMENT OF NET POSITION

The Net Position of the Authority increased by \$1,083,897 or 8% in fiscal year 2022. The following table summarizes the changes in assets, liabilities and net position between December 31, 2021 and December 31, 2022:

Statement of Net Position				
	Year Ended Dec 2021	Year Ended Dec 2022	Change	Percentage Change
Assets				
Total Current Assets	\$ 5,895,940	\$ 7,426,442	\$ 1,530,502	25.96%
Total Noncurrent Assets	\$ 9,864,080	\$ 9,695,159	\$ (168,921)	-1.71%
Total Assets	\$ 15,760,020	\$ 17,121,601	\$ 1,361,581	8.64%
Deferred Outflows of Resources				
Total Deferred Outflows of Resources	\$ 58,808	\$ 56,945	\$ (1,863)	-3.17%
Liabilities and Net Position				
Total Current Liabilities	\$ 156,149	\$ 818,053	\$ 661,904	423.89%
Total Long-Term Liabilities	\$ 1,762,543	\$ 1,504,128	\$ (258,415)	-14.66%
Total Liabilities	\$ 1,918,692	\$ 2,322,181	\$ 403,489	21.03%
Deferred Inflows of Resources				
Total Deferred Inflows of Resources	\$ 344,972	\$ 217,304	\$ (127,668)	-37.01%
Net Position				
Net Investment in Capital Assets	\$ 4,192,782	\$ 4,119,466	\$ (73,316)	-1.75%
Restricted	\$ 3,860,930	\$ 3,942,800	\$ 81,870	2.12%
Unrestricted	\$ 5,501,452	\$ 6,576,795	\$ 1,075,343	19.55%
Total Net Position	\$ 13,555,164	\$ 14,639,061	\$ 1,083,897	8.00%

Total Assets increased by 8.64% due to Current Asset--Accounts Receivable for the Oakwood Senior II Deferred Developer Fee. Total Liabilities increased by 21.03% due to Current Liability--Accrued Expenses, which is the developer consulting expense due from the Oakwood Senior II Deferred Developer Fee. Long Term Debt was \$1,504,125 at year-end 2022, a decrease of 14.66%. On April 2020, the Authority obtained a loan to refinance the loans from CHFA and FirstBank. FirstBank loaned \$1,700,000. The loan accrues interest at 3.25% per annum. Monthly payments of principal and interest, amortized over a fifteen-year period, began May 1, 2020, with a balloon payment due at maturity on April 1, 2035. Additionally, there were reductions in Notes Payable, Net Pension Liability, and OPEB Liability.

Statement of Revenues, Expenses, and Changes in Net Position				
The following table summarizes the changes in revenue and expenses between December 31, 2021 and December 31, 2022:				
	Year Ended Dec 2021	Year Ended Dec 2022	Change	Percentage Change
Operating Revenues				
Total Operating Revenues	\$ 3,394,174	\$ 2,732,975	\$ (661,199)	-19.48%
Operating Expenses				
Total Operating Expenses	\$1,854,647	\$ 1,807,500	\$ (47,147)	-2.54%
Net Operating Income (Loss)	\$1,539,527	\$ 925,475	\$ (614,052)	-39.89%
Nonoperating Revenues (Expenses)				
Total Nonoperating Revenues (Expenses)	\$69,862	\$ 158,422	\$ 88,560	126.76%
Change in Net Position	\$1,609,389	\$ 1,083,897	\$ (525,492)	-32.65%
Net Position, Beginning of Year	\$11,945,775	\$ 13,555,164	\$ 1,609,389	13.47%
Net Position, End of Year	\$13,555,164	\$ 14,639,061	\$ 1,083,897	8.00%

Net Operating Income decreased by 39.89% due to a reduction in Operating Revenues of 19.48% resulting from nine fewer Shared Equity pay-offs occurring in 2022 and the elimination of Emergency Rental Assistance Program participation.

CAPITAL ASSETS AND DEBT ADMINISTRATION				
Capital Assets				
	Year Ended Dec 2021	Year Ended Dec 2022	Change	Percentage Change
Land	\$279,360	\$ 279,360	\$ -	0.00%
Buildings, Improvements, and Land Improvements	\$6,780,661	\$ 6,838,029	\$ 57,368	0.85%
Less Accumulated Depreciation	-\$1,273,154	\$ (1,468,259)	\$ (195,105)	15.32%
Total Capital Assets, Net	\$5,507,507	\$ 5,369,770	\$ (137,737)	-2.50%

CONTACTING THE DCHP FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the DCHP finances and to demonstrate accountability for use of funds. Please direct any questions or requests for additional financial information to: Douglas County Housing Partnership, 9350 Heritage Hills Circle, Lone Tree, CO 80124.

Basic Financial Statements

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Net Position
Proprietary Funds
December 31, 2022

	General	Loan	Oakwood Apartments	Total
Assets				
Current Assets				
Cash	\$ 2,242,420	\$ 2,763,177	\$ 1,070,203	\$ 6,075,800
Restricted Cash	-	-	246,969	246,969
Accounts Receivable	756,621	-	19,253	775,874
Grants Receivable	51,477	-	-	51,477
Other Receivables	163,123	-	-	163,123
Prepaid Expenses	90,304	-	22,895	113,199
Total Current Assets	<u>3,303,945</u>	<u>2,763,177</u>	<u>1,359,320</u>	<u>7,426,442</u>
Noncurrent Assets				
Investments in Partnerships	1,107	-	-	1,107
Accrued Interest Receivable	223,788	-	-	223,788
Loans Receivable	2,425,254	1,363,241	-	3,788,495
Net Pension Asset	32,639	-	-	32,639
Capital Assets, <i>not being depreciated</i>	-	-	279,360	279,360
Capital Assets, <i>net of accumulated depreciation</i>	3,453,310	-	1,916,460	5,369,770
Total Noncurrent Assets	<u>6,136,098</u>	<u>1,363,241</u>	<u>2,195,820</u>	<u>9,695,159</u>
Total Assets	<u>9,440,043</u>	<u>4,126,418</u>	<u>3,555,140</u>	<u>17,121,601</u>
Deferred Outflows of Resources				
Items related to Pensions, <i>net of accumulated amortization</i>	49,679	-	-	49,679
Items related to OPEB, <i>net of accumulated amortization</i>	7,266	-	-	7,266
	<u>56,945</u>	<u>-</u>	<u>-</u>	<u>56,945</u>
Liabilities				
Current Liabilities				
Accounts Payable	12,775	-	5,361	18,136
Accrued Expenses	525,338	-	-	525,338
Unearned Revenues	185,750	-	885	186,635
Tenant Security Deposits	1,815	-	19,554	21,369
Notes Payable, Current Portion	-	-	66,575	66,575
Total Current Liabilities	<u>725,678</u>	<u>-</u>	<u>92,375</u>	<u>818,053</u>
Long-Term Liabilities				
Accrued Compensated Absences	15,521	-	-	15,521
Notes Payable	-	-	1,463,089	1,463,089
Net OPEB Liability	25,518	-	-	25,518
Total Long-Term Liabilities	<u>41,039</u>	<u>-</u>	<u>1,463,089</u>	<u>1,504,128</u>
Total Liabilities	<u>766,717</u>	<u>-</u>	<u>1,555,464</u>	<u>2,322,181</u>
Deferred Inflows of Resources				
Items related to Pensions, <i>net of accumulated amortization</i>	209,472	-	-	209,472
Items related to OPEB <i>net of accumulated amortization</i>	7,832	-	-	7,832
	<u>217,304</u>	<u>-</u>	<u>-</u>	<u>217,304</u>
Net Position				
Net Investment in Capital Assets	3,453,310	-	666,156	4,119,466
Restricted for:				
Home Ownership Program	-	3,695,831	-	3,695,831
Replacement Reserves	-	-	246,969	246,969
Unrestricted	<u>5,059,657</u>	<u>430,587</u>	<u>1,086,551</u>	<u>6,576,795</u>
Total Net Position	<u>\$ 8,512,967</u>	<u>\$ 4,126,418</u>	<u>\$ 1,999,676</u>	<u>\$ 14,639,061</u>

See Notes to the Financial Statements.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	General	Loan	Oakwood Apartments	Total
Operating Revenues				
Member Assessments	\$ 200,000	\$ -	\$ -	\$ 200,000
Grants	129,950	-	-	129,950
Rental Income	285,305	-	504,714	790,019
Management Fees	214,143	-	-	214,143
Partnership Distributions	29,717	-	-	29,717
Conduit Loan Fees	66,154	-	-	66,154
Cash In Lieu Fee	1,125,000	39,000	-	1,164,000
Other	11,998	103,979	23,015	138,992
	<u>2,062,267</u>	<u>142,979</u>	<u>527,729</u>	<u>2,732,975</u>
Total Operating Revenues				
Operating Expenses				
Administrative	1,233,144	4,808	179,786	1,417,738
Utilities	-	-	38,404	38,404
Repairs and Maintenance	-	-	156,253	156,253
Depreciation	97,386	-	97,719	195,105
	<u>1,330,530</u>	<u>4,808</u>	<u>472,162</u>	<u>1,807,500</u>
Total Operating Expenses				
Net Operating Income (Loss)	<u>731,737</u>	<u>138,171</u>	<u>55,567</u>	<u>925,475</u>
Nonoperating Revenues (Expenses)				
Gain on Sale of Capital Assets	-	-	-	-
Gain on Sale of Investments in Partnerships and LLCs	-	-	-	-
Interest Income	190,344	15,777	3,860	209,981
Interest Expense	-	-	(51,559)	(51,559)
	<u>190,344</u>	<u>15,777</u>	<u>(47,699)</u>	<u>158,422</u>
Total Nonoperating Revenues (Expenses)				
Change in Net Position	<u>922,081</u>	<u>153,948</u>	<u>7,868</u>	<u>1,083,897</u>
Net Position, Beginning of year	<u>7,590,886</u>	<u>3,972,470</u>	<u>1,991,808</u>	<u>13,555,164</u>
Net Position, End of year	<u>\$ 8,512,967</u>	<u>\$ 4,126,418</u>	<u>\$ 1,999,676</u>	<u>\$ 14,639,061</u>

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	General	Loan	Oakwood Apartments	Total
Cash Flows from Operating Activities				
Cash Received from Members and Others	\$ 1,018,178	\$ 142,979	\$ 23,015	\$ 1,184,172
Grants Received	85,677	-	-	85,677
Cash Received from Tenants	272,870	-	491,291	764,161
Cash Payments to Employees	(319,967)	-	(69,337)	(389,304)
Cash Payments to Vendors and Suppliers	(650,302)	(4,808)	(297,647)	(952,757)
Net Cash Provided by Operating Activities	<u>406,456</u>	<u>138,171</u>	<u>147,322</u>	<u>691,949</u>
Cash Flows from Noncapital Financing Activities				
Principal Payments on Loans	37,500	-	(64,421)	(26,921)
Interest Payments on Loans	-	-	(51,559)	(51,559)
Net Cash Provided by Noncapital Financing Activities	<u>37,500</u>	<u>-</u>	<u>(115,980)</u>	<u>(78,480)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases of Capital Assets	(9,537)	-	(47,831)	(57,368)
Proceeds from Disposal of Capital Assets	-	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(9,537)</u>	<u>-</u>	<u>(47,831)</u>	<u>(57,368)</u>
Cash Flows from Investing Activities				
Loan Principal Payments Received from Individuals	-	210,185	-	210,185
Loans issued to Partnerships and Limited Liability Companies	-	-	-	-
Loans issued to Individuals	-	-	-	-
Interest Received	6,482	15,777	-	22,259
Purchases of Investments in Partnerships and LLCs	-	-	3,860	3,860
Proceeds from Sale of Investments in Partnerships and LLCs	-	-	-	-
Net Cash Provided by (Used In) Investing Activities	<u>6,482</u>	<u>225,962</u>	<u>3,860</u>	<u>236,304</u>
Net Change in Cash	<u>440,901</u>	<u>364,133</u>	<u>(12,629)</u>	<u>792,405</u>
Cash, Beginning of year	<u>1,801,519</u>	<u>2,399,044</u>	<u>1,329,801</u>	<u>5,530,364</u>
Cash, End of year	<u>\$ 2,242,420</u>	<u>\$ 2,763,177</u>	<u>\$ 1,317,172</u>	<u>\$ 6,322,769</u>

(Continued)

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022
(Continued)

	General	Loan	Oakwood Apartments	Total
Reconciliation of Net Operating Income (Loss) to				
Net Cash Provided by Operating Activities				
Net Operating Income (Loss)	\$ 731,737	\$ 138,171	\$ 55,567	\$ 925,475
Adjustments to Reconcile Net Operating Income				
(Loss) to Net Cash Provided by Operating Activities:				
Depreciation	97,386	-	97,719	195,105
Changes in Assets and Liabilities:				
Accounts, Grants and Other Receivable	(660,982)	-	(12,089)	(673,071)
Prepaid Expenses	(74,355)	-	9,329	(65,026)
Net Pension Benefit	(32,639)	-	-	(32,639)
Deferred Outflows of Resources, Pension	3,940	-	-	3,940
Deferred Outflows of Resources, OPEB	(2,077)	-	-	(2,077)
Accounts Payable	(24,321)	-	(1,870)	(26,191)
Accrued Expense	513,959	-	-	513,959
Unearned Revenues	185,750	-	829	186,579
Tenant Security Deposits	(12,435)	-	(2,163)	(14,598)
Accrued Compensated Absences	(2,367)	-	-	(2,367)
Net Pension Liability	(188,726)	-	-	(188,726)
Net OPEB Liability	(746)	-	-	(746)
Deferred Revenue	(197,875)	-	-	(197,875)
Deferred Inflows of Resources, Pension	71,257	-	-	71,257
Deferred Inflows of Resources, OPEB	(1,050)	-	-	(1,050)
Net Cash Provided by Operating Activities	<u>\$ 406,456</u>	<u>\$ 138,171</u>	<u>\$ 147,322</u>	<u>\$ 691,949</u>

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies

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

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

Reporting Entity

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Assets, Liabilities and Net Position

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

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

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

Douglas County Housing Partnership
 (A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

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

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

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

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

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position (Continued)

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

In-Kind Contributions

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

Risk Management

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

Subsequent Event

We have evaluated subsequent events through March 29, 2023, the date the financial statements were available to be issued.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 2: Cash and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2022, the Authority had bank deposits of \$5,756,267 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

Investments

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

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

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

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

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

The Authority had no investments at December 31, 2022.

Restricted Cash

At December 31, 2022, the Oakwood Apartments Fund held replacement reserves, as required by its loan agreement, of \$246,969.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 3: Investments in Partnerships

Castle Highlands Limited Partnership

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

Apex Meridian, LLC

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

Auburn Ventures, LP

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

Copper Steppe Apartments, LLC

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

Apex Meridian II, LLC

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 3: Investments in Partnerships (Continued)

The Audrey LLC

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

Parker Leased Housing Associates I, LLLP

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

LincolnPointe Enterprise WDP, LLC

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

Apex Meridian South, LLC

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 3: Investments in Partnerships (Continued)

RidgeGate Station Affordable, LLC

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

Note 4: Membership Interest in Limited Liability Company

Oakwood Senior II LLC

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

In October 2020, the Authority withdrew as a member and MHEG Fund 51, LP was added as an investor member as well as Midwest Housing Assistance Corporation as a Special Member. As a Managing Member, the Authority has a .01% partnership interest through its wholly owned subsidiary Oakwood Senior II MM LLC. The Authority entered into a development agreement with Oakwood Senior II LLC, where the Authority would oversee the development of Oakwood Senior II LLC. The project during the year ended December 31, 2022. Oakwood Senior II entered into a construction loan agreement with FirstBank in the amount of \$10,531,000 with the Authority acting as a guarantor.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 5: Loans Receivable

Loans receivable at December 31, 2022, consisted of the following.

General Fund	Principal	Interest	Total
Lincoln Pointe Lofts Two LLLP	\$ 250,000	\$ 29,288	\$ 279,288
Lincoln Pointe Lofts Two LLLP	100,000	6,508	106,508
Lincoln Pointe Lofts One Limited Partnership	290,000	12,583	302,583
Auburn Ventures, LP	14,650	-	14,650
Auburn Ventures, LP	165,604	17,159	182,763
Oakwood Senior II LLC - Carryback	300,000	32,500	332,500
Oakwood Senior II LLC - Cash Flow	630,000	68,250	698,250
Oakwood Senior II LLC - HOME	675,000	57,500	732,500
Loan Fund			
Home Buyers Assistance Program, Net of allowance for Doubtful Accounts	1,363,241	-	1,363,241
Total	<u>\$ 3,788,495</u>	<u>\$ 223,788</u>	<u>\$ 4,012,283</u>

General Fund

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

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 5: Loans Receivable (Continued)

General Fund (Continued)

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

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

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

During 2020, the Authority agreed to loan \$750,000 (HOME Loan) to Oakwood Senior II LLC, for construction of a senior rental housing development. The Authority funded \$712,500 of this loan during the year ended December 31, 2022..The loan accrues interest at 5% per annum. Payments of principal and interest are made from available cash flows as set forth in the Oakwood Senior II LLC operating agreement. If not paid sooner, all principal and accrued interest is due in full on October 31, 2050.

Loan Fund

At December 31, 2022, the Authority had outstanding loans of \$280,256 to qualifying first-time home buyers for down-payment and closing cost assistance. Under this program, the Authority provides loans for a maximum of \$15,000. Monthly principal and interest payments are required for a term of 15 or 30 years. The loans are secured by deeds of trust and are interest-bearing at varying rates.

At December 31, 2022 the Authority had outstanding investments of \$1,082,985 under the shared equity program. Under this program, the Authority provides funding of up to 20% of the purchase price of the home, to a maximum of \$50,000, to first-time home buyers working in Douglas County. The investment is required to be repaid upon the sale or refinance of the home. At that time, the borrower must return the same percentage of sale proceeds to the Authority.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 6: Capital Assets

Capital asset activity for the year ended December 31, 2022, is summarized below:

Governmental Activities	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 279,360	\$ -	\$ -	\$ 279,360
<i>Capital Assets, Being Depreciated</i>				
Buildings	6,249,093	-	(281)	6,248,812
Building Improvements	514,169	57,649	-	571,818
Land Improvements	17,399	-	-	17,399
Total Capital Assets, Being Depreciated	6,780,661	57,649	(281)	6,838,029
<i>Less Accumulated Depreciation</i>				
Buildings	(1,125,683)	(162,559)	-	(1,288,242)
Building Improvements	(134,423)	(31,264)	-	(165,687)
Land Improvements	(13,048)	(1,282)	-	(14,330)
Total Accumulated Depreciation	(1,273,154)	(195,105)	-	(1,468,259)
Total Capital Assets, Being Depreciated, net	5,507,507	(137,456)	(281)	5,369,770
Governmental Activities Capital Assets, net	\$ 5,786,867	\$ (137,456)	\$ (281)	\$ 5,649,130

Note 7: Long-Term Liabilities

A summary of changes in long-term debt for the year ended December 31, 2022, is presented below:

General Fund	Balance 12/31/21	Additions	Deletions	Balance 12/31/22	Due Within One Year
Compensated Absences	\$ 17,888	\$ -	\$ (2,367)	\$ 15,521	\$ -
Oakwood Apartments Fund					
FirstBank	1,594,121	-	(64,457)	1,529,664	66,575
Total	\$ 1,612,009	\$ -	\$ (66,824)	\$ 1,545,185	\$ 66,575

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 7: Long-Term Liabilities

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

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 66,575	\$ 49,404	\$ 115,979
2024	68,668	47,311	115,979
2025	71,100	44,880	115,980
2026	73,478	42,501	115,979
2027	75,936	40,043	115,979
2028-2032	419,330	160,566	579,896
2033-2036	754,577	49,911	804,488
Total	<u>\$ 1,529,664</u>	<u>\$ 434,616</u>	<u>\$ 1,964,280</u>

Note 8: Interfund Transactions

During the year ended December 31, 2022, there were no interfund transactions between the Authority's funds.

Note 9: Defined Benefit Pension Plan

General Information

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

Benefits provided as of December 31, 2022 - PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. § 24-51-413.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

General Information (Continued)

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

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

Contributions provisions as of December 31, 2022 - Eligible employees and the Authority are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period of January 01, 2022 through December 31, 2022 were 8.50%. The employer contribution requirements for all employees were 14.22% of covered salaries for January 01, 2022 through December 31, 2022. However, a portion of the Authority's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 11). Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. The Authority's contributions to the LGDTF for the year ended December 31, 2022, were \$47,826, equal to the required contributions.

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

The net pension liability for the LGDTF was measured at December 31, 2021, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total pension liability to December 31, 2021. The Authority's proportion of the net pension liability was based on the Authority's contributions to the LGDTF for the calendar year December 31, 2021 relative to the total contributions of participating employers and State as a nonemployer contributing entity.

At December 31, 2022, the Authority reported a net pension asset of \$32,639 for its proportionate share of the net pension liability (benefit).

At December 31, 2021, the Authority's proportion was 0.0380684009%, which was an increase of 0.0018534085% from its proportion measured as of December 31, 2020.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

For the year ended December 31, 2022, the Authority recognized pension benefit of \$61,449. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 105
Net difference between projected and actual		
Earnings on plan investments	-	209,367
Changes in proportion	1,853	-
Contributions subsequent to the measurement date	47,826	-
Total	\$ 49,679	\$ 209,472

\$47,826 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Total
2023	\$ (105,239)
2024	(68,122)
2025	(34,258)
Total	\$ (207,619)

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

Actuarial Assumptions - The TPL in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions and other inputs.

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.2% - 11.3%
Long-term investment rate of return, net of plan Investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
Hired prior 01/01/2017	1.00%
Hired after 12/31/2006 ¹	Financed by the Annual Increase Reserve (AIR)

¹For 2020, the annual increase was 0.00 percent

The TPL as of December 31, 2021, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022.

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

Pre-retirement mortality assumptions for members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

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

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

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

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the periods January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

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

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

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

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

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

- Employer contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 AAP assessment, and the additional 0.50%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- The projected benefit payments reflect the lowered AI cap, from 1.25% to 1.00%, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2021, and effective July 1, 2022
- Benefit payments and contributions were assumed to be made at the middle of the year.

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 9: Defined Benefit Pension Plan (Continued)

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	\$ 223,790	\$ (32,639)	\$ (247,130)

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

Note 10: Defined Contribution Pension Plan

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

Funding Policy - The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the CRS, as amended. In addition, the Authority has agreed to contribute an amount on behalf of each employee equal to the employee's medical insurance premium if the employee chooses not to participate fully in the health benefit programs provided by the Authority. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2022, the Authority contributed \$3,096 to the plan.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 11: Post-Employment Healthcare Benefits

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

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

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

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

Contributions - Pursuant to Title 24, Article 51, Section 208(1)(f) of the CRS, as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the Local Government Division are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Authority was \$3,626 for the year ended December 31, 2022.

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

At December 31, 2022, the Authority reported a net OPEB liability of \$25,518, representing its proportionate share of the net OPEB liability of the HCTF. The net OPEB liability was measured at December 31, 2021, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Standard update procedures were used to roll forward the total OPEB liability to December 31, 2021. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to the HCTF for the calendar year ended December 31, 2021, relative to the contributions of all participating employers to the HCTF.

At December 31, 2021, the Authority's proportion was 0.0029593147%, which was an increase of 0.0001953445% from its proportion measured at December 31, 2020.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

For the year ended December 31, 2022, the Authority recognized OPEB expense of \$106. At December 31, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2	\$ 4,356
Changes of assumptions and other inputs	387	1,044
Net difference between projected and actual earnings on plan investments	-	1,179
Changes in proportion	3,251	1,253
Contributions subsequent to the measurement date	3,626	-
Total	\$ 7,266	\$ 7,832

\$3,626 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows: deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended December 31,	Total
2023	\$ (2,262)
2024	(1,935)
2025	(260)
2026	226
2027	39
Total	\$ (4,192)

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

Actuarial Assumptions - The TOL in the December 31, 2020 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price inflation	2.3%
Real wage growth	0.7%
Wage inflation	3.0%
Salary increases, including wage inflation	3.2% - 11.3%
Long-term investment rate of return, net of plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
<i>PERA Benefit Structure</i>	
Service-based premium subsidy	0.0%
PERACare Medicare plans	
4.5% in 2021, 6.0% in 2022, gradually decreasing to 4.5% in 2029	
Medicare Part A premiums:	
3.75% in 2021, gradually increasing to 4.5% in 2029	

Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each actuarial valuation and on the pattern of sharing of costs between employers of each fund to that point.

In determining the additional liability for PERACare enrollees who are age 65 or older and who are not eligible for premium-free Medicare Part A in the December 31, 2020, valuation, the following monthly costs/premiums (actual dollars) are assumed for 2021 for the PERA Benefit Structure:

- Medicare Advantage/Self-Insured Rx - Monthly Cost of \$633, Monthly Premium of \$230, Monthly Costs Adjusted to Age 65 of \$591.
- Kaiser Permanente Medicare Advantage HMO - Monthly Cost of \$596, Monthly Premium of \$199, Monthly Costs Adjusted to Age 65 of \$562.

The 2021 Medicare Part A premium is \$471 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2020, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2021	4.50%	3.75%
2022	6.00%	3.75%
2023	5.80%	4.00%
2024	5.60%	4.00%
2025	5.40%	4.00%
2026	5.10%	4.25%
2027	4.90%	4.25%
2028	4.70%	4.25%
2029+	4.50%	4.50%

Mortality assumptions used in the December 31, 2020, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below are applied, as applicable, in the determination of the TOL for the HCTF, but developed using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

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

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

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

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

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2021 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

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

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were adopted by the PERA's Board during the November 20, 2020, Board meeting.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

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

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized, as presented previously (see Note 9).

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

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2021, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
 Notes to Financial Statements
 December 31, 2022

Note 11: Post-Employment Healthcare Benefits (Continued)

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

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB liability	\$ <u>29,637</u>	\$ <u>25,518</u>	\$ <u>22,000</u>

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the Healthcare Cost Trend Rates - The following presents the Authority's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rates, ranging from 2.75% to 5.50%, as well as the Authority's proportionate share of the net OPEB liability if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates, as follows:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$ <u>24,786</u>	\$ <u>25,518</u>	\$ <u>26,367</u>

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 12: Commitments and Contingencies

Promissory Note

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

Claims and Judgements

The Authority participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Authority may be required to reimburse the grantor government. At December 31, 2022, some grant expenses have not been audited, but the Authority believes that subsequent audits will not have a material effect on the overall financial position of the Authority.

TABOR Amendment

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

Conduit Debt Obligation

In September 2015, the Authority entered into a funding loan agreement with Citibank in the amount of \$32,500,000. Simultaneously, the Authority entered into a borrower loan agreement with Copper Steppe Apartments, LLC, whereby Copper Steppe Apartments, LLC, constructed a 264-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Copper Steppe Apartments, LLC, will make all principal and interest payments required by the loan agreements, which mature on October 1, 2048. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2022, was approximately \$25,211,534.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 12: Commitments and Contingencies (Continued)

Conduit Debt Obligation (Continued)

In December 2018, the Authority entered into a funding loan agreement with Citibank in the amount of \$27,979,000 and a Subordinate Financing Agreement with Meridian-MB Investments, LLC and Apex Meridian II, LLC in the amount of \$2,021,000. Simultaneously, the Authority entered into a borrower loan agreement with Apex Meridian II, LLC whereby Apex Meridian II, LLC constructed a 156-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Apex Meridian II, LLC, will make all principal and interest payments required by the loan agreements, which mature on January 1, 2052, and January 1, 2052, for the Subordinate Financing Agreement. Since the Authority is not obligated in any manner for repayment of the Citibank loan or the Subordinate Financing Agreement, these liabilities are not reported in the accompanying financial statements. The outstanding balance of the loans at December 31, 2022, totaled approximately \$19,700,412.

In April 2020, the Authority entered into a funding loan agreement with Citibank in the amount of \$20,725,000. Simultaneously, the Authority entered into a borrower loan agreement with The Audrey LLC, whereby The Audrey, LLC, constructed a 134-unit multifamily rental housing development in unincorporated Douglas County using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. The Audrey, LLC, will make all principal and interest payments required by the loan agreements, which mature on May 1, 2053. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2022, was approximately \$20,725,000.

In January 2021, the Authority entered into a funding loan agreement with Citibank in the amount of \$28,725,813. Simultaneously, the Authority entered into a borrower loan agreement with Apex Meridian South, LLC, whereby Apex Meridian South, LLC, constructed a 208-unit multifamily rental housing development in Englewood, Colorado using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Apex Meridian South, LLC will make all principal and interest payments required by the loan agreements, which mature on February 1, 2054. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2022, was approximately \$28,725,813.

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Notes to Financial Statements
December 31, 2022

Note 12: Commitments and Contingencies (Continued)

Conduit Debt Obligation (Continued)

In January 2021, the Authority entered into a funding loan agreement with UMB Bank in the amount of \$38,435,000. Simultaneously, the Authority entered into a borrower loan agreement with Bridgewater Castle Rock ALF, LLC, whereby Bridgewater Castle Rock ALF, LLC, constructed a 142-unit multifamily rental housing development in Castle Rock, Colorado using the loan proceeds. The loans are payable solely from pledged revenues and other funds of the development and are secured by a deed of trust on the related property. Bridgewater Castle Rock ALF, LLC will make all principal and interest payments required by the loan agreements, which mature on January 1, 2036, and January 1, 2041. Since the Authority is not obligated in any manner for repayment of the Citibank loan, it is not reported in the accompanying financial statements. The outstanding balance of the loan at December 31, 2022, was approximately \$34,440,000.

Required Supplementary Information

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

Schedule of Proportionate Share of the Net Pension Liability and Contributions
 Public Employees' Retirement Association of Colorado Local Government Division Trust Fund
 For the Year Ended December 31, 2022

	12/31/2021	12/31/2020	12/31/2019	12/31/2018
Proportionate Share of the Net Pension Liability (Benefit)				
Authority's Proportion of the Net Pension Liability (Benefit)	0.0380684009%	0.0362149924%	0.0329494148%	0.0355008374%
Authority's Proportionate Share of the Net Pension Liability (Asset)	\$ (32,639)	\$ 188,726	\$ 240,989	\$ 446,321
Authority's Covered Payroll	\$ 283,261	\$ 255,597	\$ 226,905	\$ 232,848
Authority's Proportionate Share of the Net Pension Liability (Benefit) as a Percentage of Covered Payroll	-12%	74%	106%	192%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Benefit)	101%	91%	86%	76%
	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Authority Contributions				
Statutorily Required Contribution	\$ 47,826	\$ 37,391	\$ 33,058	\$ 28,772
Contributions in Relation to the Statutorily Required Contribution	<u>(47,826)</u>	<u>(37,391)</u>	<u>(33,058)</u>	<u>(28,772)</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Authority's Covered Payroll	\$ 355,501	\$ 283,261	\$ 255,597	\$ 226,905
Contributions as a Percentage of Covered Payroll	13.45%	13.20%	12.93%	12.68%

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

(Continued)

Douglas County Housing Partnership

(A Multi-Jurisdictional Housing Authority)

Schedule of Proportionate Share of the Net Pension Liability and Contributions Public Employees' Retirement Association of Colorado Local Government Division Trust Fund For the Year Ended December 31, 2022

(Continued)

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

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

Douglas County Housing Partnership
(A Multi-Jurisdictional Housing Authority)
Required Supplementary Information
Schedule of Proportionate Share of the OPEB Liability and Contributions
Public Employees' Retirement Association of Colorado Health Care Trust Fund
For the Year Ended December 31, 2022

	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>
Proportionate Share of the Net Pension Liability					
Authority's Proportion of the Net OPEB Liability	0.0029593147%	0.0027639702%	0.0025235258%	0.0027530964%	0.0028184352%
Authority's Proportionate Share of the Net OPEB Liability	\$ 25,518	\$ 26,264	\$ 28,364	\$ 37,457	\$ 36,628
Authority's Covered Payroll	\$ 283,261	\$ 255,597	\$ 226,905	\$ 232,848	\$ 228,814
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	9%	10%	13%	16%	16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39%	33%	24%	17%	18%
	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>
Authority Contributions					
Statutorily Required Contribution	\$ 3,626	\$ 2,889	\$ 2,607	\$ 2,314	\$ 2,375
Contributions in Relation to the Statutorily Required Contribution	<u>(3,626)</u>	<u>(2,889)</u>	<u>(2,607)</u>	<u>(2,314)</u>	<u>(2,375)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's Covered Payroll	\$ 355,501	\$ 283,261	\$ 255,597	\$ 226,905	\$ 232,848
Contributions as a Percentage of Covered Payroll	1.02%	1.02%	1.02%	1.02%	1.02%

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

Douglas County Housing Partnership
Notes to Required Supplementary Information
For the Year Ended December 31, 2022

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

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

Changes in Assumptions and Other Inputs

For the year ended December 31, 2022, the total pension liability was determined by an actuarial valuation as of December 31, 2020. The following revised economic and demographic assumptions were effective as of December 31, 2020.

- Investment rate of return assumption of 7.25% per year, compounded annually. This assumption did not change from the prior year.
- Price inflation assumption of 2.3% per year. This assumption decreased from 2.4% from the prior year.
- Real rate of investment return assumption of 4.85% per year, net of investment expenses. The rate reflected in the roll-forward calculation of the collective total pension liability to the measurement date was 7.25%. This assumption did not change from prior year.
- Wage inflation assumption of 3.0% per year. This assumption decreased from 3.5% in the prior year.
- Healthy and disabled mortality assumptions are based on the PubT-2010 Employee Tables.